

To: Governance & Audit Committee  
Date: 14 September 2011  
Subject: 2011/12 Budget Monitoring  
By: Cabinet Member for Finance, John Simmonds  
Acting Corporate Director of Finance and Procurement, Andy Wood

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Summary: Members of the Committee have asked that the quarterly budget monitoring reports are brought to this Committee in order that assurance around delivery of the £95m of revenue budget savings can be assessed

## **FOR ASSURANCE**

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### **Introduction**

- 1 A copy the first quarter budget monitoring report that will be considered by the Budget IMG on 15 September and Cabinet on 19 September, will be dispatched to Members of this Committee upon its completion on 9 September. Members of this Committee have asked that each of the quarterly budget monitoring reports are brought to this Committee in order that assurance around delivery of the £95m of revenue budget savings for 2011/12 can be assessed.
- 2 A report to this Committee in June advised Members that the monitoring of delivery of savings will be picked-up as part of the routine budget monitoring process and reports. This was discussed at an informal meeting open to Members of this Committee on 4 August, which concluded that the quarterly monitoring reports should be considered at this Committee.

### **2011/12 Forecast Outturn**

- 3 The report will show that the forecast outturn for the year, based on spend and activity for the first quarter, is for an overspend of £2.4m, reducing to £1.7m after the impact of management action (Table 1a, line 'Total (excl Schools)').
- 4 Members will recall the lengthy process that has been undertaken to gain assurance that the £95m of savings will be delivered. There has been particular concern that some of the savings may not be delivered (the £4.8m 'Red' rated savings as reported to the June meeting of this Committee). Where that remains the case, managers have been instructed to include this in their forecast outturn, and this is therefore reflected in the current forecast overspend of £1.7m.

- 5 We have previously advised Members of this Committee (and others) that now that we have reasonable assurance around delivery of the savings (or not), we have potentially greater risks to the budget than non-delivery of those savings. This is reflected in the monitoring report, as we have a significant forecast overspend on Specialist Children's services of £8.8m
- 6 We do, however, have some good news in that the following services are forecasting significant underspends:
- |                   | £m         |
|-------------------|------------|
| Capital Financing | 3.4        |
| Waste             | 2.1        |
| Additional Grant  | <u>1.5</u> |
| Total             | <u>7.0</u> |
- 7 The net result, along with other smaller variances, is the forecast of a £1.7m overspend for the year after management action.
- 8 Clearly, we need to ensure that we do not end the year in an overspend position. There is obviously the continued risk that budgets that are not directly controllable experience pressure through the remainder of the year, but equally we have the option to introduce further management action in order to balance the budget. We will continue to monitor budgets each month and report the latest position to every Cabinet and Budget IMG meeting. We are by no means complacent, but remain confident that we can avoid an overspend by year end.

### **Recommendations**

- 9 Members are asked to note the forecast outturn for the year, based on spend and activity in the first quarter of the year.

*Background Documents: Governance & Audit Committee, 30 June 2011, Agenda Item 16; Update on progress of Savings Programme*

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