

**BRISTOL CITY COUNCIL**

***Business Change and Resources Scrutiny Commission***

***14<sup>th</sup> March 2016***

**Report of:** Interim Service Director for Finance: Julie Oldale

**Title:** Quarter 3 Finance Report

**Ward:** City Wide

**Officer Presenting Report:** Janet Ditte

**Contact Telephone Number:** 0117 9037697

**RECOMMENDATION**

That the commission consider the quarter 3 finance report

**Summary**

The quarter 3 finance report was considered by Cabinet on 1st March 2016 (copy attached). The purpose of the report is to provide a progress report on the Council's overall financial performance against revenue and capital budgets for the 2015/16 financial year that were approved by Council on the 17th February 2015. The report focuses on significant variances to meeting the budget in 2015/16 in order to take timely actions to deliver a balanced position at year end.

The significant issues in the report are:

Pressures of £3.7m are currently forecast. It is anticipated that management actions will continue to be taken throughout the remainder of the year to contain them within the overall approved budget.

There continues to be significant budget pressures within the People Directorate due to increased eligibility for both adults' and children's services and statutory changes due to implementation of the Care Act. However, officers continue to work to ensure actions are taken to mitigate and manage the cost pressures.

The net savings proposals for the year, agreed by Council in February 2015 totalled £31m with 85% as either delivered or on target to be delivered are on track to be delivered and are being closely monitored.

Where there is slippage in the programme timelines, re-profiled savings will be rolled forward into the next financial year and will need to be considered alongside the delivery of other in-year savings. The change programme is reviewing the profile of savings delivery plans and as such some items shown against amber for 2015/16 delivery may slip into 2016/17. The one year impact will be managed initially by the identification of mitigating savings in 2015/16, and the savings delivery target will be rolled forward into 2016/17.

Capital spending in year is forecast to be £197.9m compared with an original budget of £208.8m and revised budget of £240.5m. The budget changes arise from spending re-profiled and recent additions and updates to the capital programme.

Treasury Management activity for April to December has been carried out in accordance with the approved Treasury Management Strategy

Income collection performance is on target.

## **CABINET – 1 March 2016**

### **EXECUTIVE SUMMARY OF AGENDA ITEM X**

**Report title:** Quarter 3 Finance Report

**Wards affected:** All

**Strategic Director:** Max Wide

**Report Author:** Julie Oldale, Interim Service Director: Finance

#### **RECOMMENDATION for the Mayor's approval:**

1. That Cabinet notes the contents of the Report and identifies any issues or areas that they would like Scrutiny to give particular attention to.
2. To approve the changes to the Capital Programme detailed at paragraph 27, table 6, and paragraph 29.
3. To endorse the changes summarised at paragraph 28 (table 7 and table 8).

#### **Key background / detail:**

1. To provide a progress report on the Council's overall financial performance against revenue and capital budgets for the 2015/16 financial year that were approved by Council on the 17th February 2015. The report focuses on significant variances to meeting the budget in 2015/16 in order to take timely actions to deliver a balanced position at year end.

#### **b. Key details:**

2. Key messages from the Quarter 3 Budget Monitoring:
  - a) Where pressures are currently forecast, it is anticipated that management actions will be taken throughout the remainder of the year to mitigate them within the overall approved budget.
  - b) There continues to be significant budget pressures within the People Directorate due to increased demand in both adults and children's services and statutory changes due to implementation of the Care Act. However, officers will be working throughout the year to ensure actions continue to mitigate and manage the cost pressures.
  - c) The net savings proposals for the year, agreed by Council in February 2015 totalled £31m and are on track to be delivered in most areas and are being closely monitored.
  - d) Capital spending in year is forecast to be £197.9m compared with an original budget of £208.8m and revised budget of £240.5m. The budget changes arise from spending re-profiled and recent additions and updates to the capital programme as set out in this report, and the reports approved on the 1<sup>st</sup> September 2015 and 24<sup>th</sup> November 2015.

- e) Treasury Management activity for April to December has been carried out in accordance with the approved Treasury Management Strategy.
- f) Income collection performance is on target.

**BRISTOL CITY COUNCIL  
CABINET  
1<sup>st</sup> March 2016**

**REPORT TITLE:** Quarter 3 Finance Report

**Ward(s) affected by this report:** All

**Strategic Director:** Max Wide

**Report Author:** Julie Oldale (Interim Service Director - Finance)

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**Purpose of the report:**

To provide a progress report on the Council's overall financial performance, including against the approved revenue and capital budgets for the 2015/16 financial year that were approved by Council on the 17<sup>th</sup> February 2015.

**RECOMMENDATION for Mayor approval:**

1. That Cabinet notes the contents of the Report and identifies any issues or areas that they would like Scrutiny to give particular attention to.
2. To approve the changes to the Capital Programme detailed at paragraph 27, table 6, and paragraph 29.
3. To endorse the changes summarised at paragraph 28 (table 7 and table 8).

**Background**

1. The Report provides information and analysis on the Council's financial performance and use of resources to the end of the second quarter of 2015/16. Council set its budget for 2015/16 on 17<sup>th</sup> February 2015. The report focuses on forecast variances to meeting the budget in 2015/16 in order to take timely actions to deliver a balanced position at year end.
2. The Financial Services team continues to support budget managers to monitor their budgets, with a focus on those budgets assessed to be high risk and/or subject to volatility due to factors such as changes in demand or activity. This has identified the areas where costs have risen quicker than forecast and potential risk areas. The Finance teams will continue to work with budget managers to rationalise and improve the financial management reporting arrangements to ensure that budgets are in the right place and align with management responsibility and accountability.
3. Budget contingencies agreed within the MTFs in February 2015 to cover spending pressures during 2015/16 have now been transferred to the relevant directorate service areas.

## A - Revenue Expenditure

4. The Council's overall annual revenue spend is managed across a number of areas:
  - a. The General Fund, providing revenue funding for the majority of the Council's services;
  - b. The Housing Revenue Account (HRA), which is reported separately to the general fund, and is managed within Neighbourhoods;
  - c. The Dedicated Schools Grant (DSG), which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the People Directorate;
  - d. Public Health, a ring-fenced grant, which must be spent to support the delivery of the Public Health Outcomes Framework, and is managed within Neighbourhoods.
  
5. Each area represents a significant element of the Council's overall revenue expenditure. Further details of the current spend position against budget is provided in the remainder of this section.

### General Fund

6. The following table provides a summary of how each directorate is performing against the general fund revenue budget for the 2015/16 financial year. Actions are in progress to manage and mitigate the identified budget pressures and risks. Strategic Directors have indicated their commitment to deliver services within approved budgets. However, it is becoming increasingly difficult to respond to and manage in year pressures as they materialise, as year on year budget reductions continue.
  
7. The following forecasts are based on actual expenditure to the end of September 2015 and Budget Managers' estimates of future spending for the rest of the financial year. The overall reported position for the Council's spend against its general fund services is £8.4m offset by underspends of £4.7m on other corporate budgets including capital financing and borrowing costs and within the Neighbourhoods directorate. The current forecast overspend represents 1% of the General Fund net revenue budget.

**Table 1**

<b>General Fund Revenue Budgets Directorate</b>	<b>QTR3 Revised Net Budget</b>	<b>QTR3 Forecast Spend</b>	<b>QTR3 Variance (Under)/ Over Spend</b>	<b>QTR2 Variance (Under)/ Over Spend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
People	215.3	222.5	7.2	6.3
Place	27.0	28.2	1.2	0.5
Neighbourhoods	45.2	45.0	(0.2)	0.8
Business Change	33.8	33.8	0.0	0.0
City Director	4.7	4.7	0.0	0.0
<b>SUB TOTAL – SPENDING ON SERVICES</b>	<b>326.1</b>	<b>334.1</b>	<b>8.2</b>	<b>7.6</b>
Other Budgets *	34.1	29.4	(4.5)	(4.8)
<b>TOTAL</b>	<b>360.2</b>	<b>363.5</b>	<b>3.7</b>	<b>2.8</b>

\*Other Budgets includes capital financing & borrowing costs, un-apportioned central overheads and contingencies.



<b>Offset by:</b>		
Neighbourhoods	<b>(0.2)</b>	There are small reported underspends within Environment & Leisure Services relating to employee costs
Other Budgets	<b>(4.5)</b>	Capital financing decisions
<b>Overall Position</b>	<b>3.7</b>	

The major areas of identified pressures within the general fund are within the People Directorate. The main areas for planning and mitigation are:

- a) The People Directorate have increased restrictions of recruitment to vacancies to help mitigate the budget pressures, it is acknowledged this has high risks and isn't a sustainable solution. Recruitment to vacant posts will be assessed to determine the absolute necessity. In addition, the directorate will be reviewing all non-pay related expenditure with a view to managing spend down in these areas.
- b) Care & Support – Adults have implemented a significant review of vulnerable adults in receipt of home care. Officers are working actively to review all areas of spend with a view of mitigating the current budget gap. The Strategic Director (People) and Service Director (Finance) are continuing the review of social care budgets, including benchmarking with core cities and regional authorities to both manage spend pressures whilst also planning for the meeting the statutory eligibility requirements of the Care Act and growing ageing population in the City. This is the area of highest spend in all local authorities and there are national concerns about the pressure on reducing overall local authority budgets to meet growing demand and eligibility.
- c) The impact of the remodelling of Children Social work is expected to reduce the upward trend of spend within the children in care (CiC) and care after. The number of Children in Care has maintained at around 700 despite an increasing local population. Within Care and Support – Children's, the redesign of the social work function and investment in early help are targeted at reducing the number of looked after children in the medium to long term, but the directorate is reviewing spend mitigate the impact of and manage the increased demand of rising child population.

A panel has recently been established to strengthen the existing review processes for all residential placements on a regular basis to make sure only children who need to be in care are, and to safely minimise placement cost and duration.

Officers have and are taking action and developing interventions that aim to reduce these pressures overall by the year end and the impact of these is reflected in the forecasts reported in Table 1 above.

## Housing Revenue Account (HRA)

9. The following is a summary of the HRA budget position as at the end of Quarter 3.

**Table 3**

<b>Housing Revenue Account</b>	<b>Gross Exp £m</b>	<b>Gross Income £m</b>	<b>Revised Net Budget £m</b>	<b>Current Forecast Outturn £m</b>	<b>Current Variance £m</b>
Strategy, Planning & Governance	18.932	(123.908)	(104.976)	(105.527)	(0.552)
Responsive Repairs	27.064		27.064	29.810	2.747
Planned Programmes	16.973		16.973	16.727	(0.246)
Estate Management	8.385	(1.037)	7.348	6.925	(0.423)
Corporate Funding	57.778	(0.512)	57.266	49.576	(7.690)
<b>TOTALS</b>	<b>129.132</b>	<b>(125.457)</b>	<b>3.675</b>	<b>(2.489)</b>	<b>(6.164)</b>

10. There is currently a significant forecast underspend within the HRA of £6.2m. This is the result of the following budget variances:

- £7.7m financial adjustment for the reduction in planned revenue contributions to capital
- Pressures of £2.8m against responsive repairs, £480k Electrical maintenance, £110k gas servicing, £140k pain programme
- Partially offset by underspends against salary budgets of £1.2m
- Other underspends of £345k Fire safety (due to delays in awarding contracts), £215k against materials budgets and £70k against pest control

11. Any under or overspend at the year-end will increase or decrease the HRA Reserve and therefore this does not impact on the General Fund.

## Dedicated Schools' Grant (DSG)

12. In 2015/16, the Council has received £180.602m Dedicated Schools' Grant, which is ring-fenced and passported through to fund schools. Schools that have transferred to academy status receive their funding directly from the Department of Education.

13. Within the DSG there are specific amounts relating to Early Year's Education, Schools and High Needs. The High Needs element supports children who have special educational needs or disabilities. There is a forecast overspend of £0.8m on High Needs element of the grant. This will be mitigated in year by one-off use of prior year underspends carried forward.

14. In addition, there are balances carried forward from previous years relating to the DSG and plans, agreed by the Schools' Forum, are in place to spend these balances, including:

- a. £5m on one off PFI projects;
- b. £3.4m for the capital costs of providing additional places for 2 year olds
- c. £3m on early intervention actions
- d. £7.2m for early years capital provision

## Public Health

15. In 2015/16 the Council has received £29.122m Public Health Grant, with an additional 0-5 years allocation of £3.8m being transferred in October 2015. This is a ring fenced grant and must be spent to support the funding of these services and the delivery of Public Health outcomes. The delivery of these outcomes, alongside spend, is reported annually to the Department of Health. The division is currently forecasting a breakeven position. The division is forecasting a breakeven position. The division is currently planning to spend £1.1m of activity from its earmarked reserve in 2015/16.

16. The government has now confirmed that the in – year grant reduction that amounts to £2m in Bristol. The director has previously identified that in 15/16 any pressures resulting from this reduction will be met from the earmarked Public Health Reserve. The budget setting process for 16/17 will prepare a budget that meets the new lower cash limit.

## B - Managing Savings

17. The savings included in the MTFs and agreed at Full Council on 17<sup>th</sup> February 2015 totalled £31m in 2015/16, increasing by £35.3m in 2016/17. These savings have been built into the budgets reported above. The plans to deliver these savings are being monitored through the financial year to ensure their delivery. The following table summarises the current assessment of delivery by the relevant managers.

**Table 4**

Directorate	TOTAL £'m	GREEN £'m	AMBER £'m	RED £'m
People	5.978	4.1	0	1.8
Neighbourhoods	2.868	2.9		
Place	3.565	0.7		2.9
Business Change	0.949	0.9		
Held corporately	0.500	0.5		
Change Programme	17.145	6.2	11.0	
<b>Totals</b>	<b>31.005</b>	<b>15.3</b>	<b>11.0</b>	<b>4.7</b>

## **Key**

Green – Action plan in place and savings have been delivered or delivery assured

Amber – Action plan in place and delivery of saving against plan being monitored

Red – cashable savings not being delivered – mitigating actions to be identified to achieve balanced outturn

18. The table indicates that 85% of the savings proposals have either been delivered or are on target to be delivered by the end of the year.
19. However, it should be noted that the delivery of this scale of savings is increasingly challenging. Progress is monitored on a monthly basis and delivery of the savings is assumed within the forecast spend information reported. In the event that savings are not delivered, the Council would forecast an overspend unless other mitigating savings could be found. To mitigate this risk, a corporate exercise is underway to review current budgets for expenditure and income to identify areas of potential further efficiencies. This is particularly relevant to ensure that the next tranche of savings for 2016/17 are delivered.

Savings in the plan not achieved in the current financial year, will as the first call have to be met from other mitigating savings achieved in year. Where there is slippage in the programme timelines, re-profiled savings will be rolled forward into the next financial year and will need to be considered alongside the delivery of other in-year savings. The change programme is reviewing the profile of savings delivery plans and as such some items shown against amber for 2015/16 delivery may slip into 2016/17. The one year impact will be managed initially by the identification of mitigating savings in 2015/16, and the savings delivery target will be rolled forward into 2016/17.

## **C - Reserves**

20. The balance on the general reserve will be reviewed annually in setting the budget and in the context of the MTFs and the risks to which the Council is exposed. The balance on the General Reserve is £20m with no planned utilisation in 2015/16. This represents 2.1% of the Council's gross budget (5.5% of the net budget) and has been set with reference to an assessment of the risks to which the Council is exposed.
21. At the start of the financial year the Council had general fund earmarked reserves of £86.347m. Some of these reserves will be spent during this financial year, others are set aside for specific purposes to be incurred in future periods.
22. Where reserves are identified as no longer required for the purpose that they were earmarked, they will be transferred to the General Reserve.

## **D - Capital Programme**

23. Monitoring indicates that capital spending in 2015/16 will be £197.9m compared to the latest revised budget of £240.5m.

24. The following table sets out a summary of the proposed capital programme changes and forecast spending by Directorate.

**Table 5**

	Approved Budget £m	Approved Changes £m	Proposed Changes £m	Revised Budget 2015/16 £m	Forecast £m
People	46.1	0.2	(0.2)	46.1	45.6
Place	136.6	1.7	(26.6)	111.7	83.0
Neighbourhoods	3.8	-	-	3.8	1.1
Business Change	23.6	0.3	-	23.9	19.7
City Director	5.5	1.2	-	6.7	5.8
HRA	48.3	-	-	48.3	42.7
<b>Totals</b>	<b>263.9</b>	<b>3.4</b>	<b>(26.8)</b>	<b>240.5</b>	<b>197.9</b>

25. The Capital Board (CB) oversees the coordination of the Capital Programme, ensuring that projects are delivered within their allocation of funding and planned timescales. Responsible Officers will be challenged on the projected variances.

26. The actual capital spend to the end of quarter three is £123m, inclusive of the capital investment in the Energy Company (£3.9m) which is not reported above. Whilst historic trends indicate that capital spending increases towards the end of the financial year, the level of forecast spend to date (31<sup>st</sup> December 2015) year suggest a degree of optimism in the forecasts. However, there is no risk of loss of non-earmarked resources.

27. The following variations to the Capital Programme were considered by the Capital Board and are recommended to Cabinet for approval.

**Table 6 – Proposed Changes to the Capital Programme recommended to Cabinet for approval**

	£'m
<b>People</b>	
- Re-profile spend from 2015/16 to 2016/17 for the Schools Programme - Following a detailed review of the education capital programme, expenditure originally anticipated to occur in the 2015/16 financial year will now occur in 2016/17. This will not have any adverse impact on service delivery.	(1.4)
- Extra Care Housing - The project has been beset with complicated legal problems that have caused significant delays. For this reason, the first payment was prudently re-profiled to 2016/17. However, these legal issues have now been resolved and expect land transfers and contracts will be ready during March which will require the first grant payment to be made in this financial year.	1.2

Sub-total People	<b>(0.2)</b>
<p><b>Place</b></p> <ul style="list-style-type: none"> <li>- Transport Schemes – Following a detailed review of the Transport capital programme, expenditure originally anticipated to occur in 2015/16 financial year will now occur in 2016/17. This will not have any adverse impact on service delivery. This re-profiling primarily refers to the Metrobus (£21.3m), the remainder £5.3m refers to numerous Transport related schemes including Residents Parking, Bus Shelter replacement, Bus Quality Transport and other transport related schemes.</li> <li>- AVTM – As a result of delays summarised below, £18.4m has been re-profiled to 2016/17.  Guideway - works on site started later than planned in 2015, and design is not as advanced as planned (including re-design due to Network Rail change in requirements for Over-Bridge, drainage design for possible design savings, re-design of other elements).  Ashton Avenue Swing Bridge - First tender process failed to get a bidder into contract. Second procurement process, based on full-design first, which took time to produce and procure. Contract in place and currently on target.  Bathurst Basin Bridges - land-purchase negotiations took longer than expected, which meant first procurement ran out of time. Second procurement process undertaken, now in progress.</li> <li>- South Bristol Link £2.9m - The Department for Transport increased their in-year grant allocation (reducing future years) to North Somerset Council (NSC), resulting in a reduction of grant payment to NSC. In addition design delays on the main highway contract resulted in further reduced payments to NSC.</li> <li>- The re-profiling of this expenditure is not anticipated to alter the delivery of these projects.</li> </ul>	<b>(26.6)</b>
Sub-total Place	<b>(26.6)</b>
<b>TOTAL</b>	<b>(26.8)</b>

28. The changes set out below to the Capital Programme have either, previously been approved by Cabinet or are variations to the Capital Programme approved by their respective Divisional Leadership Teams and approved / endorsed by the Capital Board. These are presented for noting and are included in the column “approved changes”.

**Table 7 – Approved Changes**

<b>People</b>	
- Minor Changes - Table 8	£m 0.2
	<b>0.2</b>
<b>Place</b>	
- Enabling Budget – To increase the current enabling from £650k to £1.5m to enable and support the delivery of quality affordable housing in the City as reported in the Cabinet report of the 3 <sup>rd</sup> November 2015.	0.8
- Investment Fund (£1m) for the new ward of Avonmouth and Lawrence Weston. Following the sale of the Port for £10m (Cabinet 3 <sup>rd</sup> March 2015) it was agreed to set up an investment fund to stimulate regeneration projects within this area. The broad themes for the fund are, Jobs and Enterprise, Thriving High Streets and Social Impact. The delivery of the investment will be “firmed up” once projects are progressed.	
- Minor Changes - Table 8	0.9
<b>Sub-total Place</b>	<b>1.7</b>
<b>City Director</b>	0.4
- Control Room Relocation Project – To design and fit-out an accredited Control room environment at 100 Temple. The additional capital funding is £6.5m with elements delivered through the Bristol Work Programme. The phasing of works delivered through City Director is estimated at £387k 2015/16, £1.579m 2016/17, & £3.05m 2017/18, as reported to Cabinet on 6 <sup>th</sup> October 2015	
- Open Programmable City – As outlined in the Cabinet report dated the dated 3 <sup>rd</sup> February 2015 the authority was seeking funding (£15m) from the West of England Local Enterprise Partnership to extend the “Bristol is Open” infrastructure to key locations within the West of England area, which was included in the Strategic Economic Plan for the West of England. The authority has been successful in its bid. The phasing of the project is anticipated to be £795k 2015/16, £10.665m 2016/17 and £3.54m 2017/18.	0.8
<b>Sub-total City Director</b>	<b>1.2</b>
<b>Business Change</b>	
- Control Room Relocation Project – as reference above an element of this project will be delivered through the Bristol Work Programme scheme. Phasing of works planned as £257k 2015/16, £1.227m 2016/17 – Cabinet 6 <sup>th</sup> October 2015	0.3

Sub-total Business Change	<b>0.3</b>
<b>TOTAL</b>	<b>3.4</b>

**Table 8 – Capital Board Approved Changes**

Project	Amount £m	Funding
<b>People</b>		
Minor works at Primary Schools	0.027	Section 106
Virement from Place to People	0.223	Virement
<b>Sub-total People</b>	<b>0.250</b>	
<b>Place</b>		
Bus Quality Partnership	0.389	Section 106
Transport Signals	0.376	Section 106
Transport – Minor Works	0.368	Section 106
Virement from Place to People	(0.223)	Virement
<b>Sub-total Place</b>	<b>0.910</b>	
<b>Total</b>	<b>1,160</b>	

29. Aids & Adaptations. The provision of a disabled facilities grant (DFG) is a mandatory grant that assists older and disabled people to enable them to remain living independently in their own homes. There is a duty on Local Authorities to use the funding provided through the Better Care Fund, which is expected to be £1.4m per annum in 2016/17 and 2017/18, to assist people to pay for these adaptations. The demand for DFG's is increasing each year, and a further £700k in 2016/17 and 2017/18 (approved by the Capital Board) is required to meet this increasing demand. The grant is used to enable disabled people to:

- Being able to wash, eat, sleep and move safely around their homes, independently or with reduced care
- Improving access into and out of the home
- Reducing delays in hospital discharge
- Preventing falls and unexpected hospital admissions
- Reducing cost of care packages through the provision of adaptations
- Supporting carers to enable the disabled person to continue to remain living independently

30. This allocation will be funded by Prudential Borrowing with the debt financing costs contained centrally.

## **E – Managing Income**

31. Collection performance for Local Taxation is broadly on target following an improvement in NNDR collection at the end of the current period. With regards to sundry debt collection, collection rates for short term debt continue to be maintained at levels consistent with the last quarter. An initiative is underway to review and resolve issues around longer term debt.

## **F - Treasury Management**

32. No borrowing has been undertaken during 2015/16. Net debt (borrowing less investment) increased by £33m from £167m to £200m during the period due to expected cashflow fluctuations

33. The Council has complied with all treasury management legislative and regulatory requirements during the period and all transactions were in accordance with the approved Treasury Management Strategy.

## **Risk Assessment**

34. As outlined in the Revenue Budget report, presented to Cabinet in February 2015, the most substantial risks within the 2015/16 budget have been assessed and will be closely monitored throughout the year. These were identified as:

- the scale of overall reductions to all directorate budgets (£31m identified and included in the approved budget)
- Care placements & budgets, both in terms of activity as a result of demographic pressures and also unit costs
- inflationary pressure on contract and energy costs
- Welfare reforms
- corporate budget pressures

## **Consultation and scrutiny input:**

### **a. Internal consultation:**

Strategic Directors, Service Directors and the finance team.

### **b. External consultation:**

Not applicable

## **Other options considered:**

No other options are considered prudent at the present time.

## **Public sector equality duties:**

There are no proposals in this report which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

## **Environmental checklist / eco impact assessment**

Not applicable.

## **Resource and legal implications:**

### ***Finance***

#### **a. Financial (revenue) implications – Service Director - Finance:**

As set out in the Report, the Council is currently forecasting an overspend based on service spending from April to December and service projections for the remainder of the year, offset by savings in other corporate budgets. Failure to take action to contain spending within budget and to manage and monitor expenditure and income could result in a requirement to draw on reserves. The level of reserves is limited and a one off resource that cannot be used as a long term sustainable strategy for financial stability. Budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification of pressures and action plans.

Budget risks and pressures have been identified, as outlined above, and are currently being managed and closely monitored. Finance staff resources have been targeted to ensure that support for budget monitoring is concentrated on areas of particularly high risk.

#### **b. Financial (capital) implications:**

Set out within the report.

#### **c. Legal implications:**

Not applicable for this report

#### **d. Land / property implications:**

Not required for this report

#### **e. Human resources implications:**

Not applicable for this report