

**CABINET – 31 October 2013 EXECUTIVE SUMMARY OF AGENDA ITEM 7****Report title: Revenue Monitoring Report 2013/14 QTR 2****Wards affected: All****Strategic Director: Angie Ridgwell****Report Author: Mark Taylor (Service Director – Finance)****RECOMMENDATION for the Mayor’s approval:**

1. That the spending projections for all Directorates based on expenditure to the end of August 2013 is noted;
2. That the need to continue action to contain spending within budgets is endorsed.

**Purpose of the report:**

To provide a progress report on how well the Council is performing against the approved revenue budget for the 2013/14 financial year that was approved by Council on the 26<sup>th</sup> February 2013.

**Financial Summary**

1. The following table shows a summary as to how each Directorate is performing against the budget for the 2013/14 financial year.
2. The figures are based on expenditure to the end of August 2013 and Budget Managers forecasts of future spending for the rest of the financial year.

<b>Directorate</b>	<b>Current Revised Budget £m</b>	<b>Forecast Spend £m</b>	<b>Variance £m</b>
Children & Young People’s Services	80.734	81.034	0.300
Health & Social Care	121.774	121.999	0.225
City Director	8.491	8.728	0.237
Organisational Development	18.634	18.964	0.330
Public Health (net of Public Health Grant)	0.666	0.666	0.000
Regeneration	19.237	19.552	0.315
Neighbourhood Services	90.596	90.976	0.380
Other Services*	12.383	10.683	(1.700)
<b>TOTAL</b>	<b>352.515</b>	<b>352.602</b>	<b>0.087</b>

3. The report has identified a shortfall, if no further action is taken, on the general fund budget of £0.087 million at period 5 due to cost pressures or shortfalls in income. Strategic Directors have been requested to identify offsetting savings to bring their spending within their approved budget for 2013/14, and these will be reported in future reports to cabinet.
4. A review of the approved reductions included in the 2013/14 budget has been

carried out to assess their deliverability. This analysis has identified that of the £22.250m approved reductions included in the budget, £21.984m (98.8%) are reported as having been delivered or will be delivered during this financial year. £0.266m are reported as non-deliverable and have been reflected in the budget forecasts reported above.

### **Conclusion**

The forecast overspend for the full year 2013/14 is indicating a modest overspend. Planned savings are being delivered and enhanced financial control by the respective Pay Panel, Non-Pay Panel and Capital Programme Board should support the achievement of a balanced budget.

**BRISTOL CITY COUNCIL  
CABINET  
31 October 2013**

**REPORT TITLE:** Revenue Monitoring Report 2013/14 QTR 2

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

**Strategic Director:** Angie Ridgwell

**Report Author:** Mark Taylor (Service Director - Finance)

**Contact telephone no. & e-mail address:** 0117-922 2007  
Mark.Taylor@bristol.gov.uk

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\*Other Council Budgets includes one off change programme funding, capital financing, un-apportioned central overheads and contingencies.

### Current spending pressures

5. The table below provides a summary of the budget pressures that have been identified and which the Council is currently managing.

Directorate / Activity	Variance (£m)	Notes
Children's & Young People's Services	0.300	The forecast reflects the increased budget risk around placements, which have increased during July and August 2013 (25% higher than the same time last year). The directorate is working to establish if this increase is the result of demographic pressures.
Health & Social Care	0.225	The main budget pressures within Health & Social Care are in the area of placement costs, particularly resulting from increased activity from hospital discharge and the increasing voids as our residential homes move to closure. Also within domiciliary care pressures are being experienced in both the level of activity as well as unit costs
City Director	0.237	Advertising income targets included in the current MTFP, and reported within Communications and Marketing, have been identified as unachievable in this financial year.
Organisational Development	0.330	£330k relates to a shortfall against legal services income targets, which have been identified as being unrealistic. Income and expenditure budgets are being reviewed to identify actions to mitigate the pressures.

Regeneration	0.315	This relates to budget pressures across the Transport Services Budgets. This includes a £240k shortfall in Bus Lane Enforcement Income and £75k across Passenger Transport Services, including pressures within the Community Transport Commissioning Project.
Neighbourhood Services	0.380	Strategic Housing £150k - budget pressure relating to increased bed and breakfast costs as a result of the introduction of the Government's Welfare Reform changes. Museums £230k - income is not being generated at a level expected to pay debt charges.
<b>Total spending pressures</b>	<b>1.787</b>	
Offset by: Other Council Budgets	(1.700)	Business Rate Grant - to cover the extension of the small business rate relief scheme. This grant hadn't been confirmed at the time the budget was set.
<b>Overall position</b>	<b>0.087</b>	

6. This report has identified a shortfall, if no further action is taken, on the general fund budget of £0.087 million at period 5 due to cost pressures or shortfalls in income. Strategic Directors have been requested to identify offsetting savings to bring their spending within their approved budget for 2013/14, and these will be reported in future reports to cabinet.
7. A review of the approved reductions included in the 2013/14 budget has been carried out to assess their deliverability. This analysis has identified that of the £22.250m approved reductions included in the budget, £21.984m (98.8%) are reported as having been delivered or will be delivered during this financial year. £0.266m are reported as non-deliverable and have been reflected in the budget forecasts reported above.

### Medium Term Financial Impact

8. With the exception of N&CD Transport's one-off budget pressure (£0.315m) all the other identified budget pressures (total £1.472m) are likely to recur in future years unless management action is taken to address them. Finance Business Partners will work with Strategic Directors to ensure that sustainable savings options are identified to offset these pressures.

## **Risk Assessment**

9. As outlined in the Revenue Budget report, presented to Cabinet in February 2013, the most substantial risks within the 2013/14 budget have been assessed and will be closely monitored throughout this year. These were identified as:

- the scale of overall reductions to all directorate budgets (£28m identified and included in the approved budget)
- the impact of current economic conditions on income budgets (e.g. local land charges and commercial property estate) and expenditure budgets (e.g. benefits and homelessness)
- housing benefit changes
- change programmes
- 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
- corporate budget pressures
- changes to business rate income

10. Currently the impact of these is being managed and monitored. Any emerging budget pressures will be reported in future revenue budget monitoring reports.

### **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:**

If the Council fails to take actions to address the forecast shortfalls, overspends or increases in its costs it will need to draw on reserves. The level of reserves is limited and a one off resource that cannot thus 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 and action is taken.

Budget risks 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:**

Not required for this 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