

North Tyneside Council Report to Cabinet Date: 12 March 2012

ITEM 6 (a)
2011/12 Financial
Management Report to 31
January 2012

Portfolios: Elected Mayor Finance	Cabinet Member: Linda Arkley Cllr Judith Wallace
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Report from Directorate: Finance and Resources

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Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to:

- (a) Advise Cabinet of the forecast budget monitoring position for the General Fund, Housing Revenue Account and Schools' Finance as at 31 January 2012 (Annex 1, Sections 2, 3 and 4);
- (b) Advise Cabinet of the actions being taken to bring the General Fund outturn in line with budget (Annex 1, Section 2);
- (c) Advise Cabinet of the Council's Capital Plan spend to 31 January 2012 and the financing of the Plan to the end of the year (Annex 1, Section 5);
- (d) Seek Cabinet approval for variations of £0.395m debit and reprogramming of £5.592m within the Capital Plan (Annex 1, Section 5, paragraph 5.6);

1.2 Recommendations:

It is recommended that Cabinet:

- (a) Note the budget monitoring position as at 31 January 2012;
- (b) Note the level of spend on the Capital Plan as at 31 January 2012;

- (c) Approve the variations of £0.395m debit and reprogramming of £5.592m within the Capital Plan;
- (d) Note the current proposed use of Reserves as at 31 January 2012.

1.3 Forward Plan

This report was included in the Forward Plan for the period 1 March to 31 May 2012.

1.4 Council plan and policy framework.

The budget is a key strand of the Council's Budget and Policy Framework.

1.5 Information - Executive Summary

- 1.5.1 Annex 1 to this report sets out the budget monitoring position as at 31 January 2012, and includes forecast outturn positions for 2011/12 for the General Fund, the Housing Revenue Account and the Capital Plan, including a summary of schemes delivered. The Annex also includes an update on Schools.
- 1.5.2 **General Fund Revenue Budget:** As at 31 January 2012, the forecast year-end position reflects in-year pressures of £0.989m which is an improvement of £0.076m since the monitoring report to Cabinet 16 January 2012. It also reflects the challenging conditions faced by councils nationally in managing increased demand in some areas and inflationary pressures, particularly in respect of energy costs. Services continue to embed plans and actions to bring the budget in on target.
- 1.5.3 **Housing Revenue Account (HRA):** The HRA has started the year with £0.239m higher than anticipated opening balances and the current expectation is that the in-year position will be on budget.
- 1.5.4 **School finances:** Schools were required to submit their second 2011/12 budget monitoring report to the local authority by 22 February 2012, with particular attention given to deficit schools. These have been analysed and it is pleasing to be able to continue to report no material deterioration in any school's position. Furthermore all schools with deficit approval in 2011-12 are forecasting to be within their agreed deficit at year end, if not in surplus.
- 1.5.5 **Capital Plan:** The Capital Plan budget for 2011/12, adjusted for revisions approved by Cabinet during the year is £57.643m. Variations of £0.395m debit (accelerated spend) and reprogramming of £5.592m are contained in this report. The report sets out some of the achievements in terms of delivery of projects in the first ten months of the financial year, as well as summarising the level of spend on projects for the year.

1.6 Decision options:

Cabinet may agree the recommendations as set out in Section 1.2 of this report. Alternatively Cabinet can disagree with the proposals.

1.7 Reasons for recommended option:

Cabinet is recommended to agree the proposals set out in Section 1.2 of this report as it is important that Cabinet continues to monitor performance against the budget, especially given the current level of financial pressures faced by the public sector.

1.8 Appendices:

Annex 1	2011/12 Financial Management Report to 31 January 2012
Appendix A	Children Young People and Learning Directorate
Appendix B	Community Services Directorate
Appendix C	Finance and Resources Directorate
Appendix D	Chief Executive's Office
Appendix E	Central Costs
Appendix F	Housing Revenue Account
Appendix G	2011/12 Capital Plan Variations
Appendix H	2011/12 Approved Capital Plan
Appendix I	Glossary of Terms

1.9 Contact officers:

Janice Gillespie - Corporate Finance Matters - Tel 643 5701

Cathy Davison - Capital Plan (financing) matters - Tel 643 5727

Alison Campbell - Community Services/Chief Executive's office matters - Tel 643 7038

Darrell Campbell - Housing Revenue Account matters - Tel 643 7052

Anthony Gollings – Children, Young People and Learning/School Finance/Finance and Resources matters - Tel 643 8071

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Revenue Budget 2011/12 (P).
- (b) Approved Capital Plan 2011-21 (P).
- (c) General Ledger Reports to 31 January 2012 (excluding exempt personal information) (P)
- (d) Council Reserves and Balances Policy (P).

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report and Annex 1. This report will also be presented to the Council's Finance Sub-Committee at its meeting on 20 March 2012.

2.2 Legal

The Council has a duty to ensure it can deliver a balanced budget. The Local Government Finance Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

2.3 Consultation/community engagement

Internal consultation

Internal consultation has taken place with the Cabinet Member for Finance, the Elected Mayor, the Senior Management Team and Senior Finance Officers.

Community engagement

The 2011/12 budget was completed after widespread consultation in line with the Council's approved Budget Engagement Strategy. The report to Council on 3 February 2011 entitled "2011-2012 Service and Spending Review Process: 2011/12 Budget Submission to the Authority (incorporating the Housing Revenue Account)" summarises the outcome of this engagement (see paragraph 2.3).

2.4 Human rights

The Budget, and Council Strategic Plan, ensures that the Council is proactive in promoting its commitment to human rights. All actions and spending contained within the Budget are fully compliant with human rights law and many projects ensure that the Council delivers improved performance on human rights.

2.5 Equalities and diversity

An Equalities Impact Assessment has been carried out on the Budget and individual projects contained within the Budget will also be subject to Equalities Impact Assessments. Projects contained in the Budget also ensure that the Council complies with its duty to promote equality and diversity.

2.6 Risk management

Potential future financial pressures on the Council are covered in this report. Individual projects within the Budget will also be subject to full risk reviews. For larger projects in the Budget, individual risk registers are established as part of the Council's agreed approach to project management. Risks have been entered into the appropriate Directorate or Corporate / Strategic Risk Register(s) and are subject to ongoing management to reduce the likelihood and impact of each risk.

2.7 Crime and disorder

The Budget includes projects in the Council Plan, some of which promote the reduction of crime and disorder within the Borough.

2.8 Environment and sustainability

The Budget includes projects in the Council Strategic Plan, some of which promote the sustainability of Council operations. Future requirements and guidance from the accounting bodies around sustainability are being monitored and any requirements will be addressed in future monitoring reports as required, including any financial implications.

PART 3 - SIGN OFF

- Strategic Director(s) x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Strategic Director with responsibility for Community Engagement x

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