

North Tyneside Council Report to Cabinet Date: 9 July 2012

Item 6 (a)

2012/13 Financial
Management Report to 31 May
2012

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

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Wards affected: All

PART 1

1.1 Purpose:

1.1.1 The purpose of this report is to inform Cabinet of the Council's financial position as at 31 May 2012 and to approve revisions to the Council's Capital Plan.

1.1.2 The purpose of this report is therefore to:

- (a) Advise Cabinet of the forecast budget monitoring position for the General Fund, Housing Revenue Account and Schools' Finance as at 31 May 2012 (Annex 1, Sections 2, 3 and 4);
- (b) Seek Cabinet approval for the receipt of the new revenue grants (Annex 1, Section 2, Table 2, Paragraph 2.21);
- (c) Advise Cabinet of the work officers are conducting with the Schools Forum in respect of the National Schools Funding Reform (Annex 1, Section 4, Paragraphs 4.4 - 4.6);
- (d) Advise Cabinet of the Council's Capital Plan spend to 31 May 2012 and the financing of the Plan to the end of the year (Annex 1, Section 5); and
- (e) Seek Cabinet approval for variations of £0.937m (Annex 1, Section 5, Paragraphs 5.6) and reprogramming of £0.696m within the Capital Plan (Annex 1, Section 5, Paragraphs 5.7(a)).

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Note the budget monitoring position as at 31 May 2012;
- (b) Approve the receipt of new revenue grants;
- (c) Note the work officers are conducting with the Schools Forum in respect of the National Schools Funding Reform;
- (d) Note the level of spend on the Capital Plan as at 31 May 2012; and
- (e) Approve the variations of £0.937m and reprogramming of £0.696m within the Capital Plan.

1.3 Forward Plan

This report was included in the Forward Plan for the period 1 July 2012 - 31 October 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 May 2012, and includes forecast outturn positions for 2012/13 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 May 2012, the forecast year-end position reflects in-year pressures of £0.524m. This compares with the position reported in the first monitoring report to Cabinet for 2011/12 which indicated pressures of £2.187m. It also reflects the challenging conditions faced by councils nationally in managing increased demand in some areas. Services are developing plans and actions to ensure the budget is brought in on target.

1.5.3 Cabinet will also be aware that the Council's external auditors, the Audit Commission, have recently commenced their detailed audit testing on the draft 2011/12 Statement of Accounts which will be approved by Council before the end of September 2012.

1.5.4 **Housing Revenue Account (HRA):** The HRA is forecast to have year-end balances at 31 March 2013 of £2.151m, which is £0.848m higher than budget. The higher than forecast balances are mainly as a result of higher opening balances due to the impact of previous years' financial performance (£0.837m).

1.5.5 **School finances:** As reported in the outturn report and draft Statement of Accounts, school balances have increased to £6.726m as at 31 March 2012, although these balances include a significant amount of committed funds and the permitted carry forward of grants for the remainder of the academic year. School balances continue to be monitored closely and once the “Consistent Financial Reporting” submission has been verified by the Department for Education, further details of the year-end balances can be provided.

1.5.6 **Capital Plan:** The Capital Plan budget for 2012/13, adjusted for revisions at the March and June 2012 Cabinet meetings, is £58.195m. Variations of £0.937m and reprogramming of £0.696m in 2012/13 are proposed in this report. The report sets out some of the achievements in terms of delivery of projects in the first two 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. The main decision option is around the approval of the variations to the Capital Plan.

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. The variations to the Capital Plan will enable the use of grants awarded for 2012/13.

1.8 **Appendices:**

Annex 1	2012/13 Financial Management Report to 31 May 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	2012/13 Capital Plan Summary of Variances
Appendix H	2012/22 Revised Capital Plan
Appendix I	Adult Social Care Restructure
Appendix J	Cabinet Implementation Plan
Appendix K	Glossary of Terms

1.9 Contact officers:

Janice Gillespie - Corporate Finance Matters - Tel 643 5701

Margaret Keith –Treasury Management matters - Tel 643 5740

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 2012/13(P).
- (b) Approved Capital Plan 2012--22 (P).
- (c) General Ledger Reports to 31 May 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 18 July 2012.

2.2 Legal

The Council has a duty to ensure it can deliver a balanced budget. The Local Government 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 2012/13 budget was completed after widespread consultation in line with the Council's approved Budget Engagement Strategy. The report to Council on 2 February 2012 entitled "2012-2015 Council Strategic Plan and Budget Setting Process: Budget Submission to the Authority (incorporating the Housing Revenue Account and associated business plan)" summarises the outcome of this engagement (see paragraph 2.3 of the report).

2.4 Human rights

The Budget, and Council Strategic Plan, ensure that the Council is proactive in promoting its commitment to Human Rights. All actions and spending contained within the Budget are fully compliant with national and international 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 Manager for Policy and Partnerships X
- Chief Executive X

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