

North Tyneside Council Report to Cabinet Date: 9 September 2013

2013/14 Financial
Management Report to 31
July 2013

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Norma Redfearn Cllr Ray Glindon
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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 Authority's financial position as at 31 July 2013 and to approve revisions to the Authority'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 July 2013 (Annex 1, Sections 2, 3 and 4);
- (b) Advise Cabinet of the current position in respect of the application of the Contingency budget as at 31 July 2013 (Annex 1, Section 2);
- (c) Seek Cabinet approval for the receipt of the new revenue grants (Annex 1, Section 2, Paragraph 2.20, Table 2 and Appendix K);
- (d) Advise Cabinet of the Authority's Capital Plan spend to 31 July 2013 and the financing of the Plan to the end of the year (Annex 1, Section 5); and
- (e) Seek Cabinet approval for variations of £0.222m (Annex 1, Section 5, Paragraph 5.6) and reprogramming of £0.095m within the Capital Plan (Annex 1, Section 5, Paragraphs 5.6 and 5.7).

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Note the budget monitoring position as at 31 July 2013;
- (b) Note the application of the Contingency budget at 31 July 2013;
- (c) Approve the receipt of new revenue grants;
- (d) Note the level of spend on the Capital Plan as at 31 July 2013; and
- (e) Approve the variations of £0.222m and reprogramming of £0.095m within the Capital Plan.

1.3 Forward Plan

This report was included in the Forward Plan published on 5 June 2013.

1.4 Council plan and policy framework.

The budget is a key strand of the Authority'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 July 2013, and includes forecast outturn positions for 2013/14 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 July 2013, the forecast year-end position reflects in-year pressures of £1.786m. The forecast reflects the challenging conditions that continue to be faced by councils nationally in managing increased demand in some areas and a reduction in resources from Central Government. Some of the pressure is in respect of CEI savings where activity is underway to deliver savings target but confirmation of the saving is not yet secured. Services are developing plans and actions to ensure the budget is brought in on target. These actions include managing non-essential expenditure to ensure all unnecessary spend is avoided, and maximising savings or additional income where possible.

1.5.3 Cabinet will also be aware that the Authority's external auditors, Mazars, will shortly conclude their detailed audit testing on the draft 2012/13 Annual Financial Report which will be approved by Council on 26 September 2013.

1.5.4 **Housing Revenue Account (HRA):** The HRA is forecast to have year-end balances at 31 March 2014 of £2.459m, which is £0.753m 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 (£0.578m).

1.5.5 School finances: As reported in the outturn report and draft Statement of Accounts, school balances have reduced slightly to £6.054m as at 31 March 2013. 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 2013/14, adjusted for various revisions approved by Cabinet and Council, is £79.130m. Variations of £0.222m and reprogramming of £0.095m in 2013/14 are proposed in this report. The report sets out some of the achievements in terms of delivery of projects in the first four 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 2013/14.

1.8 Appendices:

Annex 1	2013/14 Financial Management Report to 31 July 2013
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	Public Health
Appendix F	Central Costs
Appendix G	Housing Revenue Account
Appendix H	2013/14 Capital Plan Summary of Variances
Appendix I	2013-23 Revised Capital Plan
Appendix J	CEI Progress report
Appendix K	In year grant changes
Appendix L	Glossary of Terms

1.9 Contact officers:

Janice Gillespie - Corporate Finance Matters - Tel 643 5701

Margaret Keith –Treasury Management matters - Tel 643 5747

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 2013/14(P).

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=543798

(b) Approved Capital Plan 2013-23 (P).

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=542997

(c) Council Reserves and Balances Policy (P).

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=542084

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 Authority's Finance Sub-Committee at its meeting on 18 September 2013.

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 Leadership Team and Senior Finance Officers.

Community engagement

The 2013/14 budget was completed after widespread consultation in line with the Council's approved Budget Engagement Strategy. The report to Council on 21 February 2013 entitled "2013-2015 Financial Planning and Budget Process: Elected Mayor and Cabinet Budget and Council Tax Requirement Resolution for 2013/14" summarises the outcome of this engagement (see paragraph 2.3 of the report).

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are no direct equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Chief Executive
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager, Policy, Partnerships, Performance and Communication

Report Author: Janice Gillespie