

North Tyneside Council Report to Cabinet Date: 11 November 2013

ITEM 6(a)
2013/14 Financial
Management Report to 30
September 2013

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Norma Redfearn Cllr Ray Glindon
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Report from: Finance and Resources Directorate

Report Author: Fiona Rooney, Strategic Director of Finance and Resources Tel: 643 5724
Janice Gillespie, Senior Manager, Corporate Finance Tel: 643 5701

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 30 September 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 30 September 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 30 September 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 30 September 2013 and the financing of the Plan to the end of the year (Annex 1, Section 5);
- (e) Seek Cabinet approval for variations of £3.136m credit (Annex 1, Section 5, Paragraph 5.6) and reprogramming of £7.565m within the Capital Plan (Annex 1, Section 5, Tables 4 and 5 and Paragraphs 5.5 and 5.6); and,
- (f) Advise Cabinet of the current Treasury Management and Prudential Indicators position (Annex 1, Sections 6 and 7).

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Note the budget monitoring position as at 30 September 2013;
- (b) Note the application of the Contingency budget at 30 September 2013;
- (c) Approve the receipt of new revenue grants;
- (d) Note the level of spend on the Capital Plan as at 30 September 2013;
- (e) Approve the variations of £3.136m credit and reprogramming of £7.565m within the Capital Plan; and,
- (f) Note the current Treasury Management and Prudential Indicators position.

1.3 Forward Plan

This report was included in the Forward Plan published on 24 July 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 30 September 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 30 September 2013, the forecast year-end position reflects in-year pressures of £0.908m. 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. Included in this report is a provision of £1.400m as the estimated cost of redundancies associated with the recent HR1 notice.
- 1.5.3 The Authority's 2012/13 Annual Financial Report was approved by Council on 26 September 2013 with an unqualified audit opinion.
- 1.5.4 **Housing Revenue Account (HRA):** The HRA is forecast to have year-end balances at 31 March 2014 of £2.452m, which is £0.716m 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: This report includes an update in respect of work in progress with regard to 2014/15 school funding (Annex 1 Section 4).

1.5.6 Capital Plan: The Capital Plan budget for 2013/14, adjusted for various revisions approved by Cabinet and Council, is £79.257m. Variations of £2.988m credit (£0.148m credit in 2014/15) and reprogramming of £7.565m in 2013/14 are proposed in this report. The Major Projects Group has undertaken a review of the financing of the 2013/14 Capital Plan as the initial stage of a full review of the 10 year plan. The outcome of the review is reflected in the variations and reprogramming reported above and full details are shown in section 5 of the annex to this report. The report also sets out some of the achievements in terms of delivery of projects in the first six months of the financial year, as well as summarising the level of spend on projects for the year.

1.5.7 Treasury Management and Prudential Indicators: This section updates members with the current position, confirming that all Prudential Indicators have been complied with.

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 reduce the requirement for Council Contribution to the financing of the Capital Plan.

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 20 November 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