

READING BOROUGH COUNCIL

REPORT BY HEAD OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	23 JUNE 2014	AGENDA ITEM:	
TITLE:	BUDGET MONITORING - EMERGING VARIANCES & RAG STATUS OF SAVINGS		
LEAD COUNCILLOR:	COUNCILLORS LOVELOCK/ PAGE	PORTFOLIO:	FINANCE AND SERVICE IMPROVEMENT
SERVICE:	FINANCIAL	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ALAN CROSS	TEL:	0118 9372058 (x72058)
JOB TITLE:	HEAD OF FINANCE	E-MAIL:	Alan.Cross@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 Ahead of the start of formal monitoring of the 2014/15 budget, this report sets out some emerging variances and the "RAG" status of the savings agreed for 2014/15 as well as those that were agreed in the 2013/14 budget round and had not been fully implemented (i.e. were Green) by the last report to Policy Committee.

2. RECOMMENDED ACTION

- 2.1 POLICY COMMITTEE is requested to note the emerging variances and the RAG status of savings remaining from 2013/14 and those approved in the 2014/15 budget (for 2014/15).
- 2.2 POLICY COMMITTEE is requested to agree a budget virement of £790k between the Treasury Management Budget and Culture & Leisure and New Directions income budgets to mitigate these expected variances.

3. BUDGET SAVINGS RAG STATUS

- 3.1 In recent years we have monitored progress of savings on a "traffic-light" RAG basis, with green meaning that all management actions to deliver the saving have been delivered. The 2014/15 budget included £15m of new savings, of which £10m needed to be delivered in 2014/15. In addition the budget included almost £2m of savings agreed in the 2013/14 budget round.
- 3.2 The RAG status of delivery of these remaining £2m savings and income generation proposals split by directorate included in the 2014/15 budget is set out in Appendix 1.

3.3 The RAG status is summarised below:

Remaining Savings from 2013/14 Budget Round	£000	%
Green	1,111	57
Amber	847	43
Red	0	0
Total	1,958	100

Work is continuing to deliver the remaining savings in 2014/15 (or compensating alternatives).

3.2.1 The summary RAG status of budget savings proposals split by Directorate for 2014/15 is also set out in Appendix 1. The total is £10.002m in 2014/15. Amber risks will be closely monitored throughout the year.

RAG Status of 2014/15 savings	£000	%
Green	5,521	55
Amber	4,481	45
Red	0	0
Total	10,002	100

4. OTHER POTENTIAL BUDGET VARIANCES IN 2014/15

4.1.1 As well as carrying out a detailed review of the implementation of agreed budget savings, the Corporate Management Team have also considered whether there are other potential budget variations ahead of the first formal budget monitoring exercise which will be reported to Policy Committee in July.

4.1.2 This exercise has been substantially influenced by a consideration of variances identified in the 2013/14 outturn, reported elsewhere on your agenda, and a consideration of whether the more significant issues are on-going and have not been fully taken account of in setting the 2014/15 budget. The exercise has identified potential adverse variations in Culture & Leisure and New Directions, but these are likely to be compensated for by some potential positive variances within childcare lawyers (subject to caseloads remaining low), benefit costs and treasury management. The Treasury Management estimate has been informed by some preliminary budget monitoring work to take account of actual capital financing from borrowing being lower than estimated in 2013/14. The table summarises;

Emerging Variances 14/15	£000
Culture & Leisure Income	600
New Directions Income	200
Childcare Lawyers - Reading share of costs	-145
Net Cost of Housing Benefit	-100
Treasury Management	-790
TOTAL	-235

4.2 In this context, the Head of Finance has concluded that provided most of the remaining “amber” savings are delivered broadly to target, at this stage (before any detailed budget monitoring is done) the Council’s budget position, (taking account of all recommendations in this cycle of the Policy Committee) remains within the approved framework, and the minimum General Fund budget of £5m is being maintained.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The delivery of the Council’s actual within budget overall is essential to ensure the Council meets its strategic aims.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 None arising directly from this report.

7. LEGAL IMPLICATIONS

7.1 None direct from this report.

8. FINANCIAL IMPLICATIONS

8.1 Included in the report.

9. EQUALITY IMPACT ASSESSMENT

9.1 None arising directly from the report.

10. BACKGROUND PAPERS

10.1 Closing Working papers for relevant service areas, and budget monitoring of Treasury, save confidential items.

10.2 Working RAG Analysis of 2014/15 savings