

Financial Monitoring 2012/13 – General Fund Revenue

Report by Gary Fairley, Head of Finance and Human Resources

1 Purpose

The purpose of this report is to provide Council with information on the projected performance against revenue budget in 2012/13 and details of the material variances that are projected.

2 Background

2.1 Budget Performance

The detailed budget performance figures shown in appendix 1 result in a projected net overspend of £2.872 million which is 1.44% of net expenditure.

Detailed information on material variances is contained in appendix 2 which identifies each variance, explains why it happened, outlines what action is being taken to control variances and details the impact of that action.

2.2 General Fund Reserve

The projected balance on the General Fund as at 31 March 2013 is as follows:

	£ million
Reserve as at 1 April 2012	14.220
Less earmarked reserves utilised in 2012/13	(5.009)
General Reserve at 1 April 2012	9.211
Planned movements in Reserves	(2.236)
Overspend per appendix 1	(2.872)
General Fund Balance at 31 March 2013	<u>4.103</u>

Planned movements in reserves include supplementary estimates, utilisation of Business Transformation funding, the impact of the Staff Release Scheme and other movements during the year.

The General Reserve at 31 March 2013 is projected to be £4.103 million of which £1.011 million is earmarked for further Business Transformation work leaving the uncommitted reserve at £3.092 million.

Performance against budget has deteriorated by £0.424 million on that reported to Council in September. The most significant movement is in Adult Social Care where the projected overspend has risen by £0.607 million.

Demographic and demand led pressures identified in 2012/13 have been factored into the budget for 2013/14.

Despite the worsening of performance against budget the projected General Fund Balance at 31 March 2013 improved by £0.478 million. The main reasons are movements in Scottish Government Grant and slippage in expenditure associated with the Business Transformation Program.

A prudent level of uncommitted reserves is seen to be 2% of net expenditure which equates to approximately £4 million. The general reserve shown above is £0.908 million less than this. There may also be further one-off costs associated with the Business Transformation programme which would further reduce the general reserve.

National Police and Fire Reform will result in some of the reserves currently held by the Lothian and Borders Police Board and the Lothian and Borders Fire and Rescue Board being returned to constituent councils. At this stage no adjustment has been made to the projected General Fund Reserve. Further information will be provided to members when available

3 Report Implications

3.1 Resource

Whilst this report deals with financial issues there are no financial implications arising directly from it.

3.2 Risk

Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities in Scotland to have adequate systems and controls in place to ensure the proper administration of their financial affairs.

The assessment of performance against budgets by services is underpinned by comprehensive financial management and budgetary control arrangements. These arrangements are central to the mitigation of financial risk.

Ensuring that adequate systems and controls are in place minimises the risk of significant variances arising, and where they do arise they help to ensure that they are identified and reported on and that appropriate remedial action is taken where possible. The primary purpose of this report is to provide information on historic performance, however the material variances detailed in appendix 2 highlight that the financial management and budgetary control arrangements require continual review and enhancement if financial risk is to be effectively mitigated.

3.3 Policy

Strategy

The report covers the effective management and reporting on financial performance which is a fundamental aspect in ensuring that resources are available to deliver the Corporate and Divisional priorities of the Council.

Consultation

It was not felt relevant to undertake consultation for this report.

Equalities

This report is not proposing new services, policies, strategies or plans (or significant changes to them) therefore has not been assessed for equalities implications.

Sustainability

There are no sustainability issues arising directly from this report.

3.4 IT Issues

There are no IT issues arising from this report.

4 Summary

The summarised financial performance for 2012/13 is:

- Expenditure on General Fund services is projected to be £2.872 million more than budgeted; and
- There is a projected General Fund balance at 31 March 2013 of £4.103 million.

5 Recommendations

It is recommended that Council endorse the contents of this report.

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Background Paper:

Appendix 1 General Fund Overview 2012/13

Appendix 2 Material Variances