

**Report for:** Cabinet

**Item number:** 8

**Title:** Budget Monitoring

**Report**

**authorised by :** Tracie Evans – Chief Operating Officer

**Lead Officer:** Neville Murton – Head of Finance, Budgets and Accounting

**Ward(s) affected:** ALL

**Report for Key/**

**Non Key Decision:** Key

**1. Describe the issue under consideration**

- 1.1. To consider a range of indicators relevant to the Council's overall financial health. These include the forecast financial revenue and capital outturns for 2015/16 based on actual performance to 31 August 2015.
- 1.2. To consider the proposed management actions set out in this report and approve the budget adjustments (virements) in Appendix 1 as required by Financial Regulations.

**2. Cabinet Member Introduction**

- 2.1. The Council's 2015 – 2018 Medium Term Financial Strategy (MTFS) was published alongside the Council's Corporate Plan in December 2014 and the final budget for 2015/16 was approved in February 2015.
- 2.2. The MTFS reflected the significant financial challenges facing the Council due to sustained funding reductions implemented by the government as part of their draconian austerity measures. In summary the MTFS delivered savings of c£70m and was substantially balanced, requiring a net contribution from reserves of £4.3m over the three year planning period.
- 2.3. I reported the Council's provisional outturn position to you in June and this confirmed the budgeted surplus for 2014/15 of £4.9m had been achieved together with a further planned £2.2m for the establishment of a Risk Reserve. This position has now been confirmed following the audit and approval of the Council's 2014/15 Statement of Accounts. The achievement of that position balanced the need for the reserves contribution set out in the 2015-2018 MTFS and also allowed the creation of the Risk Reserve for potential application from 2015/16.
- 2.4. We are now awaiting the Government's Spending Review in November which will be an opportunity to review our assumptions about the resources available to us over the medium term.
- 2.5. I am of course concerned by the forecast overspends this year. The Council can expect to face the continuing challenge of a reducing resource base along with increasing demands and customer expectation for services but, due in part to the Council's 2014/15 outturn performance, we are in a good position to deliver the Corporate Plan and priorities in 2015/16.

- 2.6. There are a number of budget pressures emerging this year, particularly in Children's and Adults services. I have already engaged with the Directors of both services to ensure robust plans are in place to reduce the forecast overspend position this year and I am continuing this process through regular challenge sessions alongside the Chief Finance Officer (CFO).
- 2.7. In addition to this, a broader deficit reduction strategy will be put in place, with particular focus on reducing costs through more efficient procurement practices. I will also be working with the CFO to review both existing reserves for re-prioritisation and use of unallocated base budget provisions. Income from council tax and business rates will continue to be reviewed on an ongoing-basis to ensure that we improve our collection rates in both areas.
- 2.8. I hope that the Cabinet will consider the analysis set out in this report to be useful and I am asking officers to continue developing and reporting such information to assist us in our strategic financial management role.

### **3. Recommendations**

That Cabinet:-

- 3.1. Consider the report and the progress being made against the Council's 2015/16 budget in respect of net revenue and capital expenditure;
- 3.2. Approve the budget changes (virements) as set out in Appendix 1;
- 3.3. Note the use of the Strategic Risk Reserve to mitigate the Council's overall revenue position as set out in Section 7 to the report;
- 3.4. Note the range of strategies to bring the current years budget into balance, including challenge meetings (Star Chamber) as described at paragraph 16.2 to this report; and,
- 3.5. Maintain under review the key risks and issues identified in this report alongside the adequacy of the Council's reserves.

### **4. Reasons for decision**

- 4.1. Members' involvement in financial monitoring is an essential part of delivering the Council's priorities.
- 4.2. The constitution requires Members to approve certain financial transactions such as virements according to approved limits.

### **5. Alternative options considered**

- 5.1. This report proposes that the Cabinet considers the financial position for 2015/16 in line with existing procedures. However, it also includes enhanced financial information to give the Cabinet a more rounded view of the Council's financial position.
- 5.2. A risk based approach to budget monitoring has been developed in order to manage the Council's finances at a time of economic and financial uncertainty including additional benchmarking information.
- 5.3. Cabinet could choose to adopt a less rigorous regime and examine the financial position at a later stage. Projections could be marginally more accurate if a delayed approach was adopted, but there would be less time for robust development and consideration of management action and virements.

### **6. Background information**

- 6.1. Following the conclusion of the period 5 budget management processes, the Council's estimated revenue and capital position for 2015/16 is set out below

together with relevant issues. The outturn position for the Housing Revenue Account (HRA) is also included.

6.2. In addition extended budget information has been updated to provide the Cabinet with a range of additional information to support strategic financial decision making.

6.3. There are four broad areas of analysis each with further detail within them as summarised below:

- Financial/ Management Indicators
  - Revenue outturn 2015/16
  - Key financial management issues 2015/16
  - Capital outturn
  - Capital receipts
  - Collection Fund
- Liquidity Indicators
  - Working capital
  - Cash flow
  - Debt analysis
- Sustainability Indicators
  - Reserves
- Risks

## 7. Revenue Outturn 2015/16

7.1. Budget managers have been providing their estimated outturn position as at the end of Period 5 (August 2015). The overall position on the General Fund is an estimated **overspend of £16.5m**. Following the finalisation of the 2014/15 accounts, the Risk Reserve of **£2.2m** is available to provide mitigation. The revenue position is summarised in Table 1 with further details of the key budget issues and pressures being set out further below.

7.2. For the Housing Revenue Account (HRA) the estimated outturn position is an **overspend of £142k**. Which reflects a small reduction against the budgeted surplus agreed by the Council in February 2015.

**Table 1 – Summary Revenue Position (Month 5)**

£'000 General Fund	2015/16 Budget Variance		
	Budget	Estimated Outturn	Variance
Leader and Chief Executive	4,049	4,049	0
Chief Operating Officer	71,043	78,268	7,225
Deputy Chief Executive	143,422	158,056	14,634
Dir. of Regeneration/ Planning	16,545	16,728	183
Non Service Revenue (NSR)	9,884	4,384	(5,500)
<b>Total</b>	<b>244,943</b>	<b>261,485</b>	<b>16,542</b>

7.3. In addition to the above position on the General Fund revenue account, the Risk Reserve, established following the 2014/15 closure of accounts process, is available. This provides a further £2.2m to offset the overall position, resulting in a total net forecast **overspend position of £14.3m**.

7.4. Given this overall position it is clear that there may be a further need to call upon the Council's reserves at the end of the year in order to cover the overspend position. The options for managing the pressures now being seen

will need careful consideration in consultation with the Lead Member for Resources and Culture.

- 7.5. The position on the ring fenced Housing Revenue Account (HRA) is summarised in the table below. The original budget was set to generate a surplus in order to provide resources for future investment in the Council's housing stock. In the event the current projection suggests that a slightly smaller surplus will be made. :

	2015/16 Budget Variance		
	Budget	Estimated Outturn	Variance
<b>£'000 HRA</b>			
Housing Revenue Account	<b>(16,315)</b>	<b>(16,173)</b>	<b>142</b>

## 8. Key Financial Management Issues 2015/16 Children's Services (Deputy Chief Executive)

- 8.1. The budget management information form Children's Services identifies a gross forecast overspend of £5.2m. In addition Dedicated Schools Grant (DSG) budgets are showing an overspend of £0.6m. Assumed management action of £1.2m is expected to result in a reduction of the forecast net overspend to £4.0m.
- 8.2. There are a number of areas within the service where pressures are being seen. The main area of pressure is within the safeguarding service where, based on current and expected numbers of Looked After Children (LAC), there is a £2.6m pressure.
- 8.3. There is a further risk that the remaining management action, now totalling £1.2m, may also be at risk; of this amount £0.5m is in respect of management actions which have been RAG rated as Green and so there is a higher level of confidence that these will be achieved. The remaining £0.7m is associated with placement budgets and there are clearly risks of not achieving this and the position worsening. Indicators include the assumed number of additional LAC being exceeded (target 10 average to date 15) and pressure being seen in Leaving Care client budgets (including Asylum).
- 8.4. There are also indications that a number of savings proposals are slipping e.g. £1.7m reduction in service for Young People (inc. Young Offenders); £200k for the impact of Early Help on demand and £180k for the new delivery model for social care, where plans are still being developed.

## Adults Services (Deputy Chief executive)

- 8.5. The projection from Adults services indicates a net overspend of £10.9m. This includes assumed management action amounting to £1.2m.
- 8.6. The service overspent by £3 million last year as a result of demographic pressures and the rising costs of care. These pressures have continued into 2015/16 which has led to an increased overspend position. Currently client numbers are around 100 higher than at the beginning of the year; adding further pressure to the outturn position.
- 8.7. In addition the service has adopted an ambitious new strategy for supporting people with social care needs as part of the Corporate Plan and the Medium Term Financial Strategy. This new approach is expected to deliver significant savings as well as improved outcomes for people; however due to the far ranging and complex nature of the changes required and the Council's

commitment to a co-production approach the benefits of the transformation are not expected to be achieved in the current financial year leading to a delay in the delivery of savings.

8.8. The service continues to take action across all client groups to assist with the management of costs including:

- Care Package reviews
- Contract re-negotiations
- Reducing dependency of existing clients on existing packages through re-ablement
- Improving VFM for spot contracts.

8.9. It is clear however, that the implementation of fundamental changes to realise the savings proposals are necessary to bring the expenditure in this area back into line with the approved budget.

#### **Other Deputy Chief Executive areas**

8.10. The Commissioning budget is showing a £289k underspend which is mainly attributable to variances against staffing budgets and which will be maintained to offset pressures elsewhere within the Deputy Chief Executive's area.

#### **General Fund Housing (Chief Operating Officer)**

8.11. The Housing service within the General Fund is presently showing an overspend of £4.3m. The pressure is attributable to the Temporary Accommodation budget.

8.12. Although the numbers of people in Temporary Accommodation in total (TA) is fairly constant the cost of acquiring TA is continuing to rise. This is for two main reasons, firstly increases in rent levels for existing properties, as existing landlords switch properties to more expensive nightly rated stock and secondly increased costs for newly acquired units, as the existing unit is sold when the landlord decides to 'cash in' on a rising property market. Therefore the gap between rent paid out and collected is growing further apart, in common with the rest of London.

8.13. For example, although the London cap rate for a 2 bed unit is £294 a week, the subsidy is only £247.90, leading to a yearly loss of £2,400, on occasions the Council needs to spend up to £315 per week to secure a unit, increasing the yearly loss to £3,500.

8.14. To reduce this overspend the Council will need to explore a range of other options which are subject to separate Cabinet reports.

#### **Environmental Services and Community Safety (Chief Operating Officer)**

8.15. Overall ECS are projecting an overspend of £320k. The main area of pressure is against the catering contract where a £397k pressure is apparent.

8.16. Although this position has worsened slightly in the current period as outstanding single status payments have been made, there is confidence that the position will not worsen any further and that the overall position can be balanced across the service within the current financial year.

#### **Customer Services (Chief Operating Officer)**

8.17. Following the creation of the new Shared Service Centre (SSC) the information relating to Customer Services, which sits outside the SSC, has been separately identified. Customer Services are currently showing an overspend of £1.07m

8.18. This overspend mainly relates to the non-achievement of staff savings associated with the customer services transformation project and further pressures resulting from historic changes to opening and weekend opening hours savings which have not been contained within existing budgets. The Service are due to present a briefing paper to the Chief Operating Officer; setting out their plans to mitigate overspends both in-year, and for future years.

#### **Shared Service Centre (SSC) (Chief Operating Officer)**

8.19. Overall within the SSC there is an estimated overspend of £1.512m. The Business Infrastructure Programme (BiP) has a range of savings that are yet to be delivered amounting to c£682k. On creation of the SSC all relevant budgets have been transferred and reduced in line with savings proposals; the action to achieve those budget reductions is now taking place including in particular staffing restructures and reduction of agency staff costs.

8.20. Within the Housing Benefit/ Discretionary Housing Payments (DHP) paid, and subsidy receivable area, a pressure of c£454k is being projected. This area is subject to the variations of demand, which have been heightened by the impact of the Welfare Reform changes. The Grant allocation for DHP was reduced in 2015/16 from the previous year's level of £2.5m down to £1.5m as part of these ongoing changes.

8.21. There is a risk that, despite the Service's efforts to carefully manage the administration of DHP (within the Regulations), and to limit any excess of spend over the allocation, the expected demand pressures will still give rise to a deficit at the year end which is currently anticipated to be £454k..

8.22. The HR service is also reporting an overspend of £376k the main drivers for this overspend is a reduced level of income from schools over a number of traded activities and a consequent failure to reduce staffing costs commensurately (£383k).

#### **Regeneration, Planning and Development (Director of Regeneration)**

8.23. Regeneration, Planning and Development is currently projecting an overspend of £183k, this largely relates to a shortfall in disposal fee income within the capital delivery unit.

#### **Non Service Revenue**

8.24. At this stage an underspend of c£5.5m is available representing the clear need to utilise the contingency as a strategy for offsetting service budget pressures and the continuation of the benefits from the successful Treasury Management strategy. In addition a review of the potential demands against the centrally retained inflation budget has been carried out and, as a result of the pay award covering the period until March 2016, no further calls against this budget in respect of employee cost increases are envisaged in 2015/16 enabling additional resources to be made available to offset service overspends.

#### **Housing Revenue Account (HRA)**

8.25. The Housing Revenue Account is showing an overspend of £142k, this is due to projected income shortfalls in the Managed Account from Supported Housing and garages where budget savings have been identified but not achieved.

#### **Virements**

8.26. A number of virements are set out at Appendix 1; this differentiates between those that are provided for information and those that, in accordance with the Council's financial regulations, require the formal approval of Cabinet.

## **9. Capital Outturn**

9.1. Currently there is a projected underspend of £2.4m against the 2015/16 approved General Fund Capital Programme, the HRA is also projecting an underspend of £1.6m. Appendix 2 shows the current programme for both of these areas.

9.2. Appendix 2 shows the variances against the individual projects within the approved capital programmes. The main areas of variance include the Business Improvement Programme (BIP) IT projects which are showing an underspend of £1.032m where the procurement processes have secured a combination of less expensive options.

9.3. There is an Information Technology forecast underspend of £1.1m; the proposed projects are currently being reviewed; however it is likely that the projects in the approved capital programme are likely to be delayed or alternatives proposed for approval.

9.4. Within the Children's Services building programme the contingency to cover unforeseen circumstances is unlikely to be required in full and an underspend of £1.4m is currently being projected.

9.5. The Housing Revenue Account Capital Programme is projected to underspend by £1.6m. £1.080m of this is due to procurement delays in respect of the mechanical and electrical works programme resulting in slippage into a future financial year.

9.6. The projected underspending in the General Fund will result in a reduced need for borrowing in 2015/16. For the HRA the slippage will temporarily increase the level of balances at the end of the year pending scheme completion; Members will be asked at the end of the year to agree to carry forward these resources which will facilitate completion of the projects in future financial years'

## **10. Capital Receipts**

10.1. The General Fund capital expenditure programme agreed by the Council in February 2015 is in part predicated on the achievement of capital receipts. In total over the period 2015 – 2018 a further £41.7m of receipts are required to finance expenditure. In the current year receipts of £9.3m are forecast and although, to date, only c£1m has been achieved, the expectation is that the target will be fully met.

10.2. If there is a shortfall of capital receipts, caused by timing issues the Council will need to consider the extent to which it might need to undertake temporary borrowing. However, as set out above the lower estimated level of capital expenditure will also impact on the need for the various sources of financing.

## **11. Collection Fund**

11.1. The Collection Fund reflects a statutory obligation on the Council to maintain a separate ring-fenced account for the collection of business rates and council tax and the distribution of these between Haringey (30%), the Greater London Assembly (20%) and central government (50%).

## **Business Rates**

- 11.2. The latest forecast outturn for net business rates income is £62.80m which is £1.55m lower than originally forecast.
- 11.3. Since the introduction of the Business Rate Retention Scheme local authorities have been responsible for making provision for the cost of future potential losses in business rate income arising from appeals against previous rating revaluations (the last ones took place in 2005 & 2010). The number of appeals outstanding in Haringey at 31 August 2015 is 831 cases with an annual cash value of approximately £25.9m.
- 11.4. During the period April to August 2015, 237 appeals were settled either successfully or dismissed/withdrawn; this had the impact of reducing the Council's overall rateable value by £676k.
- 11.5. Virgin has filed a new appeal in Q4 2014/15 to have all their valuations administered in a single location. Should this be settled in 2015/16 in a single location out of our borough, the potential settlement for backdated rate payments could be in the region of £7.2m and a loss of annual rate income of c£1m, of which 30% would be attributable to the Council.
- 11.6. The in-year collection rate to August 2015 is 49.5% and this area is on target for the budgeted collection rate of 97%.

## **Council Tax**

- 11.7. The latest forecast outturn for council tax income is £107.46m which is £2.71m higher than originally forecast. The key reason for the variance can be attributed to higher than expected collection from council taxpayers under the Local Council Tax Reduction Scheme.
- 11.8. The in-year collection rate to August 2015 is 46.97% and is on target for the budgeted collection rate of 95%.

## **12. Liquidity Indicators**

### **Working Capital**

- 12.1. The Treasury Management Strategy Statement places a high emphasis on security of the Council's funds. One of the ways to do this is to minimise the funds held which need to be invested. During the year to date officers have been managing cash balances to keep them to a minimum and only borrowing externally when it is required to meet the Council's obligations. There has been no new borrowing in the year to date and we have, therefore, realised a further saving in the interest payments budget.
- 12.2. The current approach to borrowing was recently discussed with Arlingclose using their projections of interest rate movements. The conclusion was that short term borrowing remained appropriate to fund temporary funding gaps. However, rates remain attractive from a longer term perspective and if long term borrowing is required in the next 12-24 months to fund the capital programme then consideration should be given to locking in current rates, even if this did incur a short term cost. Uncertainty around the timing of capital expenditure has to date caused reluctance to commit to longer term borrowing
- 12.3. Interest rates earned on investments remain low and significantly less than the cost of new borrowing and therefore the strategy of minimising cash balances is continuing in 2015-16. Borrowing will be taken only when required for liquidity purposes with the preference being short term local authorities' loans at very low rates. However longer term interest rates continue to be carefully monitored.



12.4. The interest payable on borrowing for 2015-16 is currently projected at £15.4 million (HRA £10.3 million and General Fund £5.1 million) compared with £16.3 million for the prior year.

### Icelandic Banks Update

12.5. A further Heritable distribution of £792k was received during August, bringing total distributions received into the Council's bank account from the Icelandic banks to £35.6m out of the original £36.9m invested, which is a 96% recovery. Further recoveries from Heritable (£0.3m outstanding) remain possible.

### Debt Analysis

#### Business Rates

12.6. Summary information relating to Business Rates debt levels and collection performance in 2015/16 is set out below in Table 2.

12.7. In-year performance as at the end of August achieved 49.56% against a target of 48.50%. This reflects an improvement on the previous year of 0.93%.

**Table 2 – Business Rates debt performance 2015/16 (Period 5)**

Net Collectable Debt	Net Collected		Last year at same point	Target	Variance		Gross Arrears
	£m	%			%	£m	
<b>68.3</b>	<b>33.9</b>	<b>49.56</b>	<b>48.63</b>	<b>48.50</b>	<b>1.06</b>	<b>0.7</b>	<b>8.4</b>

#### Council Tax

12.8. Summary information relating to Council Tax debt levels and collection performance in 2015/16 is set out below in Table 3.

12.9. In-year collection performance is increasing but remains 0.35% lower than last year and 3.53% behind target. The service has resumed enforcement activity pending the response from Grant Thornton in respect of their review of court costs. It is anticipated that further improvement will be seen over the coming months.

**Table 3 – Council Tax debt performance 2015/16 (Period 5)**

Net Collectable Debt	Net Collected		Last year at same point	Target	Variance Ahead / (Behind)		Gross Arrears
	£m	%			%	%	
<b>113.2</b>	<b>53.2</b>	<b>46.97</b>	<b>47.32</b>	<b>50.50</b>	<b>(3.53)</b>	<b>(4.0)</b>	<b>28.4</b>

#### Housing Benefit Overpayments (Excluding Council Tax Benefit)

12.10. Summary information relating to Housing Benefit Overpayment debt levels and collection performance in 2015/16 is set out below in Table 4.

12.11. The service has collected 16.3% to end August which compares favourably with 12.4% last year. Data cleansing activities continue. Arrears may reduce during September as first quarter write-offs are processed subject to how much new debt is created.

**Table 4 – Housing Benefit Overpayment debt performance 2015/16 (Period 5)**

Debt b/fwd	New debt	Recovered			Debt o/s		
		2015/16		Last year	Debtors	Live HB	Total
£m	£m	£m	%	%	£m	£m	£m
<b>26.7</b>	<b>7.8</b>	<b>5.4</b>	<b>16.3</b>	<b>12.4</b>	<b>14.6</b>	<b>14.1</b>	<b>28.7</b>

### Corporate Debts

12.12. Summary information relating to corporately managed debt levels and collection performance in 2015/16 is set out below in Table 5.

**Table 5 – Corporate debt performance 2015/16 (Period 5)**

Net Debts				Bad Debt Provision		
Year-end	P5 15/16	NYD	Due	B/Fwd	P5 15/16	Change
£m	£m	£m	£m	£m	£m	£m
<b>40.1</b>	<b>29.8</b>	<b>17.8</b>	<b>12.0</b>	<b>2.336</b>	<b>2.508</b>	<b>0.172</b>

NYD = Not Yet Due

12.13. Corporate Debts are lower than at year-end but temporarily higher than they were at the end of period 2. This is due to the recent billing to the GLA of £9.5m which was subsequently paid by the 10th September. The GLA also made payment in early September of a £0.4m bill that was 2 months old.

12.14. Whilst aged debt was higher than expected at the end of August, a large £0.4m payment was received on 7th September from Hanover Housing.

### Write offs

12.15. So far in 2015/16 there have been £5.6m uncollectable debts, across all services including housing, written off or in the process of write-off approval. Debts are only written off when it has been established that the debt is uncollectable for example where the debtor cannot be traced despite all efforts, including the use of tracing agents; debts can also only be written off through the approval of the Chief Finance Officer and the Lead Member (for larger debts) and Members can be assured therefore that the writing off of a debt is not undertaken lightly.

12.16. Members are also reminded that the level of old debts which had been provided for, but not written off, was raised by the external auditors in their 2014/15 report. This reflects the action that is being taken to identify and write off debts appropriately.

## 13. Sustainability Indicators

### Reserves

13.1. The Council's 2014/15 outturn position indicates that the General Fund reserve at 31 March 2015 stood at £25.8m; taking into account the 2015/16 budget requirement to draw £4.2m from reserves the estimated closing position at March 2016 is £21.6m.

13.2. However, given the significant overspend identified in this report, the potential implications for the Council's reserves and the associated risk needs careful consideration in consultation with the Lead Member for Resources and Culture. Members are asked to note that the need to use reserves, in support

of the estimated outturn overspend, will be further considered in the light of financial performance and reported to Cabinet.

- 13.3. The Housing Revenue Account General Reserve stood at £38.6m (March 2015) from £26.6m (March 2014). The 2015/16 HRA budget assumes a further contribution to the General HRA reserve of £16.3m and although currently showing a minor overspent revenue position this projection appears to be reasonable.

#### **14. Financial Risks**

- 14.1. As part of the budget setting process the Chief Finance Officer carries out an assessment of the adequacy of the Council's general reserves to meet a range of both identified and unforeseen risks. This assessment carried out in February 2015 indicated total risks of £12.5m to be held against the centrally retained contingency budget (£2.0m) and the level of general reserves. In addition as set out earlier in this report at the end of 2014/15 it was possible to create an earmarked Risk Reserve of £2.2m to further mitigate those risks.
- 14.2. The latest key financial risk register is also included as Appendix 3.

#### **15. Summary/ Conclusions**

- 15.1. Overall the General Fund projected **overspend of £14.3m** at this stage of the year needs urgent management attention in order to avoid a worsening of the serious budget position.
- 15.2. The continuation of significant budget pressures within Adults and Children's services from previous years is already being seen in 2015/16 and this is a serious concern given the ambitious savings targets in these areas for this and future years' budgets.
- 15.3. For capital expenditure within the General Fund the primary source of financing is through Prudential Borrowing and, as a result, any slippage in expenditure against the programme will result in a lower than budgeted need for borrowing; resulting in a consequent short term benefit to the General Fund revenue account.
- 15.4. For the HRA a similar situation exists although, the primary funding source is through the Major Repairs Allowance which is, in effect, direct revenue financing of capital expenditure; as such any slippage will be available to add to the HRA revenue reserves.
- 15.5. A number of risks together with an assessment of the impact and likelihood of impact has been compiled and should be kept under review. The identified risks around the Council's medium term finances and the 2015/16 revenue outturn position are starting to crystallise and a review of the adequacy and prioritisation of the council's reserves, both general and earmarked, is necessary to manage the pressures; the Lead Member for Resources and Culture will be kept fully informed as actions are developed and any proposed use of reserves in support of revenue expenditure will be highlighted to Cabinet in future budget monitoring reports.

## **16. Actions**

- 16.1. A range of detailed actions have been identified and are being developed and progressed collaboratively across the Council as part of a Deficit Recovery Plan (DRP).
- 16.2. There are already significant budget pressures within Children's, Adults and General Fund Housing services that require decisive and strategic action. A series of challenge meetings (STAR CHAMBERS) will take place in October, and which will include the Lead Member for Resources and Culture, to ensure that a continued focus on key areas is maintained. In addition all service management teams are being briefed on the Council's financial position, and their role in tackling the issues, re-emphasised.

## **17. Contribution to strategic outcomes**

- 17.1. Adherence to strong and effective financial management will enable the Council to deliver all of its stated objectives and priorities.

## **18. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

- 18.1. This report covers all of the relevant financial implications for members to consider.
- 18.2. The Assistant Director of Corporate Governance has been consulted on this report. The Cabinet is responsible for approving virements in excess of certain limits as laid down in the Financial Regulations at Part 4 Section I, and within the Executive's functions at Part 3 Section C, of the Constitution. There are no specific legal implications arising from this report.

## **19. Use of Appendices**

Appendix 1 – Virements Schedule

Appendix 2 – Capital Programme financial summary

Appendix 3 – Financial Risk Register.

## **20. Local Government (Access to Information) Act 1985**

- 20.1. The following background papers were used in the preparation of this report:
- Budget management papers
  - Medium Term Financial Planning Reports
- 20.2. For access to the background papers or any further information please contact Neville Murton – Head of Finance (Budgets and Accounting Team).