

Report to: Budget Panel

Date of Meeting: 27 September 2010

Report of: Head of Strategic Finance

Title: Finance Digest August 2010 (Month 5)

1. SUMMARY

- 1.1. This report provides an update of the latest Revenue and Capital Budget forecast outturn for 2010/11 as at 31st August 2010 and includes the Finance Digest at Appendix A.

2. RECOMMENDATIONS

- 2.1 That Budget Panel considers the revenue and capital forecast for 2010/11 outturn as at 31st August 2010.

Contact Officer:

For further information on this report please contact: Bernard Clarke, Head of Strategic Finance - telephone 01923 278189, e-mail: bernard.clarke@watford.gov.uk

3. GENERAL FUND REVENUE EXPENDITURE

3.1 The forecast outturn net expenditure for 2010/11 as at 31st August 2010 is predicted to be £17,638,000. Of this figure £17,347,000 was anticipated and has been reflected within the original revenue and capital estimates and the final accounts process for 2009/2010.

3.2 There is however forecast variations of £291,000 on the General Fund which is to be considered by the Leadership Team at its meeting on 21st September and any proposed corrective action will be reported verbally to this meeting. The Budget Panel itself can make recommendations to Cabinet and these could include:

- a freeze on recruitment
- a moratorium on all non essential supplies and services
- a requirement for Heads of Service to identify compensating savings through positive management action.

3.3 These options are clearly not exhaustive and could include other proposals such as increasing fees and charges part way through the year. This is not recommended however as customer resistance may actually make the situation worse.

3.4 This forecast over spend is on factors that, by and large, are not one offs but will permanently affect base estimates going forward. They do therefore need to be factored into the Medium Term Financial Strategy and will add to the pressures on identifying efficiencies in future years. This is discussed later on the agenda of the Panel meeting.

3.5 Detailed information is provided within the attached Finance Digest.

4 IMPLICATIONS

4.1 Financial

The budget variations reported on are contained throughout the report. A failure to address the forecast overspend will result in the Council's Working Balance or specific general reserves having to be utilised to cover the deficit. Unless recurring savings were identified then the balance or reserves would continue to be used in future years.

4.2 Legal Issues (Monitoring Officer)

None

4.3. **Potential Risks**

Budget projections can be volatile and a number of risk areas require monitoring by Heads of Services.

Background papers:

The following background papers were used in the preparation of this report

Budget Setting 2010/11

Financial Management System

Medium Term Financial Strategy 2010/11 – 2013/14

If you wish to inspect or take copies of background papers please contact the officer named on the front page of the report.