

EXECUTIVE COMMITTEE

4th April 2017

Finance Monitoring Report 16/17

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management.
Relevant Head of Service	Jayne Pickering
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non Key Decision	

1. SUMMARY OF PROPOSALS

This report details the Council's final financial position for General Fund Revenue, Capital and Housing Revenue Account (HRA) for the period April – December 2016 (Quarter 3 2016/17).

2. RECOMMENDATIONS

The Executive Committee is asked to

RESOLVE that

- 2.1 The current financial positions for the quarter April – December 2016 as detailed in the report be noted.

3. KEY ISSUES

- 3.1 This report provides details of the financial information across the Council. The aim is to ensure officers and members have relevant information to consider the overall financial position of the Council. The report reflects the finances across the Strategic Purposes to enable Members to be aware of the level of funding attributed to these areas and how this compares to budget. The summary at 3.3 shows the financial position for revenue funding for the period April – December 2016.
- 3.2 The information at Appendix 1 shows the breakdown of the Strategic Purposes to detail the services that have been included in each Purpose. The aim is to demonstrate the individual services that link to the overall strategic funding position.

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<p>Revenue Budget Summary – Overall Council Financial Year 2016/17</p>

3.3 Internal recharges have not been included in these figures to allow comparison for each service area. However Support costs have been included.

Strategic Purpose	Original Budget £'000	Latest budget £'000	Budget to date £'000	Actuals to date £'000	Variance to date £'000	Projected Outturn £'000	Projected Variance £'000
Keep my place safe and looking good	3,755	5,694	4,281	3,953	-329	5,428	-267
Help me run a successful business	-116	-132	-121	-135	-14	-145	-13
Help me be financially independent	558	540	864	781	-83	476	-64
Help me to live my life independently	406	406	233	250	16	438	30
Help me find somewhere to live in my locality	1,202	1,202	902	795	-107	1,081	-121
Provide Good things for me to see, do and visit	2,346	1,654	1,299	1,376	76	1,756	102
Enable others to work/do what they need to do (to meet their purpose)	7,781	7,734	5,800	6,005	205	7,764	30
HRA Recharge	-3,965	-4,745	-3,559	-3,377	182	-4,501	244
Totals	11,965	12,353	9,699	9,648	-54	12,297	-59
Corporate Financing	835	835	417	292	-125	710	-125

Financial Commentary:

There are a number of variances within the third quarter on the financial year 2016/17 which currently result in a £59k saving to budget. These include additional income received for services provided and managed vacant posts. In particular the savings within the strategic purpose 'keep my place safe and looking good' is due to development control receiving some large planning applications and Environmental Services having efficiencies on operating budgets.

It is projected that there will be a saving on Minimum Revenue provision (MRP) £125k which is due to slippage within the capital program 2015/16.

HRA

There is an estimated recharge of £4.745m in 2016/17 to the HRA from a number of service areas to reflect the attributable cost to the HRA.

This recharge has been adjusted to reflect service savings of £182k year to date and £244k (end of year) for 2016/17 as a proportion of the service savings have to be allocated back to the HRA.

As shown above the original budget as agreed in February 2016 has been shown in the table above for comparison purposes. A breakdown at appendix 3 shows the movements in budget to quarter 3 to enable members to identify the changes over the last 9 months from the original budget estimates.

In addition the recharges for landscaping have been transferred to the main HRA recharge to ensure transparency of recharging and therefore the environmental and leisure recharging has been revised to reflect this change in mechanism of recharging.

**Capital Budget Summary – Overall Council
Financial Year 2016/17**

3.4 Internal recharges have not been included in these figures to allow comparison for each service area. However Support costs have been included.

Strategic Purpose	Annual budget £'000	Budget to date £'000	Actuals to date £'000	Variance to date £'000	Projected Outturn £'000	Projected Variance £'000
Keep my place safe and looking good	4,311	2,897	2,377	-521	3,270	-1,041
Help me to live my life independently	987	740	610	-130	841	-146
Help me find somewhere to live in my locality	10,617	7,963	5,471	-2,492	8,964	-1,653
Provide Good things for me to see, do and visit	505	379	330	-49	503	-2
Enable others to work/do what they need to do (to meet their purpose)	100	75	49	-26	100	0
Totals	16,520	12,054	8,837	-3,218	13,678	-2,842

Financial Commentary:

There are a few underspends in the third quarter due to the timing of projects commencing. It is anticipated that the majority of capital expenditure will be on target to budget for the financial year.

The variance showing within 'Keep my place safe and looking good' year to date and full year is due to the Crematorium Enhancement project expected to be carried forward into 2017/18 and the Town Centre Landscape Scheme along with a proportion of the Locality Capital projects budget.

The variance shown within 'Help me find somewhere to live in my locality' relates to the HRA capital projects and this may be required to be carried forward into 2017/18

Housing Revenue Account

- 3.6 Appendix 2 details the financial position for the Housing Revenue Account (HRA) for the period April – December 2016. The rental income shows a shortfall of £189k due to the increase in the number of Right to Buy sales following relaxation of the discount rules. However this is offset partially by the £17k increase in non-dwelling rent income is due to higher than expected garage lettings.

There are other significant overspends on the following departments:

Repairs and maintenance due to:

- High demand for ad hoc property repairs
- Debt write off of unpaid invoices
- A number of void properties requiring costly repair works

Supervision & Management due to:

- Redundancy costs
- JE back pay

Treasury Management

- 3.7 The Council's Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance prudential indicators and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.

Credit Risk

- 3.8 Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Credit risk is minimised by use of a specified list of investment counterparty criteria and by limiting the amount invested with each institution. The Council receives credit rating details from its Treasury Management Advisers on a daily basis and any counterparty falling below the criteria is removed from the list.

- 3.9 At 31st December 2016 short term investments comprised:

	31st December 2016 £'000
Deposits	6,000
Total	6,000

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Income from investments

- 3.10 An investment income target of £4k has been set for 2016/17 using a projected rate of return of 0.25 %.

General Fund Balances

- 3.11 The General Fund Balance as at the 31th March 2016 is £2.024m. A balanced budget was approved in February 2016 to include identified savings which have been built into individual budget allocations. This also included a planned use of balances for 2016/17 of £477k. This will be offset against any underspends realised at year end. Should the savings of £184k be realised the drawdown from balances will be £293k and therefore retain £1.731m.

Legal Implications

- 3.12 No Legal implications have been identified.

Service/Operational Implications

- 3.13 Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

Customer / Equalities and Diversity Implications

- 3.14 No direct implications as a result of this report.

4. RISK MANAGEMENT

The financial monitoring is included in the corporate risk register for the authority.

5. APPENDICES

Appendix 1 – Strategic purposes financial position April – December 2016/17
Appendix 2 – HRA Monitoring April – December 2016/17
Appendix 3 – Revenue Budget Reconciliation

6. BACKGROUND PAPERS

None.

AUTHOR OF REPORT

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