

EXECUTIVE COMMITTEE

13th December 2016

Finance Monitoring Quarter 2 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 – September 2016 (Quarter 2 2016/17).

2. RECOMMENDATIONS

The Executive Committee is asked to

RESOLVE that

- 2.1 That Executive Committee note the current financial positions for the quarter April – September 2016 as detailed in the report.

RECOMMEND

- 2.2 The 2016/17 Capital Programme is increased by £7k to include a Section 106 funds to complete the funding package for driving range works at the Golf Course. This will increase participation, coaching opportunities and through on site put whilst allowing the service to increase income generation in light of the issues highlighted with in the revenue report for Leisure & Cultural Services.
- 2.3 The 2016/17 Capital Programme is increased by £87k to fund the Abbey Stadium energy efficient lighting replacement project. This is to be funded initially from internal borrowing with payback anticipated over a 6 year period.

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 – September 2016.

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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.

<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	5,693	2,951	2,757	-192	5,367	-326
Help me run a successful business	-116	-122	-79	-72	8	-100	21
Help me be financially independent	558	558	-452	-452	0	497	-61
Help me to live my life independently	406	406	69	60	-10	416	8
Help me find somewhere to live in my locality	1,202	1,202	595	583	-11	1,175	-28
Provide Good things for me to see, do and visit	2,346	1,637	980	1,022	42	1,727	90
Enable others to work/do what they need to do (to meet their purpose)	7,781	7,742	3,669	3,695	26	7,753	11
HRA Recharge	-3,965	-4,745	-2,372	-2,372	0	-4,745	0
Totals	11,965	12,371	5,360	5,221	-138	12,090	-284
Corporate Financing	835	835	417	292	-125	710	-125

Financial Commentary:

There are a number of variances within the second quarter on the financial year 2016/17 which currently result in a £284k saving to budget. These include additional income received for services provided and managed vacant posts. These savings are partially offset by shortfalls in income on the Leisure centres and golf course together with efficiency targets that are due to be delivered later in the financial year.

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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.

Should the outturn projected of £284k be realised a share will then be refunded back to the HRA of £114k which will reduce the underspend to £171k .

HRA

A share of the saving from the General Fund has to be allocated back to the Housing Revenue Account to ensure that accurate charges are made between the 2 funding streams. This equates to £114k of the £284k.

As shown above the Original budget has changed to the Latest budget to ensure that members have a complete picture of the budget framework. Within 'Keep my place safe and looking good' and 'provide good things for me to see, do and visit' approved earmarked reserves have been released. 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	2,228	1,805	-423	3,688	-623
Help me to live my life independently	987	493	412	-81	841	-146
Help me find somewhere to live in my locality	10,617	5,308	5,239	-69	10,617	0
Provide Good things for me to see, do and visit	505	169	104	-65	503	-2
Enable others to work/do what they need to do (to meet their purpose)	100	50	50	0	100	0
Totals	16,520	8,250	7,610	-640	15,750	-770

Financial Commentary:

There are a few underspends in the second 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 reprofiled fully into 2017/18 along with a proportion of the Locality Capital projects budget.

- 3.5 There is a request for an additional £87k to fund an energy efficient replacement lighting scheme at the Abbey Stadium. The original fluorescent lighting in the Abbey Stadium is coming to the end of its lifespan. Replacement with LEDs that are more energy efficient would reduce consumption and so running costs. LEDs have a much longer lifespan than fluorescent tubes and so maintenance costs associated with replacing tubes would also be saved. As the LEDs would produce better light levels than the existing light fittings, less fittings are needed, further reducing running costs – while still improving the lighting. The reduced energy consumption also has environmental benefits. Even if only 80% of the predicted energy savings are realised, this will pay for the capital cost in 5 years 7 months with ongoing savings for at least another 5 years. The Capital Scheme will be funded by savings from energy budgets over a 6 year period

Housing Revenue Account

- 3.6 Appendix 2 details the financial position for the Housing Revenue Account (HRA) for the period April – September 2016. The rental income shows a shortfall of £96k due to the increase in the number of Right to Buy sales. However this is offset partially by the £17k increase in non-dwelling rent income is due to higher than expected garage lettings. The shortfall in charges for services & facilities is due to the timing of invoices to tenants.

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.

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3.9 At 30th September 2016 there were no short-term investments held by the Council.

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.

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 – September 2016/17
Appendix 2 – HRA Monitoring April – September 2016/17

6. BACKGROUND PAPERS

None.

AUTHOR OF REPORT

Name: Kate Goldey
E Mail: k.goldey@bromsgroveandredditch.gov.uk
Tel: (01527) 881208