

**Finance Monitoring Quarter 1 2017/18**

<b>Relevant Portfolio Holder</b>	Councillor John Fisher
<b>Portfolio Holder Consulted</b>	Yes
<b>Relevant Head of Service</b>	Jayne Pickering
<b>Wards Affected</b>	All Wards
<b>Ward Councillor Consulted</b>	N/A
<b>Non Key Decision</b>	

**1. Purpose and summary**

This report details the Council's final financial position for General Fund Revenue, Capital and Housing Revenue Account (HRA) for the period April – June 2017 (Quarter 1 2017/18).

**2. Recommendations**

**The Executive Committee is asked to**

**RESOLVE that**

- 2.1 That Executive Committee note the current financial positions for the quarter April – June 2017 as detailed in the report.

**RECOMMEND**

- 2.2 The Executive is asked to **RECOMMEND** to Council 2017-18 that the 2017/18 Capital Programme is increased by £209k to include Section 106 projects as included in Appendix 3

**3. Revenue budgets**

- 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 3.4 shows the financial position for revenue funding for the period April – June 2017. A year end forecast is not presented for the first quarter as this commences from Quarter 2 to ensure budget holders can assess the financial position of their service areas with as much information as possible.
- 3.2 Financial reports are sent to budget holders on a monthly basis and a detailed review is undertaken with financial support to ensure that all issues are considered and significant savings or cost pressures addressed. This report aims to focus on the key variances to budgets to ensure a focus is undertaken during the year on areas where there are significant savings or additional costs.
- 3.3 As Members are aware officers have recognised that there were savings in 2016/17 that had not been forecast in previous reports. As part of the monitoring during 2017/18 budget holders and Heads of

Service are working with the finance team and portfolio holders to improve the quality of the future forecasting.

- 3.4 The table below shows the original budget 2017/18 as agreed by Council in February 2017. The original budget of £11.113m as approved is adjusted in the table below to reflect capital charges and interest of £1.5m offset by the savings and additional income of £1.6m. In addition the Latest Budget 2017/18 is shown which includes the transfers to/from reserves in the first quarter of £441k. The latest budget 2017/18 is the financial position that the monitoring uses for the comparison between actual and budget.

<p><b>Revenue Budget Summary – Overall Council Financial Year 2017/18</b></p>
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Please note figures have been rounded

Strategic Purpose	Original Budget £'000	Latest budget £'000	Budget to date £'000	Actuals to date £'000	Variance to date £'000
Keep my place safe and looking good	4,863	5,224	1,212	1,182	-30
Help me run a successful business	-86	-86	-26	-18	8
Help me be financially independent	497	497	123	39	-84
Help me to live my life independently	186	186	-185	-165	20
Help me find somewhere to live in my locality	1,248	1,248	318	292	-25
Provide Good things for me to see, do and visit	1,517	1,676	194	218	24
Enable others to work/do what they need to do (to meet their purpose)	7,467	7,388	2,703	2,739	36
HRA Recharge	-4,680	-4,680	-931	-931	0
<b>Totals</b>	<b>11,012</b>	<b>11,453</b>	<b>3,408</b>	<b>3,356</b>	<b>-52</b>
<b>Corporate Financing</b>	<b>-11,012</b>	<b>-11,453</b>	<b>-2,600</b>	<b>-2,636</b>	<b>-35</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>808</b>	<b>720</b>	<b>-87</b>

**Financial Commentary:**

**Keep my place safe and looking good**

These budgets include those relating mainly to environmental services, planning, lifeline, CCTV and other activities to deliver against the purpose to ensuring an area is a safe and attractive place for the community.

The budgets in the first quarter show little variances however within Planning policy there are some salary savings of **£28k** due to maternity leave.

**Help me run a successful business**

The budgets within the strategic purpose include economic development, all licenses and costs associated with the town and other Properties within the Borough.

There are no major variances to report in the first quarter.

**Help me be financially independent**

The strategic purpose includes all costs relating to the support of benefits and the administration and delivery of Council Tax services in the Borough.

As a result of the move to a new shared service the variances for quarter 1 reflect a proportion of the saving realised from the review. Once the new service is fully implemented the financial position will be clearer and will be reported at Quarter 2.

Officers are currently reviewing the monitoring of benefits subsidy through the returns submitted to ensure an informed financial position can be reported prior to year-end.

**Help me to live my life independently**

There are a number of budgets relating to the delivery of the strategic purpose including ; Lifeline and Community Transport.

Over **£230k** has been received from the current Lifeline customers to provide their support for this year . Additional income will be realised should further users take up the service. The team continue to market and encourage people to use this valuable service.

**Help me find somewhere to live in my locality**

The costs associated with homeless prevention, housing strategy and land charges are all included in this strategic purpose. It is worth noting that these costs solely relate to those charged to the General Fund not the Housing Revenue Account

The variance shown in this strategic purpose is due to salary savings pending a staffing review.

**Provide Good things for me to see, do and visit**

The majority of budgets within this purpose relate to Leisure and culture services.

There are no major variances to report in the first quarter.

**Enable others to work/do what they need to do (to meet their purpose)**

All support services and corporate overheads are held within the enabling purpose. These include; IT, HR, Finance, Management team and other support costs.

The variance within enabling is made up of a saving due to paying the pension deficit to the County (relating to previous years) in advance and this can be realised as a saving within 2017/18 of **£x**. This is

offset by the corporate efficiency savings targets which are not allocated to individual service areas. Heads of Services are currently working to identify all savings and additional income from 2016/17 that can be delivered in 2017/18 to enable the efficiency plan to be achieved. This will be reported at quarter 2.

**HRA Recharge**

Work is being undertaken to ensure that any shortfall in general fund income is offset by identified savings. This will be reported at quarter 2 when the full analysis has been undertaken.

**Corporate Financing**

There is a saving realised already of **£35k** due to paying the forward funding of pensions costs to County in advance. We have also determined that the Section 31 grant which is received in relation to business rates is now higher than budgeted and therefore a further income of **£188k** will be received. This will be included in the annual forecast.

**4. Efficiency Plan**

4.1 The efficiency plan was presented to Council in September 2016. The table below details the savings proposed for 2017/18 as identified in the plan with comments on delivery for the first quarter

<b><u>Area</u></b>	<b><u>Cost reduction / Additional income growth/ Alternative Service Delivery</u></b>	<b><u>2017/18 £'000</u></b>	<b><u>Qtr 1 Comments</u></b>
Cross Organisational	Increases in income and growth ( including additional income realised from an improvement in compliance for Council Tax/ Business Rates)	300	Identification of financial value of income and growth are being undertaken to report in quarter 2 Significant income has been generated and further business cases are being developed to ensure this is achieved
Customer Access & Financial Support	Improved efficiencies by moving to a new system for Revenues and Benefits	80	Savings delivered as part of service review and new system implementation as can be seen in the summary table
Cross Organisational	Organisational Management Review	135	Service reviews approved to include savings on 4th tier posts. These will be delivered from quarter 2
Cross Organisational	Alternative Models of Service Delivery - Reviewing the provision of services with the aim to redesign and work with other partners to deliver savings	250	Ongoing work with commercial groups to identify savings that are achievable in 2017/18.
Cross Organisational	Reduce waste in system / improve efficiencies	225	Identification of financial value of efficiencies being undertaken to report in quarter 2
Cross Organisational	Reset budget from baseline of 2015/16	200	Identification of financial value of resetting the baseline being undertaken to report in quarter 2
Additional Business Rate Growth	Based on assumptions of additional growth from sites across the Borough	50	Analysis of new business rate income being undertaken
Other Funding	Balances/ Unidentified efficiencies/Further reviews of reserves	332	Identification of financial value of efficiencies being undertaken to report

			in quarter 2
<b>TOTAL 2017/18</b>		<b>1,572</b>	

**Risks of delivery**

4.2 There are a number of savings/ efficiencies that will be identified as part of the current work on analysing the 2016/17 outturn position. Heads of Service are working with the Directors as the strategic purpose leads to undertake a detailed review of all cost heads to understand the cost recovery on all areas and the nature of the savings from 2016/17 to enable these to be given up for 2017/18 to meet the efficiency plan targets. In addition savings from vacancies are to be released from individual service budgets and used to offset the savings plans for 2017/18.

**5. Cash Management**

5.2 The cash position of this Council at the start of the financial year and the expected end of year cash positions for the coming financial years is shown in the table below.

<b>Date</b>	<b>£m</b>	<b>Position</b>
As at 31 <sup>st</sup> March 2017 (Actual)	1.78	Borrowing
As at 31 <sup>st</sup> March 2018 (Forecast)	8.54	Borrowing

The forecast cash balances at 31<sup>st</sup> March reflects the borrowing to fund the advance payment of pension contributions.

**6. Borrowing and investments**

**Borrowing**

6.1 Outstanding as at the 30th June 2017 are £14m in short term borrowing with associated borrowing costs within the quarter of £3k and £103.929m in long term borrowing with associated costs in the quarter of £117k. All long term borrowing costs relate to the HRA.

The projections for the forthcoming year are to refinance existing short term borrowing. Overall the borrowing is predicted to reduce by the 31<sup>st</sup> March 2018.

6.2 An interest payable budget has been set of £17k for 2017/18 due to expenditure relating to current capital projects.

**Investments**

6.3 At 30<sup>th</sup> June 2017 short term investments comprised of deposits totalling £2m

6.4 An investment income target of £5k has been set for 2017/18 using a projected rate of return of 0.25%

**7. Capital Budgets**

<p><b>Capital Budget Summary – Overall Council Financial Year 2017/18</b></p>
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7.1

Please note figures have been rounded

Strategic Purpose	Original Budget £'000	Budget to date £'000	Actuals to date £'000	Variance to date £'000
<b>Keep my place safe and looking good</b>	2,826	570	489	-81
<b>Help me to live my life independently</b>	967	242	214	-28
<b>Help me find somewhere to live in my locality</b>	9,756	2,439	2,125	-314
<b>Provide Good things for me to see, do and visit</b>	755	151	59	-92
<b>Enable others to work/do what they need to do (to meet their purpose)</b>	140	35	5	-30
<b>Totals</b>	<b>14,444</b>	<b>3,437</b>	<b>2,892</b>	<b>-545</b>

**Financial Commentary:**

**Keep my place safe and looking good**

Within quarter 1 there is a slight variance due to some projects not commencing until the 2<sup>nd</sup> quarter but the majority of the projects are all in progress.

**Help me to live my life independently**

All capital projects are currently in progress and therefore no major variances to report.

**Help me find somewhere to live in my locality**

The projects are included within the HRA 30 year plan and currently all moving forward in the first quarter within the plan. There is a review expected of the plan to ensure the correct budgets are in place for the projects required.

**Provide Good things for me to see, do and visit**

The Town Centre Enhancement budget (Public Realm) has commenced

**Enable others to work/do what they need to do (to meet their purpose)**

The projects have not yet commenced but have been scheduled for quarter 2.

**8. Housing Revenue Account**

- 8.1 Appendix 1 details the financial position for the Housing Revenue Account (HRA) for the period April – June 2017.

The underspend on Repairs and maintenance (R&M) is due to fluctuations in the level of responsive repairs in the quarter which by their nature do not follow a set pattern together with external supplier invoices being received after the quarter end date.

The underspend on Supervision & Management is due to vacant post salary savings pending a structure review along with first quarter utility invoices have yet to be received.

**9. Earmarked Reserves**

- 9.1 The projected position at the start and end of next financial year is shown in Appendix 2. The balances on earmarked reserves are reviewed at the financial year end

**10. General Fund Balances**

- 10.1 The General Fund Balance as at the 31<sup>th</sup> March 2017 is £1.895m. A balanced budget was approved in February 2017 to include identified savings which have been built into individual budget allocations and also a planned use of balances for 2017-18 of £103k. The forecast General fund balances as at the 31<sup>st</sup> March 2018 is £1.792m.

**11. Legal Implications**

No Legal implications have been identified.

**12. Service/Operational Implications**

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.

**13. Customer / Equalities and Diversity Implications**

No direct implications as a result of this report.

**14. Risk Management**

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

**APPENDICES**

Appendix 1 – HRA Monitoring April – June 2017-18

Appendix 2 – Earmarked Reserves

Appendix 3 – S106 Capital projects

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