

**Finance Monitoring Quarter 2 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 – September 2017 (Quarter 2 2017/18).

**2. Recommendations**

**The Executive Committee is asked to**

**RESOLVE that**

- 2.1 the current financial positions for the quarter April – September 2017 as detailed in the report be noted**

**and to RECOMMEND**

- 2.2 the virement of £104k from Customer Access and Financial Services Public Capital Building project to Environmental Services Capital Crematorium project. This is due to part of the public buildings contract now being included as part of the bigger crematorium project to minimise disruption.**

**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 – September 2017. A year end forecast is in 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** The £11.012m original budget as included in the table below is made up of the budget approved in February 2017 of £ 11.113m which is then adjusted to reflect capital charges and interest of £1.5m offset by the savings and additional income of £1.6m.

**REDDITCH BOROUGH COUNCIL**

**EXECUTIVE COMMITTEE**

16<sup>th</sup> January 2018

In addition the Latest Budget 2017/18 shown includes the net transfers from reserves of £406k. Appendix 2 shows the movement in reserves of £406k as noted above.

**Revenue Budget Summary – Overall Council  
Financial Year 2017/18**

Please note figures have been rounded

Strategic Purpose	Original Budget 2017/18 £'000	Latest budget 2017/18 £'000	Budget to date April – Sept 2017/18 £'000	Actuals to date April – Sept 2017/18 £'000	Variance to date April – Sept 2017/18 £'000	Projected outturn 2017-18 £'000	Projected variance 2017/18 £'000
Keep my place safe and looking good	4,340	4,650	2,486	2,440	-47	4,516	-134
Help me run a successful business	-88	-88	-52	-51	1	-39	50
Help me be financially independent	491	410	21	19	-2	410	0
Help me to live my life independently	121	121	-96	-66	30	199	78
Help me find somewhere to live in my locality	1,240	1,241	620	459	-161	942	-299
Provide Good things for me to see, do and visit	1,123	1,386	661	689	28	1,452	66
Enable others to work/do what they need to do (to meet their purpose)	7,132	7,045	4,679	5,011	333	7,409	364
HRA Recharge	-4,680	-4,680	-2,340	-2,340	0	-4,680	0
Capital	1,333	1,333	667	667	0	1,333	0
<b>Totals</b>	<b>11,012</b>	<b>11,418</b>	<b>6,645</b>	<b>6,828</b>	<b>182</b>	<b>11,542</b>	<b>124</b>
Corporate Financing	-9,679	-10,085	3,822	4,171	349	-9,749	336
Capital (Corporate)	-1,333	-1,333	-667	-667	0	-1,333	0
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>9,800</b>	<b>10,332</b>	<b>531</b>	<b>459</b>	<b>459</b>

**Financial Commentary:**

There are a number of significant variances in Quarter 2 across the strategic purposes. The summary above shows the overall position for the Council and the main variations are as a result of:

**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.

Having reviewed the variance position and focusing on the variances that are above £50k the following comments detail the nature of the variances. The overall variance for the quarter and the year will also include other pressures and savings to budget that are under £50k.

The variances to report are :

There is a variance in the second quarter due to some of the following variances:

- Savings found within CCTV on telephones and accommodation which is projected to rise to **£73k** by year end.
- Environmental services have also delivered some savings on repairs and maintenance of vehicles and other general supplies with a projection of **£50k** by the year end.
- These savings will be offset against a shortfall in income within Development management of **£42k** due to a low number of applications being received which in turn is unlikely to increase by the year end and therefore projected a shortfall amounting to **£86k**.

#### **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 is a projected shortfall in income by the year end of **£50k** as there is a void property which results in a reduction in income received. There is also an expected increase in rents payable within the Councils business centres.

#### **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.

- There are no variances over £50k to report in the second quarter.
- 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.

- The variance within this strategic purpose relates to shopmobility and dial a ride. This is due to savings not being delivered by quarter 2. The manager is currently reviewing the financial position. The dial a ride service has seen an increase in repairs and maintenance expenditure on the vehicles while they are waiting on a delivery of two new vehicles.

#### **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.

- The variance is due to additional costs incurred in the closing down of the dual usage sites and income generated was lower than anticipated during the period prior to closure, however income at the Abbey stadium continues to improve and membership numbers are continuing to increase.
- There has also been some additional costs within Leisure on staffing pay appeals.

**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 realised from paying the pension deficit to the County (relating to previous years) in advance and this has resulted in a saving within 2017/18 of **£153k**.
- This is offset by the unidentified corporate savings 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 savings to be achieved.
- There is an underspend also within ICT on software licences following a full review of all expenditure required to meet licencing costs. This is projected to be **£140k** by the end of the financial year.

**HRA Recharge**

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

**Corporate Financing**

- Following the external audit it was noted that the charge to capital from revenue did not reflect the level of resource required to carry out the capital programme. Therefore a full review has had to be undertaken, resulting in a reduction in the charge to capital by £200k.
- There is also a shortfall due to not achieving the expected growth within business rates. This is being monitored by officers to ensure growth is encouraged.

**4. Efficiency Plan**

The efficiency plan was presented to Council in October 2016. Appendix 2 reflects the efficiency plan compared with the current delivery of savings as identified in the Medium Term Financial Plan along with the additional savings that have been projected to be delivered in 2017/18. This now shows a shortfall of £172k to the initially estimated savings plan and therefore officers will be required to identify further savings.

**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 September 2017 are £7m in short term borrowing with associated borrowing costs within the quarter of £11k and £103.929m in long term borrowing with associated costs in the quarter of £1.658m. 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> September 2017 there were no short term investments held.

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	Revised Budget £'000	Budget to date £'000	Actuals to date £'000	Variance to date £'000	Projected outturn 2017-18 £'000	Projected variance 2017/18 £'000
<b>Keep my place safe and looking good</b>	2,817	1,409	1,325	-84	2,766	-51
<b>Help me to live my life independently</b>	967	484	414	-70	803	-164
<b>Provide Good things for me to see, do and visit</b>	725	406	413	7	720	-5
<b>Enable others to work/do what they need to do (to meet their purpose)</b>	140	20	20	0	140	0
<b>Totals</b>	<b>4,649</b>	<b>2,319</b>	<b>2,171</b>	<b>-147</b>	<b>4,429</b>	<b>-220</b>

**Financial Commentary:**

**Keep my place safe and looking good**

The majority of the projects are all in progress however there is an underspend on small area improvements project due to the work being on an ad-hoc basis.

**Help me to live my life independently**

There is a variance due to some of the projects being delayed and therefore starting later in 2017/18. Due to this it is likely that a request will be made to roll the underspend into 2018/19.

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

There are no variances to report in the second quarter. It is predicted that majority of projects will be completed by the year end.

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

There are no variances to report in the second quarter. All projects are expected to be completed by the year end.

**8. Housing Revenue Account**

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

**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>st</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 – September 2017-18

Appendix 2 – Earmarked Reserves

Appendix 3 – Savings and efficiency plan

**AUTHOR OF REPORT**

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**EXECUTIVE COMMITTEE**

**16<sup>th</sup> January 2018**

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