

EXECUTIVE COMMITTEE

6th March 2018

Finance Monitoring Quarter 3 2017/18

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

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 – December 2017 (Quarter 3 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 – December 2017 as detailed in the report.

RECOMMEND

The Executive is asked to RECOMMEND to Council 2017-18 that the 2017/18 Capital Programme is increased by £73k on the Disabled facilities grant project due to additional funds being received by DCLG.

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 – December 2017. A year end forecast is in Quarter 3 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.

EXECUTIVE COMMITTEE

6th March 2018

In addition the Latest Budget 2017/18 shown includes the net transfers from reserves of £422k and drawdown from balances of £20k. Appendix 2 shows the movement in reserves of £422k 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 – Dec 2017/18 £'000	Actuals to date April – Dec 2017/18 £'000	Variance to date April – Dec 2017/18 £'000	Projected outturn 2017-18 £'000	Projected variance 2017/18 £'000
Keep my place safe and looking good	4,196	4,595	3,610	3,540	-70	4,515	-80
Help me run a successful business	-88	-76	-84	-119	-34	-70	6
Help me be financially independent	491	301	-1,171	-1,123	48	305	4
Help me to live my life independently	121	123	12	85	73	222	98
Help me find somewhere to live in my locality	1,240	1,237	941	736	-205	1,004	-233
Provide Good things for me to see, do and visit	1,266	1,453	1,135	1,211	71	1,536	83
Enable others to work/do what they need to do (to meet their purpose)	7,132	7,168	5,414	5,651	237	7,441	272
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
Totals	11,012	11,454	8,184	8,308	120	11,606	150
Corporate Financing	-9,679	-10,128	-7,762	-7,596	166	-9,694	246
Capital (Corporate)	-1,333	-1,333	-667	-667	0	-1,333	0
Grand Total	0	0	-245	45	286	579	396

Financial Commentary:

There are a number of significant variances in Quarter 3 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 **£80k** by year end.
- Environmental services have also delivered some savings on repairs and maintenance of vehicles and other general supplies with a projection of **£77k** by the year end.
- These savings will be offset against a shortfall in income within Development management of **£69k** 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 **£96k**. And also a variance within bereavement services due to additional costs required whilst building works took place. This will amount to **£90k** by the end of the financial year.

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 **£40k** 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 3. 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

EXECUTIVE COMMITTEE

6th March 2018

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 **£178k** 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

EXECUTIVE COMMITTEE

6th March 2018

along with the additional savings that have been projected to be delivered in 2017/18. This now shows additional savings of £266k to the initially estimated savings plan.

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.

Date	£m	Position
As at 31 st March 2017 (Actual)	1.78	Borrowing
As at 31 st March 2018 (Forecast)	8.54	Borrowing

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

6. Borrowing and investments

Borrowing

- 6.1 Outstanding as at the 30th December 2017 are £1m in short term borrowing with associated borrowing costs within the quarter of £4k and £103.929m in long term borrowing with associated costs in the quarter of £118k. 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 31st 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 30th December 2017 there were £1m in 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

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

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
Keep my place safe and looking good	2,817	2,113	1,374	-739	1,749	-1,069
Help me to live my life independently	967	726	532	-194	759	-208
Provide Good things for me to see, do and visit	725	463	439	-24	708	-17
Enable others to work/do what they need to do (to meet their purpose)	140	105	16	-88	44	-96
Totals	4,649	3,406	2,361	-1,045	3,260	-1,390

Financial Commentary:

Keep my place safe and looking good

The majority of the projects are all in progress and expected to be completed by the end of the financial year. However there is an underspend on the improved parking scheme, Vehicle purchasing and Locality capital projects scheme. This is due to delays in consulting and working through priority projects. The request will be made to roll the underspend forward into 2018-19.

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 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.

EXECUTIVE COMMITTEE

6th March 2018

8. Housing Revenue Account

- 8.1 Appendix 1 details the financial position for the Housing Revenue Account (HRA) for the period April – December 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. There is expected to be an overspend on R&M at the year end.

The underspend on Supervision & Management is due to vacant post salary savings pending a structure review. However, significant additional costs are expected before year end in connection with the ongoing Housing investigation (e.g. solicitor costs, temporary staffing etc).

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 31st 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 31st 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.

EXECUTIVE COMMITTEE

6th March 2018

APPENDICES

Appendix 1 – HRA Monitoring April – December 2017-18

Appendix 2 – Earmarked Reserves

Appendix 3 – Savings and efficiency plan

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