

EXECUTIVE COMMITTEE

10th July 2018

Finance Monitoring Outturn 2017/18

Relevant Portfolio Holder	Councillor Tom Baker-Price
Relevant Head of Service	Jayne Pickering
Non Key Decision	

1. Purpose and summary

This report details the Council's final financial position for 2017/18 for both General Fund and Housing Revenue Account

2. Recommendations

The Executive Committee is asked to recommend to Council:

- 2.1 That the financial position on Revenue and Capital for the financial year 2017-18 as detailed in the report and the transfer to balances £20k as at 31st March 2018 is noted.**
- 2.2 Approval of the movements of £410k in existing General Fund reserves as included in Appendix 2 which reflects the approval required for April - March 2018.**
- 2.3 Approval of the addition of new General Fund reserves of £212k as included in Appendix 2. This reflects the approval required for April - March 2018**
- 2.4 Approval of the movements of £324k in existing HRA reserves as included in Appendix 2 which reflects the approval required for April - March 2018.**
- 2.5 Approval that an increase in the 2018-19 Capital Programme of £777,858k for the Disabled facilities Grants is approved. This is due to the budget allocations now being announced by the Ministry of Housing, Communities and Local Government.**
- 2.6 Approval that an increase in the 2018-19 Capital Programme of £2.4k s106 monies for the maintenance and improvements to playing pitches and sports facilities in Feckenham Cricket Ground.**
- 2.7 Approve the carry forward to 2018-19 capital programme £1.256m as detailed at Appendix 4.**

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 2017-18**
- 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.**

EXECUTIVE COMMITTEE

10th July 2018

- 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.

In addition the Latest Budget 2017/18 shown includes the net transfers from reserves of £196k and drawdown from balances of £20k. It also includes £96k of with budget realignment with corporate financing to services. Appendix 2 shows the movement in reserves of £196k as noted above.

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

Strategic Purpose	Original Budget 2017/18 £'000	Revised budget 2017/18 £'000	Actuals 2017/18 £'000	Variance 2017/18 £'000
Keep my place safe and looking good	4,196	4,175	4,293	118
Help me run a successful business	-88	-107	-163	-56
Help me be financially independent	491	342	161	-181
Help me to live my life independently	121	121	246	125
Help me find somewhere to live in my locality	1,240	1,067	758	-309
Provide Good things for me to see, do and visit	1,266	1,412	1,398	-14
Enable others to work/do what they need to do (to meet their purpose)	7,132	7,468	7,554	86
HRA Recharge	-4,680	-4,680	-4,394	286
Capital	1,333	1,333	1,333	0
Totals	11,012	11,132	11,186	55
Corporate Financing	-9,679	-9,799	-9,873	-74
Capital (Corporate)	-1,333	-1,333	-1,333	0
Grand Total	0	0	-20	-20

Financial Commentary:

There are a number of significant variances 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 :

- Savings found in Community Services of **£53k** due to a staff savings and additional savings made on telephones and accommodation. These additional savings have been offered up for future years.
- Savings have been made within Planning Policy of **£103k** due to salary savings.
- These savings have been offset against additional costs amounting to **£152k** which is made up of additional costs in relation to agency staff required in the Waste collection team covering long term sickness and additional resources needed over the winter months due to the extreme weather. In relation to this there has therefore been additional costs relating to additional supplies and services budgets. And also a shortfall in income within Development Management **£90k** due to a low number of applications being received compared to last 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 are no variances over **£50k** to report; however, there some small underspends on general supplies and service budgets.

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.

- The main variance in this strategic purpose relates to a saving within Benefits subsidy of **£91k** due to spend on housing benefit being less than originally forecast.
- There has also been a **£50k** saving within Revenues due to salary savings following a service review.

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 main variance within this strategic purpose relates to shopmobility and dial a ride. This is due to savings not being delivered. The manager has reviewed the financial position and

addressed these in the 2018-19 budgets. 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 this has also impacted on income as vehicles have been unavailable.

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 as a consequence of posts within the budget not reflecting the current structure. The needs of the service are being reviewed; this includes taking in to account the implications of the new Homelessness Reduction Act.

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 variances over **£50k** to report in the final outturn.

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 savings within Asset & Property management of and this is due to reduced utility bills, NNDR costs and building maintenance expenditure.
- There is a saving also within ICT on software licences following a full review of all expenditure required to meet licencing costs.
- This is offset by additional pension costs in 2017/18 along with additional supplies and services required.

Heads of Services have worked throughout the financial year to identify savings and additional income from 2016/17 that can be delivered in 2017/18 along with additional savings and income to offset the unidentified corporate savings.

HRA Recharge

- The HRA recharge budget has been revised to £4,394k to accurately reflect the financial position.

Corporate Financing

- The variance within corporate financing is due to a review from 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 has been a saving made on MRP due to some slippage on capital schemes. There has also been additional Section 31 grant received.

EXECUTIVE COMMITTEE

10th July 2018

4. Efficiency Plan

The efficiency plan was presented to Council in October 2016. Appendix 3 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 additional savings of £199k to the initially estimated savings plan.

Risks of delivery

- 4.1 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

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	7.0	Borrowing

6. Borrowing and investments

Borrowing

- 6.1 Outstanding as at the 31st March 2018 are £7m in short term borrowing with associated borrowing costs within the quarter of £2k and £103.929m in long term borrowing with associated costs in the quarter of £888k. All long term borrowing costs relate to the HRA.
- 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 31st March 2018 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%

EXECUTIVE COMMITTEE

10th July 2018

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 2017/18 £'000	Actuals 2017/18 £'000
Keep my place safe and looking good	2,826	1,637	-1,189
Help me to live my life independently	1,040	840	-200
Provide Good things for me to see, do and visit	755	623	-132
Enable others to work/do what they need to do (to meet their purpose)	140	43	-96
Totals	4,762	3,144	-1,618

Keep my place safe and looking good

Whilst majority of the projects were all in progress completed by the end of the financial year. There are, however, underspends 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 but on the Vehicle purchasing scheme an amount will be left as it will not be required based on a saving made between actual costs and estimated costs.

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 a request will be made to roll the underspend into 2018/19.

Provide Good things for me to see, do and visit

Most of the projects have been completed within provide good things for me to see, do and visit however there are some projects which have commenced but not yet completed by the end of the financial year. Therefore the remaining budget will be required to be carried forward into the new financial year 2018-19.

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. A request will be made to roll the underspend into 2018/19.

EXECUTIVE COMMITTEE

10th July 2018

8. Housing Revenue Account

Appendix 1 details the financial position for the Housing Revenue Account (HRA) for the period April – March 2018.

It shows that there is underachieved income on dwellings rents and this is due to higher than expected Right to Buy sales.

The overspend in Supervision & Management (S&M) is due to significant costs in connection with the Housing investigation (e.g. solicitor costs, temporary staffing etc) together with an increase in overhead costs charged to the HRA following a re-calculation of the charging mechanism.

The depreciation charge has also been higher than anticipated following the purchase of operative's vehicles.

9. Earmarked Reserves

The position at the start and end of 2017-18 is shown in Appendix 2.

10. General Fund Balances

The addition of the 2017/18 saving will increase the balances to £1,790m

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 – March 2017-18

Appendix 2 – Earmarked Reserves

Appendix 3 – Savings and efficiency plan

Appendix 4 – Capital carry forward requests

Appendix 5 – Capital Programme 2018-19

AUTHOR OF REPORT

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