

Finance Monitoring Quarter 3 2018/19

| | |
|----------------------------------|----------------------------|
| 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 2018/19 for both General Fund and Housing Revenue Account.

2. Recommendations

The Executive Committee is asked to

RESOLVE that

- 2.1 The Executive Committee note the current financial positions for the period April – December 2018 as detailed in the report.**

That Executive RECOMMEND to Council

- 2.3 Approval that an increase in the 2018-19 Capital Programme of £4.5k s106 monies for use on undertaking a traveller/trespass function for the council on land adjacent to Oakenshaw South roundabout.**
- 2.4 Approval of an increase in the 2018-19 Capital Budget of £96k for the Disabled facilities grant budget. This is due to further grant funding being received following the budget announcement in December 2018.**
- 2.5 Approval of the increase to the Capital Programme of £14.5k s106 monies for improvements to the play areas and open spaces on Feckenham Recreation Ground.**

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 2018/19**
- 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 £9.094m original budget as included in the table below is made up of the budget approved in February 2018.**

In addition the Latest Budget 2018/19 of £9.334m includes transfers to/from reserves of £241k which are shown in appendix 2.

**Revenue Budget Summary – Overall Council
Financial Year 2018/19**

Please note figures have been rounded

| Strategic Purpose | Original Budget 2018/19 | Revised budget 2018/19 | Budget to date 2018/19 | Actuals 2018/19 | Variance 2018/19 | Projected outturn 2018/19 | Projected Variance 2018/19 |
|---|-------------------------|------------------------|------------------------|-----------------|------------------|---------------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Keep my place safe and looking good | 3,829 | 4,102 | 3,284 | 3,205 | -79 | 4,061 | -42 |
| Help me run a successful business | 3 | 197 | 184 | 83 | -101 | 96 | -101 |
| Help me be financially independent | 358 | 222 | -92 | -90 | 2 | 202 | -20 |
| Help me to live my life independently | 156 | 156 | 117 | 10 | -107 | 72 | -84 |
| Help me find somewhere to live in my locality | 864 | 863 | 648 | 490 | -158 | 748 | -115 |
| Provide Good things for me to see, do and visit | 1,391 | 1,181 | 1,004 | 959 | -44 | 1,126 | -55 |
| Enable others to work/do what they need to do (to meet their purpose) | 2,494 | 2,613 | 2,425 | 3,080 | 655 | 3,238 | 625 |
| Totals | 9,094 | 9,334 | 7,569 | 7,735 | 167 | 9,543 | 209 |
| Corporate Financing | -9,094 | -9,334 | -11,563 | -11,557 | 6 | -9,307 | 27 |
| Grand Total | 0 | 0 | -3,993 | -3,821 | 173 | 236 | 236 |

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, CCTV and other activities to deliver against the purpose to ensuring an area is a safe and attractive place for the community. The variances to report are :

- It is projected that Bereavement services will receive less income than expected on the burial fees by the end of 2018/19 and there has been some additional costs due to cremator repairs therefore showing a year end variance for the service of **£67k**.
- There is a saving within Community safety budgets due to salary vacancies which are being addressed in a service review. The underspend, however, will be offset against the overhead recharge to the HRA (shown in enabling services) due to the service being 100% attributable to the HRA of **£89k**.
- Whilst a significant growth in income has been achieved within Core Waste services, there have been additional costs required for running the domestic waste services. This is currently under review and therefore projecting an overspend by the end of 2018/19 of **£103k**.
- Development Management has achieved full year budgeted income by quarter 3 but the income trend is not expected to continue at the same rate due to one off large income of **£23k**.
- There have been some salary savings due to vacancies of **£99k** within Core Environmental Operations, Environmental management, Place teams and Planning.

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.

- The variance shown in this strategic purpose is mainly due to savings on NNDR & utility budgets for leased building and also additional income.

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 significant variances this quarter to report.

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.

- There has been additional income received within the Lifeline service due a new contract that has been procured with Cannock Chase District Council. This has been reflected in 2019/20 budgets.

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 not being filled. It is anticipated that this will be addressed in the full housing 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 shown is mainly to do with temporary salary savings due to the change of service delivery and new staff structure implementation.

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.

- There are a number of unallocated savings that sit within the corporate / enabling service of **£489k** to quarter 3. It is anticipated that these will be partially offset by service savings during the year as detailed with savings monitoring at point 4 below.
- Within Customer Services support there are projected savings of **£62k** due to salary vacancies and additional income received.
- There is an underspend with Legal services due to a vacant position and a one off additional income received. **£53k** is projected by the end of the financial year.
- There are other salary vacancies within Financial Services and Equalities & Policy projected as **£74k** by the end of 2018/19 however this is offset against some additional salary costs within PAs and Directorate support due to redundancy and pension costs following a restructure **£37k**.

Corporate Financing

The projected outturn variance mainly relates to capital and treasury activities (£35k overspend) where savings on minimal revenue provision and discount from the early repayment of pension contributions is offset by reduced recharges to the capital programme.

4. Savings Monitoring

- 4.1 The medium term financial plan included £721k of savings identified to be delivered during 2018/19. The breakdown of these savings is attached at Appendix 3. To quarter 3 £537k has been realised against the budgeted April to September savings of £541k.
- 4.2 In addition there are £777k of unidentified savings for 2018/19 which sit within the corporate / enabling service as highlighted in the table above. To date a projection for year-end 2018/19 of £476k has been identified against these unidentified savings.

5. Cash Management

- 5.1 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 2018 (Actual) | 7.0 | Borrowing |
| As at 31 st December 2018 | nil | Borrowing |

5.2 Borrowing

As at the 31st December 2018 there are no short term borrowings with associated borrowing costs within the quarter and £103.929m in long term borrowing with associated costs in the quarter of £888k. All long term borrowing costs relate to the HRA.

An interest payable budget has been set of £34k for 2018/19 due to expenditure relating to current capital projects.

5.3 Investments

At 31st December 2018 there were £7.2m investments held.

6. Capital Budgets

| |
|--|
| Capital Budget Summary – Overall Council Financial Year 2018/19 |
|--|

6.1

Please note figures have been rounded

| Strategic Purpose | Original Budget 2018/19 £'000 | Revised budget 2018/19 £'000 | Budget to date 2018/19 £'000 | Actuals 2018/19 £'000 | Variance 2018/19 £'000 | Projected outturn 2018/19 £'000 | Projected Variance 2018/19 £'000 |
|--|-------------------------------------|------------------------------------|------------------------------------|-----------------------------|------------------------------|--|---|
| Keep my place safe and looking good | 3,273 | 3,273 | 2,455 | 1,375 | -1,080 | 1,655 | -1,618 |
| Help me run a successful business | 80 | 80 | 60 | 0 | -60 | 0 | -80 |
| Help me to live my life independently | 1,271 | 1,271 | 953 | 357 | -597 | 603 | -668 |
| Provide Good things for me to see, do and visit | 102 | 102 | 76 | 9 | -67 | 44 | -58 |
| Enable others to work/do what they need to do (to meet their purpose) | 150 | 150 | 112 | 112 | -0 | 150 | 0 |
| Totals | 4,876 | 4,876 | 3,657 | 1,853 | -1,804 | 2,452 | -2,424 |

Keep my place safe and looking good

The variance for quarter 3 relates to the several projects including Locality Capital Projects, Cleansing vehicle purchases and Public Buildings.

- Locality Capital Projects - this is due to majority of the schemes dependant on approval from Worcestershire County Council and therefore causing delays due to slow responses. It is likely that a request will be made to continue the project into 2019/20.
- Vehicle replacement budget - there are delays on the vehicle replacement programme due to specification delays. it is therefore anticipated that a request to carry forward the budget into next financial year 2019/20 will be made.
- Public Buildings – Projects have been delayed due to the transfer of Property Services from PPL back to RBC, these will recommence at the beginning of 2019/20.

Help me run a successful business

The variance relates to improvements at the Business Centres and this is now likely to be delayed until April 2019/20 and therefore a request will be made to carry forward the capital budget to the New year.

Help me to live my life independently

The underspend projected relates to a number of projects. Firstly, the Energy Efficiency installations. This fund has been unable to be spent this year due to the need to procure the energy advice service prior to restarting the Redditch Energy Efficiency Fund. The energy advice service will be procured with a 3 year contract April 2019 - March 2022. There is a underspend showing on discretionary home repairs assistance which is due to a lack of applications being received despite advertising. There will be a request to carry forward an underspend on the disabled facilities grants due to delays in referrals from occupational therapists and reduced demand in private sector.

Provide Good things for me to see, do and visit

There is a small underspend projected at quarter 3. This is a s106 budget for the regrading of football pitches at Terry's Field, Redditch . This is due to the project now requiring to take place post season and therefore will commence in April 2019 and will require the budget carrying forward to the new financial year.

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

The projects are expected to be completed by the end of 2018/19.

6.2 The request for approval of an increased budget £4.5k at 2.3 relates to the Private Sector Housing who currently undertake the traveller/trespass function for the council. For the past two years a plot of council land adjacent Oakenshaw South roundabout has been repeatedly targeted by various groups of travellers, giving rise to anti-social behaviour and causing distress to nearby residents. It is clear that the land requires protection from further incursions and the cost of defensive work is approximately £7.5k. The existing Gypsies & Travellers' revenue budget will fund the remainder of the money required.

6.3 The request for approval of an increased budget £95,666 at 2.4 is due to an additional £55m for disabled facilities grant being distributed to all relevant authorities for the ministry of Housing, Communities and Local Government. The £95,666 allocated to Redditch Borough Council is planned to be used for the delivery of agreed joint plans between Adult Social Care, Clinical Commissioning Groups and the Housing authorities across the county.

6.5 The approval for the request of an increase to the capital budget of £14.5k s106 monies at 2.5 is to provide a contribution to the Feckenham Moated Manor Community Archaeology Project who are

managing a volunteer group of the Scheduled Ancient Monument on site. The amount is also to go towards the improvements and updating of the existing play provision at Feckenham Recreation ground including re-surfacing of the whole play area.

7. Housing Revenue Account

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

8. Earmarked Reserves

The position as at 31st December 2018 is shown in Appendix 2. The position at the 1st April 2018 was £1.6m and at the end of quarter 3 includes £3.1m that have been transferred to reserves. The majority of this relates to setting aside section 31 Business rate grant/estimated Business rate surplus to provide funding for future risks.

9. General Fund Balances

The General Fund Balance as at the 31th March 2018 is £1.790m. A balanced budget was approved in February 2018 to include identified savings which have been built into individual budget allocations. This also included a planned use of balances for 2018/19 of £89k.

During 2018/19 there has been a further approval of a use of balances of £300k towards a Public Sector Services Hub and the Council now operating the Facilities Management Services which was previously run by Place Partnership. Therefore, the current level of balances is £1.4m.

10. Legal Implications

No Legal implications have been identified.

11. 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.

12. Customer / Equalities and Diversity Implications

No direct implications as a result of this report.

13. Risk Management

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

APPENDICES

Appendix 1 – HRA Monitoring April – December 2018/19

Appendix 2 – Earmarked Reserves 2018/19

Appendix 3 – Savings Monitoring 2018/19

AUTHOR OF REPORT

Name: Kate Goldey – Business Support Senior Accountancy Technician

E Mail: k.goldey@bromsgroveandredditch.gov.uk

Tel: (01527) 881208