

**Finance Monitoring Outturn 2018/19**

<b>Relevant Portfolio Holder</b>	Councillor David Thain, Portfolio Holder for Portfolio Holder for Corporate Management
<b>Relevant Head of Service</b>	Jayne Pickering, Executive Director Finance and Corporate Resources
<b>Non Key Decision</b>	

**1. Purpose and summary**

To report to Cabinet on the Council's financial position for Revenue and Capital for the financial year April 2018 – March 2019.

**2. Recommendations**

**The Executive Committee is asked to resolve**

**RESOLVE that**

2.1 The Executive Committee note the current financial position in relation to revenue and capital budgets for the period April – March 2019 as detailed in the report.

**That Executive recommend to Council**

2.2 Approval of the movement of £122k in existing reserves as included in Appendix 2.

2.3 Approval of the addition of new reserves of £3,385 as included in Appendix 2.

2.4 Approve the carry forward to the 2019/20 capital programme of £2,943k as detailed in Appendix 4.

2.5 Approval of an increase in the 2019/20 Capital Programme of £39k for Disabled Facilities Grants. This is due to the budget allocations having now been announced by the Ministry of Housing, Communities and Local Government (MHCLG). This will increase the available budget to £839k.

2.6 Approval of an increase to the Capital programme 2019/20 of match funding from PCC for digital upgrade of CCTV infrastructure.

- 2.7 Approval of an increase to the capital programme 2019/20 of £3k s106 monies for Borough wide open space improvements.
- 2.8 Approval of an increase to the Capital programme 2019/20 of £33k for Arrow Valley park Safety Improvements. (£180k already approved at Budget 2019/20)
- 2.9 Approval of an increase to the Revenue budget 2019/20 of £5k due to grant being received from Communities and Local Government towards High Street clean up and future community environmental enhancements and approval for BARN to administer the grant and any future monies received which have similar requirements to this grant, as per paragraph 3.4.

**3. Revenue budgets**

- 3.1 This report provides details of the financial outturn performance of the Council for 2018/19. The report reflects the finances across all of the Strategic Purposes to enable Members to be aware of the level of funding attributed to each area and how this compares to budget. The summary at 3.3 shows the financial revenue position for the Council for 2018/19.
- 3.2 Financial reports are sent to budget holders on a monthly basis. As part of this process a detailed review is undertaken with support from the finance team to ensure that all issues are considered and significant savings or cost pressures are addressed. This report explains the key variances to budget for 2018-19.
- 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 £9.330m includes transfers to reserves of £242k which are shown in appendix 2, use of balances £440k and virement from corporate financing of £39k.

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

Please note figures have been rounded

<b>Strategic Purpose</b>	<b>Original Budget 2018/19</b>	<b>Revised budget 2018/19</b>	<b>Actuals 2018/19</b>	<b>Variance 2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Keep my place safe and looking good</b>	3,829	3,996	4,086	90
<b>Help me run a successful business</b>	3	133	74	<b>-58</b>
<b>Help me be financially independent</b>	358	146	429	283
<b>Help me to live my life independently</b>	156	73	30	<b>-43</b>
<b>Help me find somewhere to live in my locality</b>	864	710	516	<b>-193</b>
<b>Provide Good things for me to see, do and visit</b>	1,391	1,341	1,279	<b>-62</b>
<b>Enable others to work/do what they need to do (to meet their purpose)</b>	2,494	2,932	3,099	168
<b>Totals</b>	<b>9,094</b>	<b>9,330</b>	<b>9,513</b>	<b>183</b>
<b>Corporate Financing</b>	<b>-9,094</b>	<b>-9,330</b>	<b>-9513</b>	<b>-183</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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 (£90k overspend)**

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 :

- Bereavement services received less income than expected on cremations, additional electricity charges due to backdated billing by PPL and additional costs due to cremator repairs therefore showing a year end variance for the service of **£109k**.
- 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 **£101k**.
- 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 the over spend by the end of 2018/19 was **£148k**.
- Development Management achieved more income than expected **£11k** due to a one off large application.
- There have been some salary savings due to vacancies of **£90k** within Core Environmental Operations, Environmental management and Planning.

**Help me run a successful business (£58k underspend)**

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 (£283k overspend)**

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 variance of **£283k** mainly relates to the housing benefits subsidy. Typically the Council received 100% grant for payment of eligible housing benefit awards. In 2018/19 there was an increase in local authority error of £49k where no grant is received, and £93k increase in overpayments where only 40% grant is received. There is an action plan to ensure improvement in the benefit processing system.

**Help me to live my life independently (£43k underspend)**

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 (£193k underspend)**

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 along with grant income for reimbursement of 2017/18 expenditure. There has also been some additional rent income on dispersed units **£153k**

- There is also increased income from Houses in Multiple occupation following changes in regulations **£27k**.
- The variance shown for Land charges **£13k** is due to additional search fee income and New Burdens receipt.

**Provide Good things for me to see, do and visit (£62k underspend)**

- 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) (£168k overspend)**

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

- The underspend variance within Asset & Property Management is mainly due to savings on repairs and maintenance (R&M) and Utilities due to the transfer back of service that was provided by Place Partnership Ltd **£158k**
- There has been additional costs relating to the transferring services to Rubicon Leisure **£74k**
- There were a number of unallocated savings that sat within the corporate / enabling services. Service savings have been identified during the year and have been allocated to reduce the figure by year end as point 4 below **£359k**.
- Within Customer Services support there are savings of **£48k** 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 **£81k**.

**Corporate Financing**

- The variance within corporate financing relates to additional section 31 grant received over and above the quarter 3 forecast and this has been applied to balance the general fund outturn position.

**3.4 Communities and Local Government, High Street Community Clean-Up Grant**

The request for an approval on an increased budget of £5k at **2.9** is due the Ministry of Communities and Local Government recognising high streets and village centres as a crucial part of our economy and recognised that residents care about these centres of their community. Grant funding was given to all local authorities in March 2019 to be spent in the financial year 2018/19. Given the short timescales involved, agreement with the Ministry to commit the funding in 2018/19 and spend in 2019/20 was arranged.

The funding is intended to be used for community and voluntary groups to undertake community led clean up action in high streets and village centres. The grant scheme intended to increase pride in local high streets, increase community cohesion and enhance social well-being.

Bromsgrove and Redditch Network (BARN) is part of, and works for, the voluntary and community sector (VCS) and is a network which supports volunteers and community organisations across Bromsgrove and Redditch. BARN is the only local VCS organisation that fulfils this role and thus

appropriate to administer and monitor community funding of this type. The Council already have a relationship with BARN via the Redditch Partnership as BARN provides a collective voice for the voluntary sector on the Partnerships which assist the Council to work effectively with the local VCS.

BARN would benefit from 10% of the total grant in-line with recommendations **from the Ministry** to account for administration and monitoring of the funding.

It is recommended that any future community funding of this nature to also be administered through BARN in order to reach the intended audience and assist the VCS within Redditch Borough. In administering the grant/s BARN would be unable to apply and benefit from the community funding.

#### **4. Savings Monitoring**

- 4.1 The medium term financial plan included £721k of savings that have been delivered in 2018/19 are detailed in appendix 3.
- 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. At year-end 2018/19 £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

<b>Date</b>	<b>£m</b>	<b>Position</b>
As at 31 <sup>st</sup> March 2018 (Actual)	7.0	Borrowing
As at 31 <sup>st</sup> March 2019	6.0	Borrowing

#### **5.2 Borrowing**

As at the 31<sup>st</sup> March 2019 there are short term borrowings of £6.0m 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 31<sup>st</sup> March 2019 there were £4.5m investments held.

**6. Capital Budgets**

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

6.1

Please note figures have been rounded

Strategic Purpose		Revised budget 2018/19	Actuals 2018/19	Variance 2018/19
		£'000	£'000	£'000
Keep my place safe and looking good	3,273	3,278	1,691	-1,587
Help me run a successful business	80	80	0	-80
Help me to live my life independently	1,271	1,367	607	-760
Provide Good things for me to see, do and visit	102	120	7	-113
Enable others to work/do what they need to do (to meet their purpose)	150	605	148	-457
<b>Totals</b>	<b>4,876</b>	<b>5,450</b>	<b>2,454</b>	<b>-2,996</b>

**Keep my place safe and looking good**

The main variances for this strategic purpose relate to the following projects;

- 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. A request is 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 requested to carry forward the budget into next financial year 2019/20.
- Public Buildings – Projects have been delayed due to the transfer of Property Services from Place partnership limited back to RBC, these will recommence at the beginning of 2019/20. The budget is requested to be carry forward into 2019/20.

**Help me run a successful business**

- The variance relates to improvements at the Business Centres which have been delayed due to the flood damage. These works will now be carried out in 2019/20 after a request to carry forward the capital budget.

**Help me to live my life independently**

The underspend relates to a number of projects ;

- 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 has been procured and is due to commence on July 1<sup>st</sup> 2019 until March 31<sup>st</sup> 2022.
- Discretionary home repairs assistance which is due to a lack of applications being received despite advertising.
- It is requested to carry forward an underspend on the Disabled Facilities Grants due to delays in referrals from occupational therapists

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

- There is a S106 budget for the regrading of football pitches at Terry's Field, Redditch which requires the project to take place post season and therefore will commence in April 2019, the budget is requested to carry forward to the new financial year.
- There is an underspend on the Civic suite sound project due to it being delivered for lower than originally anticipated costs.

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

- The variance for this strategic purpose is the budget approved for the new Finance system which will be starting in 2019/20 and it is requested for the budget to be carried forward.

**6.2 Disabled Facilities Grants**

The request for approval of an increased budget £39k at 2.5 is due to confirmation of the Disabled Facilities Grant being not being distributed to all relevant authorities by the ministry of Housing, Communities and Local Government until May 2019. An estimate at budget setting was used and therefore the additional £39k is now required to match the grant determination £839k for Bromsgrove District Council for 2019/20

**6.3 CCTV infrastructure**

As requested at 2.6 West Mercia PCC has made available a £289k CCTV capital grant to support a digital infrastructure upgrade to the North Worcestershire CCTV scheme .The CCTV Community Services capital budget (£80k carry forward from 2018/19) has been identified as required match funding in the bid to secure the PCC funding. It is recommended that the capital funds set aside are now used to match fund the CCTV infrastructure upgrade as opposed to the purchase of replacement analogue cameras and once implemented the digital infrastructure will reduce transmission costs from the revenue budget. Redditch Borough Council will act on an agency basis and spend will be draw down when expenditure is occurred and invoiced to the relevant authorities (Bromsgrove District Council and Wyre Forest District Council) accordingly.

**6.4 S106 Open space improvements**

The request for an approval of an increased budget £3k S106 monies at **2.7** is due to a S106 being received from contractors for work on Oak House, Herbert Street and this is therefore requested for use on borough wide open space improvements. This will be done at North Moons Moat to support the active conservation group in applying for external funding to improve the Scheduled Open Space moated site/pos.

**6.5 Arrow Valley Park Safety improvements**

The request for approval of an increased budget £33k at **2.8** is in addition to the already approved £180k is due to certain revisions to the scheme (contribution towards project from small habitats £141.5k). The overall aim of the project is to implement safety improvement works at five separate sites and it is anticipated outcomes of the project include:

- Improved water safety and safer access to the river banks for the general public,
- Reduced burden of liabilities, required inspection and maintenance of structures to the LA,
- Follow-up risk assessments of each of the weir sites to record safety improvements,
- Provision of fixed and interactive interpretative information on the ecological benefits of the scheme to improve public understanding and deliver enhanced public engagement,
- Improved the aesthetics of the river and AVP area through removal of large engineered structures.

**7. Housing Revenue Account**

Appendix 1 details the financial position for the Housing Revenue Account (HRA) for the period April – March 2019.

**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 the financial year includes £3.2m 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 31<sup>th</sup> March 2019 is £1.223m with the level of recommended retained balances of £750k

**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

Appendix 4 - Capital carry forwards

Appendix 5 - Capital Programme 2019/20

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