

**Finance Monitoring Quarter 1 2017/18**

<b>Relevant Portfolio Holder</b>	Councillor Brian Cooper
<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**

To report to Cabinet on the Council's financial position for Revenue and Capital for the Financial Year April – June 2017 (Quarter1 2017-18).

**2. Recommendations**

**The Cabinet is asked to**

**RESOLVE that**

- 2.1 That Cabinet note the current financial positions for the quarter April – June 2017 as detailed in the report.

**RECOMMEND to Council**

- 2.2 That the 2017-18 Capital Programme is increased by £414k to include Section 106 Projects as included in Appendix 3

**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 – June 2017. A year end forecast is not presented for the first quarter as this commences from 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 As Members are aware officers have recognised that there were savings in 2016/17 that had not been forecast in previous reports. As part of the monitoring during 2017/18 budget holders and Heads of Service are working with the finance team and portfolio holders to improve the quality of the future forecasting.
- 3.4 The table below shows the original budget as agreed by Council in February 2017. The original budget of £11.112m as approved is adusted in the table below to reflect capital charges and interest of £2.3m offset by transfers of reserves of £67k. in addition the Latest Budget which includes any transfers to/from reserves in the first quarter of £179k.

<p><b>Revenue Budget summary</b> <b>Financial Year 2017/18 – Overall Council</b></p>
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Please note figures have been rounded

Strategic Purpose	Original Budget 2017/18 £'000	Latest budget 2017/18 £'000	Budget to date April – June 2017/18 £'000	Actuals to date April – June 2017/18 £'000	Variance to date April – June 2017/18 £'000
Keep my place safe and looking good	4,955	5,056	369	328	-41
Help me run a successful business	<b>-593</b>	<b>-593</b>	8	23	15
Help me be financially independent	245	245	102	104	2
Help me to live my life independently	573	573	<b>-170</b>	<b>-171</b>	<b>-1</b>
Help me find somewhere to live in my locality	1,099	1,123	200	174	<b>-26</b>
Provide Good things for me to see, do and visit	1,537	1,580	265	261	<b>-4</b>
Enable others to work/do what they need to do (to meet their purpose)	5,693	5,705	2,140	2,217	77
<b>Total</b>	<b>13,511</b>	<b>13,690</b>	<b>2,914</b>	<b>2,962</b>	<b>22</b>
Corporate Financing	<b>-13,511</b>	<b>-13,690</b>	<b>-2,557</b>	<b>-2,551</b>	<b>5</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>357</b>	<b>411</b>	<b>27</b>

**Financial Commentary:**

**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.

The variance in the first quarter of **£41k** is due to the following variances:

- Shortfall in income from Building control of **£30k**. Building control operates in an increasingly competitive marketplace and whilst all opportunities are explored it is clear that the number of competitors is rising. Unlike its competitors, LA Building control is required by law to operate solely on a cost neutral basis and its performance and charging regimes are publically accountable. The application-specific fees charged in the face of strong competition, and therefore the income received, accords with this requirement. In addition complications have arisen, with regard to undertaking consultancy work for other authorities and offering additional services, in being unable to obtain requisite levels of professional indemnity insurance. This is currently curtailing some of these activities but it is hoped the situation can be resolved in due course.. This is mainly due to lower fee generating applications being received.
- Shortfall in planning application income of **£70k**. The income budget is scheduled to be received on a quarterly basis as it would be difficult to predict the application fees that are due in a period. It is anticipated that the income will increase in to September
- These shortfalls are offset by vacancies across all services within the strategic purpose of **£55k**. This saving will be drawn down to meet agreed efficiency savings as part of the medium term financial plan.
- In addition there is additional income that has been generated of **£36k**. This income will contribute towards the income levels identified in the efficiency plan.
- Further savings on Repairs and Maintenance of vehicles of **£30k** and other general supplies have resulted in an overall saving to the budget.

**Help me run a successful business**

The budgets within the strategic purpose include economic development, car parking, all licenses and costs associated with the town and other centres within the District.

There are no major variances to report in the first quarter.

**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 District

There are no major variances to report in the first quarter. Officers are currently reviewing the monitoring of benefits income 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, Community Transport of Disabled facilities grants.

Over £230k has been received from Lifeline customers to reflect the annual budget . Additional income will be realised should further users take up the service.

There is an available budget of £563k to support Disabled Facility Grants which are monitored through the capital programme as included in this report. There are no significant variances to date within the revenue funding required.

**Help me find somewhere to live in my locality**

The costs associated with homeless prevention , housing strategy and land charges are all included in the strategic purpose.

The majority of the budgets do not have any significant variances however there is an increase of **£9k** on search fees.

**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 major variances to report in the first quarter.

**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 efficiency savings target to meet within enabling services which will be met by offsetting savings when realised going into quarter 2 and 3. There is a small underspend to date within ICT on software licences. The efficiency savings are **£90k** for the first quarter. As can be seen in the details of the savings and additional income above this will offset partially the efficiency saving required.

**Corporate Financing**

There is a saving realised already of **£27k** due to paying the pensions costs in advance. There are no significant variances to report for this quarter and officers are currently reviewing the process to identify the most appropriate method for monitoring capital financing and business rate information.

**4. Efficiency Plan**

4.1 The efficiency plan was presented to Council in October 2016. The table below details the savings proposed for 2017/18 as identified in the plan with comments on delivery for the first quarter.

<u>Area</u>	<u>Cost reduction / Additional income growth/ Alternative Service Delivery</u>	<u>2017/18</u>	<u>Qtr 1 Comments</u>
		<b>£'000</b>	
Leisure Services	Additional income from the redeveloped Leisure Centre	106	New provider recently appointed. Additional income not included until redeveloped site open in October 2017 therefore the efficiency plan did not include any income for this period
Cross Organisational	Alternative Models of Service Delivery - Reviewing the provision of services with the aim to redesign and work with other partners to deliver savings	140	Ongoing work with commercial groups to identify savings that are achievable in 2017/18.
Customer Access & Financial Support	Improved efficiencies by moving to a new system for Revenues and Benefits	80	Savings delivered as part of service review and new system implementation
Cross Organisational	Increases in income and growth ( including compliance in relation to Council Tax)	75	Agreement made with County to fund resource to enable further work to be undertaken on compliance - over £20k

			additional income identified to date to meet efficiency plan
Cross Organisational	Organisational Management Review	135	Service reviews approved to include savings on 4 <sup>th</sup> tier posts. These will be delivered from quarter 3
Cross Organisational	Reduce waste in system	90	Identification of financial value of efficiencies being undertaken to report in quarter 2
Cross Organisational	Reset budget from baseline of 2015/16	50	Identification of financial value of resetting the baseline being undertaken to report in quarter 2
Additional Business Rate Growth	Based on assumptions of additional growth from sites across the District – regeneration of the town centre	50	Analysis of new business rate income being undertaken
<b>TOTAL 2017/18</b>		<b>726</b>	

**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 / Borrowing**

5.1 The financial position in relation to borrowing at the start of the financial year and the expected end of year positions is shown in the table below. This shows the borrowing position at the end of quarter 1.

<b>Date</b>	<b>£m</b>	<b>Position</b>
As at 31 <sup>st</sup> March 2017 (Actual)	3.1	Borrowing
As at 30 <sup>th</sup> June 2017	12.0	Borrowing
As at 31 <sup>st</sup> March 2018 (Forecast)	14.0	Borrowing

**6. Interest and Investments**

6.1 An interest payable budget has been set of £54k for 2017/18 due to expenditure relating to current capital projects.

6.2 At 30<sup>th</sup> June 2017 there were no short term investments held.

**7. Capital Budgets**

<b>Capital Budget summary Financial Year 2017/18 – Overall Council</b>
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**7.1**

Please note figures have been rounded

Strategic Purpose	Original Budget £'000	Budget to date £'000	Actuals to date £'000	Variance to date £'000
<b>Keep my place safe and looking good</b>	2,283	928	915	-13
<b>Help me be financially independent</b>	6	1	0	-1
<b>Help me to live my life independently</b>	932	233	240	7
<b>Provide Good things for me to see, do and visit</b>	5,607	1,508	1,283	-225
<b>Enable others to work/do what they need to do (to meet their purpose)</b>	135	33	5	-27
<b>Totals</b>	<b>8,963</b>	<b>2,703</b>	<b>2,443</b>	<b>-260</b>

**Finance commentary:**

**Keep my place safe and looking good**

Projects are under way however the fleet replacements budget will be spent towards the later end of the 2017.

**Help me be financially independent**

There has been little activity on the remainder of the energy efficiency budget but it is expected it will be fully spent in 2017/18.

**Help me to live my life independently**

In this first quarter the projects are in progress and there are no significant variances.

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

There is a slight variance in this quarter on the budgets, however, the main project in this strategic purpose is the new Leisure centre and this is due for completion in the early autumn months. The existing Dolphin centre will be demolished before Christmas 2017 and the new car park opening in early February 2018.

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

There is a slight underspend with Enabling due to the projects expected to commence within the second quarter of the year.

**8. Earmarked Reserves**

8.1 The projected position at the start and end of next financial year is shown in Appendix 1. The balances on earmarked reserves are reviewed at the financial year end

**9. General Fund Balances**

9.1 The General Fund Balance as at the 31<sup>th</sup> March 2017 is £4.316m. A balanced budget was approved in February 2017 to include identified savings which have been built into individual budget allocations. This also included a planned return to balances for 2017-18 of £259k.

**10. Legal Implications**

10.1 No Legal implications have been identified.

**11. Service/Operational Implications**

11.1 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.

**14. Risk Management**

14.1 The report includes the risks associated with the delivery of the savings within the efficiency plan

**APPENDICES**

Appendix 1 – Earmarked Reserves  
Appendix 2 – S106 Capital projects

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