

Finance Monitoring Quarter 2 2017/18

Relevant Portfolio Holder	Councillor Brian Cooper
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

To report to Cabinet on the Council's financial position for Revenue and Capital for the Financial Year April – September 2017 (Quarter 2 2017-18).

2. Recommendations

The Cabinet is asked to

RESOLVE that

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

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 – September 2017. A year end forecast is presented for 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 £13.511m original budget as included in the table below, is made up of the budget approved in February 2017 of £11.112m which is then adjusted to reflect capital charges and interest of £2.332m (increase to £11.112m) together with transfers of reserves of £67k.

In addition the Latest Budget 2017/18 of £13.735m includes transfers to/from reserves of £175k together with the impact of the recently approved business cases relating to service reviews and a allocation of training budgets £46k. Appendix 1 shows the movement in reserves of £492k which includes £175k as noted above and the planned budgeted release of reserves of £317k.

<p>Revenue Budget summary Financial Year 2017/18 – Overall Council</p>

Please note figures have been rounded

Strategic Purpose	Original Budget 2017/18 £'000	Latest budget 2017/18 £'000	Budget to date April – Sept 2017/18 £'000	Actuals to date April – Sept 2017/18 £'000	Variance to date April – Sept 2017/18 £'000	Projected outturn 2017-18 £'000	Projected variance 2017/18 £'000
Keep my place safe and looking good	4,242	4,396	1,768	1,749	-19	4,437	41
Help me run a successful business	-636	-636	-331	-319	12	-632	4
Help me be financially independent	245	204	4	4	0	204	0
Help me to live my life independently	572	572	-102	-117	-15	551	-20
Help me find somewhere to live in my locality	977	1,002	401	366	-35	957	-45
Provide Good things for me to see, do and visit	824	919	471	482	10	919	0
Enable others to work/do what they need to do (to meet their purpose)	5,539	5,530	3,186	3,167	-19	5,541	11
Capital	1,748	1,748	874	874	0	1,748	0
Total	13,511	13,735	6,271	6,206	-66	13,725	-8
Corporate Financing	-11,762	-11,985	3,817	3,899	82	-11,836	149
Capital (Corporate)	-1,748	-1,748	-874	-874	0	-1,748	0
Grand Total	0	0	9,215	9,231	16	141	141

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.

Having reviewed the variance position and focusing on the variances that are above £25k 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 £25k.

The variances to report are :

- Shortfall in income from Building control of **£69k**. 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 **£109k**. There has been a low number of applications received. It is projected the income will show a significant shortfall at year end of over £224k and this is due to large planning applications not being received.
- These shortfalls are offset by vacancies across all services within the strategic purpose of **£58k**.
- In addition there is additional income that has been generated of **£98k**. This income will contribute towards the income levels identified in the efficiency plan.
- Further savings on Repairs and Maintenance of vehicles of **£78k** 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 variances over £25k to report in the second 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 variances over £25k to report in the second 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 and Disabled facilities grants.

There are no variances over £25k to report in the second quarter.

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.

There are no variances over £25k to report in the second quarter.

Provide Good things for me to see, do and visit

The majority of budgets within this purpose relate to Leisure and Culture services.

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. It is anticipated that these will be offset by service savings during the year as detailed at Appendix 2. At quarter 2 there is

an underspend of £125k within ICT in relation to software licenses following a full review of all expenditure required to meet license costs. This saving currently offsets the pressure relating to the unallocated savings.

Corporate Financing

There is an overspend within Corporate financing which is mainly due to the charge for minimum revenue provision (MRP) being higher than anticipated due to lower capital receipts being available and utilised than included in the budget.

4. Efficiency Plan

4.1 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 along with the additional savings that have been projected to be delivered in 2017/18. This now shows an additional saving of £220k 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 / 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 2.

Date	£m	Position
As at 31 st March 2017 (Actual)	3.1	Borrowing
As at 30 th September 2017	7.0	Borrowing
As at 31 st 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 borrowing.

6.2 At 30th September 2017 there were no short term investments held

7. Capital Budgets

<p>Capital Budget summary Financial Year 2017/18 – Overall Council</p>

7.1

Please note figures have been rounded

Strategic Purpose	Original Budget 2017/18 £'000	Budget to date April – Sept 2017/18 £'000	Actuals to date April – Sept 2017/18 £'000	Variance to date April – Sept 2017/18 £'000	Projected outturn 2017-18 £'000	Projected variance 2017/18 £'000
Keep my place safe and looking good	2,283	1,142	1,003	-139	2,228	-55
Help me be financially independent	6	3	1	-3	6	0
Help me to live my life independently	932	470	461	-9	863	-78
Provide Good things for me to see, do and visit	5,607	3,635	3,512	-122	5,514	-93
Enable others to work/do what they need to do (to meet their purpose)	135	67	44	-24	135	0
Totals	8,963	5,317	5,021	-296	8,746	-226

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. The Wheelie bin project may be rolled into the new financial year 2018/19 due to the demand for new bins for new properties being lower than anticipated.

Help me be financially independent

It is expected the energy efficiency fund to be fully spent in 2017/18 in addition to the funds recommended to council in November.

Help me to live my life independently

In this second quarter the projects are in progress, however there is low uptake on the Home Repairs assistance project and the CCTV project is currently being reviewed. Therefore, these projects may be requested to roll into 2018/19.

Provide Good things for me to see, do and visit

The variance in this quarter is due to the payments for the new Bromsgrove Sports and Leisure Centre and this is due for completion in late November. It is anticipated that the existing Dolphin centre will be demolished in early 2018.

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

The IT projects included in enabling are due to commence within the third 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 31th 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 – Savings and Efficiency Plan

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