

**Finance Monitoring Quarter 3 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 period April – December 2017 (Quarter 3 2017-18).

**2. Recommendations**

**The Cabinet is asked to**

**RESOLVE**

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

**RECOMMEND**

- 2.2 The Cabinet is asked to **RECOMMEND** to Council that a retrospective increase in the 2017/18 Capital Programme of £78k for the Disabled facilities Grants is approved. This reflects the recent funding received from the DCLG for the provision of adaptations.
- 2.3 The Cabinet is asked to **RECOMMEND** to Council that a retrospective capital virement of £100k 2017/18 from the vehicle replacement to the infrastructure works at the Bromsgrove depot is approved. This is due to improvements undertaken in relation to Phase 1 of the depot car park resurfacing.

**3. Revenue budgets**

- 3.1 This report provides details of the financial performance of the Council. The purpose of this report is to ensure officers and members have relevant information to consider the overall financial position of the Council. 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 3.4 shows the financial position for revenue funding for the period April – December 2017. A year end forecast is presented for Quarter 3 to ensure budget holders can assess the projected outturn position of their service areas.
- 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 aims to focus on the key variances from budgets to ensure that these are addressed appropriately during the year.
- 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 £13.739m includes transfers to/from reserves of £232k. Appendix 1 shows the movement in reserves of £492k which includes £232k as noted above and the planned budgeted release of reserves of £317k.

<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 – Dec 2017/18 £'000	Actuals to date April – Dec 2017/18 £'000	Variance to date April – Dec 2017/18 £'000	Projected outturn 2017-18 £'000	Projected variance 2017/18 £'000
Keep my place safe and looking good	4,242	4,412	3,166	3,182	16	4,374	-38
Help me run a successful business	-636	-636	-483	-500	-16	-641	-4
Help me be financially independent	245	151	826	789	-37	122	-28
Help me to live my life independently	572	573	368	335	-33	540	-33
Help me find somewhere to live in my locality	977	1,002	759	644	-115	905	-96
Provide Good things for me to see, do and visit	824	963	730	773	43	963	0
Enable others to work/do what they need to do (to meet their purpose)	5,539	5,525	4,195	4,177	-19	5,504	-21
Capital	1,748	1,748	1,311	1,311	0	1,748	0
<b>Total</b>	<b>13,511</b>	<b>13,739</b>	<b>10,873</b>	<b>10,712</b>	<b>-163</b>	<b>13,518</b>	<b>-221</b>
Corporate Financing	-11,762	-11,991	-7,615	-7,488	127	-11,842	148
Capital (Corporate)	-1,748	-1,748	-1,311	-1,311	0	-1,748	0
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>1,947</b>	<b>1,913</b>	<b>-36</b>	<b>-72</b>	<b>-72</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 both safe and attractive for the community.

Having reviewed the variance position, the below explains variances over £25k:

- Shortfall in income from Building control of **£51k**. 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 **£217k**. There has been a low number of applications received. It is projected the income will show a significant shortfall at year end of over **£267k** and this is due to large planning applications not being received.
- These shortfalls are offset by savings made within CCTV due to efficiencies on telephones and accommodation charges **£52k**.
- In addition there are savings within strategic planning due to salary vacancies **£92k**.
- Further savings on Repairs and Maintenance of vehicles of **£206k** 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 third 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.

The variance within this strategic purpose relates to additional income received from recoveries by court action.

**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 has been additional income generated on Lifeline services along with savings being made on telephones and accommodation **£33k**.

**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 has been additional income received within local land charges - **£66k** projected for the year 2017/18. There are also savings made within Housing Strategy due to staff vacancies and also some savings made on supplies and services budgets to BDHT **£30k**.

**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 £25k to report in the third 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 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 3 there is an underspend of **£168k** 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 £569k against 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 3.

<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> December 2017	4.0	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 borrowing.

6.2 At 30<sup>th</sup> December 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	Revised 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
<b>Keep my place safe and looking good</b>	1,875	1,407	1,320	-86	1,749	-126
<b>Help me be financially independent</b>	6	4	0	-4	6	0
<b>Help me to live my life independently</b>	941	724	600	-124	851	-90
<b>Provide Good things for me to see, do and visit</b>	5,607	4,621	4,530	-91	5,324	-283
<b>Enable others to work/do what they need to do (to meet their purpose)</b>	135	101	22	-79	49	-86
<b>Totals</b>	<b>8,564</b>	<b>6,857</b>	<b>6,473</b>	<b>-384</b>	<b>7,979</b>	<b>-585</b>

**Finance commentary:**

**Keep my place safe and looking good**

Projects are under way however an amount of the fleet replacement budget will be requested to be moved into future years, this is due to the timescales for ordering and receiving the vehicles. An amount will be left at the end of the financial year not required based on a saving made between actual costs and estimated costs. In addition a capital virement is requested of £100k in 2017/18 to enable the funds for the phase 1 resurfacing of the depot car park. The funding for this project is currently allocated to the fleet replacement programme but requires allocation to a separate project to accurately reflect depreciation and to track the costs associated with the project. Phase 2 has been approved for 2018/19-2019/20.

**Help me to live my life independently**

There has been a low uptake on the Home Repairs assistance project and the CCTV project is currently under review. Therefore, these projects will be requested to roll into 2018/19.

Additional funding of £78k was received from the DCLG as part of the Autumn Statement. The funds are to be allocated to the Disabled Facilities Grants and utilised in 2017/18. Officers have been working to ensure the funding is allocated to projects to ensure that it is fully utilised.

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

There are a number of s106 projects that have been delayed due to consultations having to take place with

residents and parishes. It will therefore be requested to roll forward the budgets into 2018-19.

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

The IT projects included in enabling which have commenced in the third quarter of the year are expected to continue into the new financial year. As such, any unspent amounts will be requested to roll into the new financial year, 2018-19, to enable the projects completion.

**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 was £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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