

Finance Monitoring Quarter 2 2018/19

Relevant Portfolio Holder	Councillor Brian Cooper, Portfolio Holder for Finance and Enabling Services
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
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 2018 – September 2018.

2. Recommendations

The Cabinet is asked to

RESOLVE

2.1 That Cabinet note the current financial positions for the period April – September 2018 as detailed in the report.

2.2 Approve the virement within the service of Planning and Regeneration from Economic Development to the Business Centres Management budget of £23k required to meet the Shared service agreement with NWEDR.

That Cabinet recommend to Council

2.3 Approval of an increase in the 2018-19 Revenue Budget of £59k for the Bromsgrove District Heating feasibility study. This is to be funded by a Government Heat Network Development Unit Grant (£40k), NWEDR (£5k) and Worcestershire LEP (£14k).

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 the relevant information necessary 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 year April – September 2018.

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.

3.4 The £10.988m original budget as included in the table below is made up of the budget approved in February 2018 of £10.583m which is then adjusted to reflect the transfers from reserves of £327k along with the community group funding £79k.

In addition, the Latest Budget 2018/19 of £11.248m includes a net transfer from reserves of £262k which is shown in appendix 1 (Appendix 1 also includes a transfer to reserves of -£562k from corporate financing).

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

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	4,406	4,532	1,804	1,752	-52	4,410	-122
Help me run a successful business	-559	-582	-208	-215	-6	-619	-37
Help me be financially independent	154	99	234	252	17	143	44
Help me to live my life independently	-8	-8	-126	-143	-17	-40	-32
Help me find somewhere to live in my locality	725	804	374	353	-21	779	-25
Provide Good things for me to see, do and visit	660	759	399	393	-6	760	1
Enable others to work/do what they need to do (to meet their purpose)	5,609	5,646	2,751	2,796	48	5,832	186
Total	10,988	11,250	5,228	5,188	-41	11,264	13
Corporate Financing	-10,988	-11,250	-14,195	-14,687	-492	-11,860	-609
Grand Total	0	0	-8,966	-9,499	-533	-596	-596

Financial Commentary:

There are a number of 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, 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 the variances:

- It is projected that Bereavement services will receive additional income by the end of 2018/19 of **£87k** due to the rolling out of a new service offering reserved graves, which is expected to be achievable.
- Core Waste have received additional income and it is projected to be **£63k** at the end of the financial year due to a new trade recycling service. The income budget will be reviewed for 2019/20 once service is established and resource implications have been fully reviewed.
- There is a small underspend within Depot services due to a budgeted for staff vacancy which is hoped to be filled by the end of 2018/19 **£26k**.
- A projected shortfall in planning application income of **£164k**. There have been a low number of applications approved in 2018/19 and also major applications on strategic sites have been delayed due to highway considerations.
- Engineering services have some small underspends on repairs and maintenance of vehicles and other general supplies along with salary savings while the service area is under review **£26k**
- There are savings within strategic planning due to salary vacancies **£60k**.
- Trees and woodland management also have some salary savings while the services is under review **£31k**

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 individual variances in the quarter 2 to report.

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 projected of **£44k** mainly relates to additional resources required in Revenues and Benefits teams whilst facing ongoing changes.

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 received within the Lifeline service due a new contract that has been procured with Cannock Chase District Council. This will be 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 the strategic purpose.

- To date additional land charge income has been received due to a larger number of search applications. The increase is therefore reflected in the projected outturn along with other general supplies and services savings.

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Provide Good things for me to see, do and visit

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

- Whilst within this strategic purpose that there is not a significant variance projected there is a slight shortfall in income within Business Development. This is due to a low interest this year on Christmas lights sponsorship. This is offset against savings on general supplies within sports 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.

- Accounts and Financial Management have a saving which is due to vacant posts **£29k**
- There are a number of unallocated savings that sit within the corporate / enabling service **£211k** at quarter 2. It is anticipated that these will be offset by service savings during the year as detailed with savings monitoring at point 4 below.
- There is a projected underspend of **£58k** within Customer Services centre due to a one off business rate refund and salary vacancies.
- There are other salary vacancies within Equalities & Policy, Financial support, ICT and Legal Services projected **£172k** by the end of 2018/19.

Corporate Financing

- The variance shown is due to a grant received for section 31. Section 31 Grant compensates the Council for an element of mandatory business rates reliefs and the cap on inflationary increases on the business rates multiplier. For 2018/19 the council did not budget for section 31 grant due to uncertainty around the amount to be received when budgets were set. Going forward due to the recent revaluation of business rates there are potential costs which may arise, as such it is proposed that 50% of the section 31 grant received is transferred into a specific reserve to support any future potential business rates pressures.

3.5 The request for approval of an increased budget **£59k** at 2.3 above is for a district heating feasibility study. District heating is a system for distributing heat generated in a centralised location for residential and commercial heating requirements. District heating plants can sometimes provide higher efficiencies and better pollution control than localised boilers while significantly reducing carbon emissions.

4. Savings Monitoring

4.1 The medium term financial plan included £580k of savings identified to be delivered during 2018/19. The breakdowns of these savings are attached at appendix 2. To quarter 2 £293k has been realised against the budgeted April to September savings of £295k. In addition, there are £454k 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 £371k has been identified against these unidentified savings. These savings will be offset against the unidentified savings for quarter 3.

5. Cash Management

5.1 The financial position in relation to borrowing at the start of the financial year and year to date positions are shown in the table below:

Date	£m	Position
As at 31 st March 2018 (Actual)	13.0	Borrowing
As at 30 th September 2018	5.0	Borrowing

Borrowing

Outstanding as at the 30th September 2018 are £5m in short term borrowing with associated borrowing costs within the quarter of £1k.

An interest payable budget has been set of £71k for 2018/19 due to expenditure relating to current capital projects.

Investments

At 30th September 2018 there were nil investments held.

6. Capital Budgets

Capital Budget summary Financial Year 2018/19 – Overall Council
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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	2,238	2,238	1,269	1,165	-104	2,001	-237
Help me be financially independent	6	6	3	1	-2	1	-5
Help me to live my life independently	1,257	1,257	884	768	-115	776	-481
Provide good things for me to see, do and visit	566	566	283	268	-15	506	-60
Enable others to work/do what they need to do (to meet their purpose)	96	96	48	25	-23	96	0
Totals	4,163	4,163	2,487	2,227	-259	3,380	-783

Finance commentary:

Keep my place safe and looking good

The variance for quarter 2 mainly relates to the Infrastructure works at the Bromsgrove depot budget. It is unlikely this budget will be spent this financial due to the detailed design required for the works to be undertaken and therefore it will requested to carry forward the budget into next financial year 2019/20.

Help me be Financially independent

The variance relates to funding originated from a grant obtained from the government by Warmer Worcestershire via WCC to be spent on Park Homes insulation within the Bromsgrove District however there are currently no suitable projects to spend this grant therefore officers request that the budget is retained until suitable projects are available.

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 Bromsgrove 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.

Provide Good things for me to see, do and visit

The project within this strategic purpose, providing £62k towards refurbishment of the Barnt Green Millennium Park - Toilets, remains under review by the Parish Council and it is likely it will be requested to be carried forward into the 2019/20 budget.

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

There are no significant individual variances in the quarter 2 to report. It is projected that all schemes will be completed by the end of the financial year 2018/19.

7. Earmarked Reserves

7.1 The position as at 30th September 2018/19 is shown in Appendix 1.

8. General Fund Balances

8.1 The General Fund Balance as at the 31th March 2018 is £4.789m. 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 £9k.

9. Legal Implications

9.1 No Legal implications have been identified.

10. Service/Operational Implications

10.1 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.

11. Risk Management

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

APPENDICES

Appendix 1 - Earmarked Reserves 2018/19

Appendix 2 - Savings Monitoring 2018/19

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