

Finance Monitoring Outturn 2018/19

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| Relevant Portfolio Holder | Councillor Geoff Denaro 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 – March 2019.

2. Recommendations

That Cabinet is asked to resolve

- 2.1 That Cabinet note the current financial position in relation to revenue and capital budgets for the period April – March 2019 as detailed in the report.

That Cabinet recommend to Council

- 2.2 approval of a transfer to balances of £186k is actioned as a result of revenue outturn savings 2018/19.
- 2.3 Approval of the movement of £60k in existing reserves as included in Appendix.
- 2.4 Approval of the addition of new reserves of £2,777k as included in Appendix 1.
- 2.5 Approve the carry forward to the 2019/20 capital programme of £4,984k as detailed in Appendix 3.
- 2.6 Approval of an increase in the 2019/20 Capital Programme of £163k 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 £913k.
- 2.7 Approval of an increase to the capital programme 2019/20 of £44k s106 monies for re-landscaping the recreation ground, Bromsgrove.
- 2.8 Approval of an increase to the Capital programme 2019/20 of £41k for a Bromsgrove combined Footpath and Cycle Way Network funded from a grant from Worcestershire County Council. (£390k already approved at quarter 3)
- 2.9 Approval of an increase to the Revenue budget 2019/20 of £7k 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 £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 approved transfers from reserves of £327k along with the community group funding £79k.

In addition, the Revised Budget 2018/19 of £11.145m includes a net transfer from reserves of £116k (which is shown in appendix 1) and use of balances of £40k.

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|---|
| Revenue Budget summary |
| Financial Year 2018/19 – Overall Council |

Please note figures have been rounded

| Strategic Purpose | Original Budget 2018/19 £'000 | Revised budget 2018/19 £'000 | Actuals 2018/19 £'000 | Variance 2018/19 £'000 |
|---|-------------------------------------|------------------------------------|-----------------------------|------------------------------|
| Keep my place safe and looking good | 4,406 | 4,378 | 4,822 | 443 |
| Help me run a successful business | -559 | -565 | -637 | -72 |
| Help me be financially independent | 155 | 142 | 248 | 106 |
| Help me to live my life independently | -8 | -68 | -123 | -54 |
| Help me find somewhere to live in my locality | 726 | 595 | 536 | -59 |
| Provide Good things for me to see, do and visit | 660 | 705 | 626 | -79 |
| Enable others to work/do what they need to do (to meet their purpose) | 5,609 | 5,958 | 5,435 | -522 |
| Total | 10,988 | 11,145 | 10,908 | -237 |

| | | | | |
|---------------------|----------|----------|-------------|-------------|
| Corporate Financing | -10,988 | -11,145 | -11,094 | 51 |
| Grand Total | 0 | 0 | -186 | -186 |

Financial Commentary:

There are a number of variances across the strategic purposes. The summary above shows the overall 2018/19 revenue position for the Council and the main variations are as a result of:

Keep my place safe and looking good (£443k overspend)

These budgets include those relating mainly to environmental services, planning, CCTV and other activities to deliver against the purpose ensuring an area is both safe and attractive for the community.

The variance position is explained as below:

- Bereavement services has received less income than expected from burial fees in particular sale of reserved graves by the end of 2018/19 and therefore shows a year end variance for the service of **£110k**.
- Shortfall in income also from Building Control of **£57k**. 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, Local Authority Building control is required by law to operate solely on a cost neutral basis and its performance and charging regimes are publically accountable.
- Whilst a significant growth in income has been achieved within Core Waste services (trade and garden waste), there have been additional costs required for running the domestic waste services. This generated an overspend by the end of 2018/19 of **£134k**.
- There are additional costs amounting to **£76k**, which are made up of agency staff required in the Place teams covering long term sickness and repairs and maintenance costs.
- Major applications (Reserved Matters) on strategic sites have been delayed due to highway considerations. The shortfall in planning application income is **£224k**.
- There have been savings of **£24k** for 2018/19 within Core Environmental operations on vehicle hire and repairs and maintenance budgets.
- Depot, Engineering and Environmental services management services have some small underspends on repairs and maintenance of vehicles along with temporary salary savings of **£74k**.
- Trees and woodland management have salary savings of **£37k** while the service is under review.

Help me run a successful business (£72k saving)

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 has been some additional income received on car parks **£24k**, additional income received on licences income **£10k** along with additional income being received from rents on land **£16k**.
- There are some savings made on general supplies and services within Economic and tourism development **£22k**.

Help me be financially independent (£106k overspend)

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 of **£106k** 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 (£54k saving)

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 significant additional income received within the Lifeline service due to 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 (£59k saving)

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

- Housing strategy and enabling services have an underspend due to salary savings and savings on other general supplies and services of **£19k**.
- Land charges has received additional income in the year along with a grant received for New Burdens **£40k**.

Provide Good things for me to see, do and visit (£79k saving)

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

- The variance projected is due to a shortfall in income of **£8k** within Business Development. This is due to a low interest this year on road island sponsorship
- This is offset by salary savings within parks and green spaces and sports services due to a new service structure implementation **£83k**.

Enable others to work/do what they need to do (to meet their purpose) (£522k saving)

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 saving of **£20k** which are due to vacant posts being held whilst the impact of the new financial system is considered.
- 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. There has been further service savings during the final quarter of the year as detailed with savings monitoring at point 4 below **£109k**.
- There is a projected underspend of **£65k** within Customer Services centre due to a one off business rate refund and salary vacancies.
- Customer service centre has realised savings due to vacant posts, a one NNDR refund along with underspends on supplies and service budgets **£65k**.
- Professional Legal Advice and services have an underspend **£59k** due to savings on supplies and services, salaries and also receiving additional income in 2018/19.
- There are other salary vacancies within Equalities & Policy, Financial support, HR,

ICT/Transformation and Legal Services **£271k**. Whilst some are in relation to maternity leave it is anticipated that the other vacancies will be filled in the new financial year.

It is worth noting that a vacancy management savings has been included in the 2019/20 budgets to offset the impact of vacant posts during the year.

Corporate Financing (51k overspend)

- There is a variance on the tariff payment to the government due to a 2017/18 the business rate tariff and top up reconciliation adjustment.

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 Bromsgrove District. 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 £1,034k of savings that have been delivered in 2018/19. Within this figure identified savings of £580k are detailed in Appendix 2. The unidentified savings of £454k have also been achieved together with a further £237k.

5. Cash Management

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

| Date | £m | Position |
|---|-----------|-----------------|
| As at 31 st March 2018 (Actual) | 13.0 | Borrowing |
| As at 31 st March 2019 | 13.5 | Borrowing |

5.2 Borrowing

Outstanding as at the 31st March 2019 are £13.5m in short term borrowing with associated borrowing costs within the quarter of £13.4k.

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

5.3 Investments

At 31st March 2019 there were no investments held.

6. Capital Budgets

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

Please note figures have been rounded

| Strategic Purpose | Original Budget 2018/19 | Revised budget 2018/19 | Actuals 2018/19 | Variance 2018/19 |
|--|--------------------------------|-------------------------------|------------------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Keep my place safe and looking good | 2,238 | 4,251 | 1,343 | -2,908 |
| Help me be financially independent | 6 | 6 | 1 | -5 |
| Help me to live my life independently | 1,257 | 1,359 | 954 | -405 |
| Provide good things for me to see, do and visit | 566 | 1,513 | 227 | -1,286 |
| Enable others to work/do what they need to do (to meet their purpose) | 96 | 551 | 85 | -466 |
| Totals | 4,163 | 7,679 | 2,609 | -5,070 |

Finance commentary:

Keep my place safe and looking good

- The main variances for this strategic purpose relate to the following projects;
 - Infrastructure works at the Bromsgrove depot - Due to other scheme commitments, and the requirement for the detailed design for the works to be undertaken, it is requested that the budget will be rolled over into 19/20.
 - 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.
 - Burcot Lane – the proposal works have commenced however works will be ongoing therefore a budget carry forward is requested to 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 on therefore officers request that the budget is carried forward until suitable projects are available.

Help me to live my life independently

- The underspend projected 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 Bromsgrove Energy Efficiency Fund. The energy advice service has been procured and is due to commence on July 1st 2019 until March 31st 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

- The underspend projected relates to a number of projects ;
 - The project in relation to the Dolphin centre demolition is expected to be undertaken in the summer of 2019. Therefore the budget of £1,080k is requested to be carried forward into the new financial year 2019/20.
 - The project providing £62k towards refurbishment of the Barnt Green Millennium Park - Toilets, remains under review by the Parish Council, it is requested to carry forward the budget into the 2019/20.

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

- The variance for this strategic purpose relates to the new Finance Enterprise system which will be starting in 2019/20, therefore requesting the budget to be carried forward.

6.1 Disabled Facilities Grants

The request for approval of an increased budget £163k at **2.6** 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 £63k is now required to match the grant determination £913k for Bromsgrove District Council for 2019/20

6.2 Recreation Ground

The request for approval of an increased budget £44k s106 monies at **2.7** is due to additional monies required to add to the already approved capital budget of £170k also from s106 monies. The additional monies required are to fund a replacement perimeter fence around the recreation ground.

6.4 Footpath and Cycle Network

The request for approval of an increased budget £41k (funded by County Council) at **2.8** is in addition to the already approved £390k is due to certain revisions to the scheme and therefore increasing the costs. The scheme that is worth £3.4 million to Worcestershire County Council funded through a Department for Transport initiative, (NPIF) National Productivity Investment Fund, which forms part of the wider transport and highways plan for the area and will see an additional six walking and cycling pathways being introduced over the next couple of years. This Capital Project is being designed by Bromsgrove District Council's Engineering and Design Services. It is a combined Footpath/Cycle Way link through Sanders Park from Whitford Road to Kidderminster Road. The construction works are programmed to commence Spring 2019, and are being undertaken to ensure that the Parks planned activities are inconvenienced as little as possible. Sanders Park is the largest scheme in the area and is to be completed by Spring 2020.

7. Earmarked Reserves

- 7.1 The position as at 31st December 2018 is shown in Appendix 1. The position at the 1st April 2018 was £3m and at the end of the financial year includes £2.718m 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 £2.834m.

8. General Fund Balances

- 8.1 The addition of the 2018/19 saving will increase the balances to £4.926m with the level of recommended retained balances of £1.1m

During 2018/19 there has been a further approval of a use of balances of £946k towards the demolition of the Dolphin centre and implementation of associated car parking. This will now take place in 2019/20. The current level of balances will therefore reduce to £3.980m.

- 8.2 With the current level of balances the Council is able to consider new opportunities for funding in the future to includes libraries and other public services.

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 Effective budget monitoring supports any risks associated with the Council.

APPENDICES

Appendix 1 - Earmarked Reserves 2018/19

Appendix 2 - Savings Monitoring 2018/19

Appendix 3 - Capital carry forwards

Appendix 4 - Capital Programme 2019/20

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