

Corporate Resources Overview & Scrutiny Committee

25th October 2016

Financial Results for Period 3 (Q1) – June 2016

Slide 1

June 2016

Revenue Position

Key Points to Note :

Full Year Forecast

- Forecast outturn position as at June 2016 is £1.9M over budget (£0.5M over in May, £2.5M over last year). The year to date spend is £1.0M below budget and so the rest of year forecast is effectively over by £2.9M.
- Social Care Health & Housing forecast overspend is £1.9M (£0.5M in May). This forecast overspend is mainly due to flowthrough of overspends from 2015/16 and unachievable efficiencies against Care Act funding (£0.75M) and Care Packages (£0.7M) which were highlighted as risks last month.
- Children's Services are over by £0.3M which relates to Children with Disability numbers being higher than budget. Community Services are under by £0.2M which is spread across a number of cost centres. Regeneration are slightly under (£0.1M) due to salary underspends. All other Directorates are forecasting to achieve budget at present.
- We are holding a contingency of £2.1M against which no call has yet been made. If this contingency is released then this results in an underspend of £0.2M.

Year to Date

- YTD Spend excluding Schools & HRA is £1.0M behind budget , same as last month (£1.1M over budget in June 2015). This is spread across a number of Directorates and will be explained further in the full report to follow.

Reserves

- The general fund full year forecast position includes a **net** £3.2M increase in reserves (excluding Schools).
- In terms of use of general fund earmarked reserves, SCHH are forecast to use £0.2M, Children's Services £0.4M, Community Services £0.9M, Public Health £0.2M, ICS £0.2M and Regeneration £0.2M. Note that these reserves are being used for the purpose for which they were set aside last year.
- This is offset by the creation of a £4.7M EMR for the New Homes Bonus (NHB) which we will receive in 2016/17. This was a conscious decision within the MTFP to both reduce reliance on NHB and to build a fund for investment. This leaves the NHB reserve at £6.8M including carry forward from 2015/16.
- There is also a budgeted transfer to EMR of £500k to top up the Redundancy Reserve.

Debt

- Overall debt is £10.6M compared to £12.6M in May. Debt over 61 days is £4.3M (41%). May was £5.1M (41%).
- Work is continuing to analyse the debt and ensure effective and efficient recovery procedures are followed.

Risks and Upsides

- Quantified Risks and Opportunities indicate a net risk of £1.4M (£2.1M in May).
- Quantified Risks total £2.4M. The main risks (>£0.05M) are;
 - £0.36M Development of Independent Living Schemes (SCHH)
 - £0.26M Care Transitions costs as Children move to adulthood (SCHH)
 - £0.16M Loss of Learning Disability Income (SCHH)
 - £0.14M Increased Voids SCOPE/Roman Gardens (SCHH)
 - £0.50M Digital Transformation (ICS)
 - £0.10M Increase in Mortuary Fees from the L&D Hospital (ICS)
 - £0.15M Winter Maintenance (Community)
 - £0.38M Higher than budgeted Independent Fostering (Children's)
 - £0.18M Higher than budgeted Occupational therapy/equipment costs – Children with Disabilities (Children's)
 - £0.07M Unaccompanied Asylum Seeking Children (Children's)
- Quantified opportunities total £1.0M. The main opportunities(>£0.05M) are;
 - £0.22M Ordinary Residence gains and Continuing Health Care dispute (SCHH)
 - £0.15M Underspend in AYSE costs (Children's)
 - £0.19M Past Service costs (Corporate)
 - £0.15M Highways vacancies (Community)
 - £0.30M Waste vacancies (Community)

June 2016

2016-17 Revenue forecast outturn

Table 1

Directorate	Year to Date - June P2			Full Year			Rest of Year Variance £m
	Budget £m	Actual £m	Variance £m	Budget £m	Forecast Outturn £m	Variance £m	
SCHH	17.0	17.0	0.1	67.9	69.8	1.9	1.8
Childrens Services	9.1	9.1	(0.0)	36.4	36.7	0.3	0.3
Community Services	12.0	11.5	(0.5)	47.4	47.2	(0.2)	0.3
Regeneration	1.0	0.5	(0.5)	5.1	5.1	(0.1)	0.4
Public Health	0.0	0.1	0.1	0.0	0.0	0.0	(0.1)
Improvement & Corporate Services	3.8	3.8	0.0	15.2	15.2	0.0	(0.0)
Corporate Resources	1.1	1.0	(0.1)	4.9	4.9	0.0	0.1
Corporate Costs	2.2	2.2	(0.0)	12.2	12.2	0.0	0.0
Total Excl Landlord Business	46.2	45.3	(1.0)	189.2	191.1	1.9	2.9
Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Landlord Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	46.2	45.3	(1.0)	189.2	191.1	1.9	2.9

Note: 1. Any minor rounding or signage differences are due to linking to detailed appendices.

Key Points to Note :

Full Year Forecast

- The approved budget including HRA and also deferred spend from 2015/16 (approved by Executive in June) is £140.2M (gross). The gross forecast is below budget by £15.4M (£13.8M last year against a higher budget of £160.3M). The net forecast is £1.5M over budget due to less grant forecast to be received than budgeted (£7.7M over last month, £8.6M under last year).
- The main reasons are: Community Services are only forecasting £1.0M spend against the £7M budget for the A421 project until the position regarding the external funding of the remaining £6M is clearer. Luton & Dunstable Busway is currently forecast to be £3.4M under budget. Woodside link is currently £1.6M over budget on spend. Thorn Turn Waste Park is currently £3.2M below budget.
- Children's Services are also expecting to spend £3.5M (net) more than budgeted on New School Places. This is due to a combination of less than expected S106 Grants and a £2M reduction to the budget which was due to be mitigated through value engineering but that has not yet identified cost reductions.
- Croft Green (HRA) is currently proposing to slip £3.3M to 2017/18.
- The difference between the £15.4M Gross spend below budget and the £1.5M net spend above is due to reduced external funding for the A421 (£6m) and also Woodside Link (£7.7M).

Key Points to Note :

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Year to Date

- YTD Gross Spend is £11.8M below budget (£10.4M last year). Actual spend is £21.1M compared to £29.5M last year.
- The reason the YTD variance looks high compared to forecast is due to business cases not having been approved and so spend not taking place, but this is expected to be caught up.

Capital Receipts

- The overall budget for Capital receipts is £10.5M. The current forecast is £10.5M. The major anticipated receipts are Fairfield £4.7M and £4.8M from Bedford Borough for Bell Farm and County Hall as part of the disaggregation agreement.
- To date we have received £0.727M which is the balance of £0.109M for the properties that were auctioned at the end of the last financial year and Deposits of £0.618M from third parties in respect of developments in the east of the area.

June 2016

Capital Forecast

Table 2

Directorate	Year to Date P3			Full Year 2016/17			Year to Date P3			Full Year 2016/17		
	Gross Budget	Gross Actual	Gross Variance	Gross Budget	Gross Forecast	Gross Variance	Net Budget	Net Actual	Net Variance	Net Budget	Net Forecast	Net Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
CS	8.0	7.9	(0.1)	21.5	23.6	2.1	1.3	0.1	(1.1)	1.5	4.9	3.5
Community Service	17.5	10.2	(7.3)	83.1	72.1	(10.9)	9.6	6.3	(3.3)	52.8	59.1	6.4
Improvement & Corporate Services	0.7	0.4	(0.3)	5.0	5.0	0.0	0.7	0.4	(0.3)	5.0	5.0	0.0
Corporate Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regeneration	1.3	0.0	(1.3)	5.7	3.1	(2.6)	0.9	0.3	(0.6)	3.5	1.5	(2.0)
ASCHH	3.4	0.9	(2.5)	9.4	8.7	(0.7)	2.7	(0.5)	(3.2)	7.4	4.4	(3.1)
Total Exc HRA	30.9	19.5	(11.5)	124.6	112.5	(12.1)	15.2	6.6	(8.6)	70.2	75.0	4.8
HRA	2.0	1.7	(0.4)	15.6	12.3	(3.3)	2.0	1.7	(0.4)	15.6	12.3	(3.3)
Total	33.0	21.1	(11.8)	140.2	124.8	(15.4)	17.2	8.3	(8.9)	85.7	87.2	1.5

This gross position reflects the level of activity to deliver the Councils capital programme. The net position reflects the Council's commitment to fund the capital programme.

Note: 1. Any minor rounding or signage differences are due to linking to detailed appendices.

- Revenue year to date (YTD) under budget by £0.265M before movements to reserves is mainly due to project related costs yet to be incurred (£0.108M) and reduced maintenance expenditure (£0.081M). This is reported as on budget after reserve movements.
- Forecast outturn surplus of £5.031M compared to budget of £5.363M a reduction of £0.332M. Again, reported on budget following movements to reserves.
- This is due to projected increased spend within Housing Operations due mainly to under achievement of vacancy saving target and other minor variances. Reduced income due to reduced Supported Housing contribution from the General Fund (GF) in order to achieve GF efficiency. and an increase in void loss, partially due to delayed occupation at Priory View.
- Capital YTD under spend £0.354M due to out of profile expenditure within Roof Replacement (£0.045M), Rewiring (£0.067M), Structural Repairs (£0.046M) and Priory View (£0.168M). These projects are forecast to outturn on budget.
- Capital budget £15.589M, includes slippage from 2015-16 of £4.280M. Forecast outturn £12.250M, proposed slippage to 2017/18 Croft Green (£3.239M) Major Renewals (£0.100M).