

# **Corporate Resources Overview & Scrutiny Committee Financial Results for Q3 2013/14 8<sup>th</sup> April 2014**

# Q3 2013/14 General Fund Revenue

- The 2013/14 forecast outturn is to overspend by £0.4m, 0.2%.
- The main pressures impacting the forecast outturn are in Children's Services (£2.6m overspent) and relate to:
  - Children in Care and Care Leavers (£546k)
  - Intake and Family Support (£327k)
  - Fostering and Adoption (£989k)
  - Transport (£581k)
  - DSG contributions to central overheads (£848k).
- The overspend in Children's Services is after the use of £3.8m of Earmarked Reserves brought forward from 2012/13. Had the pressure for the Directorate not been managed in year by reserves set aside from the 2012/13 financial year the overspend would be £6.4m.
- Public Health are forecasting to underspend by £0.6m. An element of the Public Health funding will be used to make a contribution to offset the cost of the relevant Council overheads. As this was unbudgeted it shows up as a forecast underspend in our finances.

# Q3 2013/14 General Fund Revenue

- The overall Year to Date spend is £3.3m below budget.
- Currently on balance cost saving opportunities outweigh cost pressure risks by £0.25m.
- December non current debt excluding House sales and Grants (i.e. debt that is more than 14 days from date of invoice) is £11.7m which is £6.2m higher than the previous month.
- This increase in debt is mainly due to a number of large invoices raised between SCHH and the NHS and Bedfordshire Clinical Commissioning Group. We also see a month on month increase in debt each quarter due to raising quarterly invoices. All debt is under active management.
- A more detailed explanation of the forecast outturn and YTD variances is available in the Executive Report for which a link has been provided to Committee members.

# Revenue Year to Date & Forecast outturn (December Q3)

Table 1

| Directorate                      | Year to Date - December P09 |              |                | Full Year    |                           |                | Rest of Year<br>Variance<br>£m |
|----------------------------------|-----------------------------|--------------|----------------|--------------|---------------------------|----------------|--------------------------------|
|                                  | Budget<br>£m                | Actual<br>£m | Variance<br>£m | Budget<br>£m | Forecast<br>Outturn<br>£m | Variance<br>£m |                                |
| ASCHH                            | 49.5                        | 48.8         | (0.7)          | 65.9         | 65.2                      | (0.7)          | (0.0)                          |
| Childrens Services               | 29.4                        | 31.0         | 1.5            | 39.2         | 41.8                      | 2.6            | 1.1                            |
| Community Services               | 25.8                        | 25.6         | (0.2)          | 35.8         | 35.5                      | (0.3)          | (0.1)                          |
| Regeneration                     | 5.5                         | 4.7          | (0.8)          | 8.0          | 7.6                       | (0.4)          | 0.4                            |
| Public Health                    | 0.0                         | (1.3)        | (1.3)          | 0.0          | (0.6)                     | (0.6)          | 0.6                            |
| Improvement & Corporate Services | 17.8                        | 17.3         | (0.5)          | 23.9         | 24.1                      | 0.3            | 0.8                            |
| Corporate Resources              | 3.6                         | 3.3          | (0.3)          | 5.2          | 5.1                       | (0.1)          | 0.1                            |
| Corporate Costs                  | 7.4                         | 6.6          | (0.8)          | 11.0         | 10.6                      | (0.4)          | 0.4                            |
| <b>Total Exc HRA</b>             | <b>139.0</b>                | <b>136.0</b> | <b>(2.9)</b>   | <b>189.0</b> | <b>189.3</b>              | <b>0.4</b>     | <b>3.3</b>                     |
| Schools                          | 0.0                         | 0.1          | 0.1            | 0.0          | 0.0                       | 0.0            | (0.1)                          |
| HRA                              | 0.0                         | (0.4)        | (0.4)          | 0.0          | 0.0                       | 0.0            | 0.4                            |
| <b>Total</b>                     | <b>139.0</b>                | <b>135.7</b> | <b>(3.3)</b>   | <b>189.0</b> | <b>189.3</b>              | <b>0.4</b>     | <b>3.6</b>                     |

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

Slide 3

# Treasury Management (as at Q3)

- **Borrowing**

The Council's total borrowing was £311.1m. Of this amount, £297.6m was with the Public Works Loan Board (PWLb), £13.5m was Market Debt.

The Council is expecting its total borrowing to fall to £308m by the end of the financial year compared to £315.5m at the beginning of the year, which will result from repaying £7.5m in maturing debt.

- **Investments and Deposits**

The Council had £8.4m of its internal investments, in call accounts and Money Market Funds which equates to 20.6%, (compared to 63.4% this time last year).

The main reason for the reduction is that the actual return payable in these accounts has fallen significantly (in some cases by more than half) so the Council has made the decision to hold money in notice accounts and varying fixed term deposits so that it has access to money throughout the year.

- **Cash Management**

Daily cash movements have ranged between net payments of £13.5m and net income of £13m, over the first half of the year. Cash held by the Council has fallen by £27.5m year on year.

The average balance the Council holds is considerably lower than other benchmarked authorities. The average for the Council was £74.6m compared to a benchmark average of £147.2m.

Slide 5

# Capital Position

## Key points to note:

- Forecast is to spend £81.5m, below budget by £24m. Of that variance, £3.4m is overspend and £27.4m is proposed to be deferred to 2014/15.
- Year to date gross spend of £53.3m compares to a forecast outturn of £81.5m. This is 65% of the forecast spend with three months left to the end of the financial year.
- To achieve the forecast will require the average monthly spend to increase from £5.9m to £9.4m per month for the remaining three months. Note, outturn spend in 2012/13 was £64m, this is £17m less than the current year forecast. YTD at December 2012 was £46.4m (£6.9m below current year).
- The final three months spend in 2012/13 was £17.6m compared to a required spend of £28.2m rest of year in 2013/14 to achieve forecast outturn. This could indicate that the current forecast outturn may be optimistic.
- Year to date Capital receipts are £1.2m. The full year forecast is £1.9m vs budget of £6.7m.

# Capital Outturn

**Table 2**

| Directorate                         | Year to Date P9    |                    |                      | Full Year          |                                 |                      |
|-------------------------------------|--------------------|--------------------|----------------------|--------------------|---------------------------------|----------------------|
|                                     | Gross Budget<br>£m | Gross Actual<br>£m | Gross Variance<br>£m | Gross Budget<br>£m | Gross Forecast<br>Outturn<br>£m | Gross Variance<br>£m |
| CS                                  | 13.2               | 13.5               | 0.2                  | 27.4               | 21.9                            | (5.5)                |
| Community Service                   | 19.8               | 18.2               | (1.6)                | 33.6               | 24.9                            | (8.7)                |
| Improvement & Corporate Improvement | 10.4               | 6.2                | (4.2)                | 14.4               | 12.6                            | (1.8)                |
| Regeneration                        | 3.0                | 6.6                | 3.6                  | 8.9                | 9.1                             | 0.2                  |
| ASCHH                               | 5.4                | 3.4                | (2.0)                | 10.3               | 5.2                             | (5.1)                |
| <b>Total Exc HRA</b>                | <b>51.9</b>        | <b>48.0</b>        | <b>(3.9)</b>         | <b>94.6</b>        | <b>73.7</b>                     | <b>(20.9)</b>        |
| HRA                                 | 4.9                | 5.3                | 0.4                  | 10.9               | 7.8                             | (3.1)                |
| <b>Total</b>                        | <b>56.8</b>        | <b>53.3</b>        | <b>(3.5)</b>         | <b>105.5</b>       | <b>81.5</b>                     | <b>(24.0)</b>        |

This gross position reflects the level of activity to deliver the Councils capital programme.

Note: Any minor rounding differences are due to linking to detailed appendices

# HRA Revenue / Capital Position

- Revenue year to date (YTD) – positive variance of £0.418m.
- Forecast outturn surplus of £7.282m compared to budget of £4.806m – will be transferred to reserves.
- Projected savings on interest (£0.940m), increased income (£0.592m), reduced cost of maintenance (£0.219m) and reduced contribution to capital (£0.995m).
- Interest charge on self financing debt for 2013/14 forecast at £3.968m (2.40% average) against budget of £4.908m (2.97%).
- Capital YTD overspend (£0.406m) due to out of profile spend on Priory View, forecast outturn at £7.775m - underspend of £3.120m (Sheltered Housing Re-Provision £2.125m, Housing Asset Management Strategy approach to capital programme £0.995).
- Galliford Try Partnerships awarded contract for development of Priory View, construction works to commence in new year.

# **Corporate Resources Overview and Scrutiny Committee 8 April 2014**

## **Budget Monitoring Q3 – December 2013/14**

# Revenue –Corporate Resources Directorate

Key points to note (see full reports for details):

- The 2013/14 forecast outturn is to underspend by £212K.
- The Year to Date spend is £1,525K behind budget profile.
- December outstanding debt (over 30 days) £426K.

# Revenue Budget- Full Year Forecast

| Quarter 3, 2013/14                     | Full Year |          |          |                 |                                |
|--|-----------|----------|----------|-----------------|--------------------------------|
| £000's                                 | Budget    | Forecast | Variance | Use of reserves | Variance after use of reserves |
| Improvement and Corporate Services     | 23,851    | 24,461   | 610      | -323            | 287                            |
| Chief Executive and Finance            | 5,188     | 5,075    | -113     | 0               | -113                           |
| Corporate Costs                        | 11,012    | 10,627   | -386     | 0               | -386                           |
| Total- Corporate Resources Directorate | 40,051    | 40,163   | 111      | -323            | -212                           |

- **Significant items contributing to variances:**
- ICS- Legal Services £533k pressure largely as a result of Children's cases.
- Assets- £426k underspend as a result of one off benefits within the Farms estate and additional income from the estate partly offset by consultancy costs.
- Finance- £113k underspend largely as a result of additional Welfare Reform grant, partly offset by an insurance pressure due to reduced schools' buy back.
- Corporate Costs- £386k underspend resulting from lower than budgeted interest payments and Minimum Revenue Provision (MRP) due to lower capital spend (£617k) partly offset by unachievable efficiencies (£230k).

# Capital Budget- Full Year Forecast

Forecast variance for the year £456K overspend, with £2,291k proposed slippage into 14/15 predominantly within Assets.

Year to date variance £4,157K behind budget profile  
- the main variances being within Assets.

|               | Full Year Budget | Forecast      | Expected Slippage to 14/15 | Variance   |  | Budget YTD    | Actual       | YTD Variance  |
|---------------|------------------|---------------|----------------------------|------------|--|---------------|--------------|---------------|
| Service       | £000's           | £000's        | £000's                     | £000's     |  | £000's        | £000's       | £000's        |
| Assets        | 9,411            | 7,511         | 1,953                      | 53         |  | 7,117         | 3,545        | -3,572        |
| Info Assets   | 2,481            | 2,343         | 338                        | 200        |  | 1,434         | 1,287        | -147          |
|               |                  |               |                            |            |  |               |              |               |
| Others        | 2,511            | 2,714         | 0                          | 203        |  | 1,853         | 1,415        | -438          |
|               |                  |               |                            |            |  |               |              |               |
| <b>Totals</b> | <b>14,403</b>    | <b>12,568</b> | <b>2,291</b>               | <b>456</b> |  | <b>10,404</b> | <b>6,247</b> | <b>-4,157</b> |