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## Revenue Budget Monitoring Forecast Outturn September 2016 (Q2)

Report of **Cllr Richard Wenham, Executive Member for Corporate Resources** ([cllr.richard.wenham@centralbedfordshire.gov.uk](mailto:cllr.richard.wenham@centralbedfordshire.gov.uk))

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### **This report relates to a Non Key Decision**

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**Purpose of this report :** The report sets out the provisional outturn financial position for 2016/17 as at the end of September 2016. It sets out spend against the approved budget and it excludes the Housing Revenue Account which is subject to a separate report. Explanations for the variances are set out below in Appendix A.

This report enables the Executive to consider the overall financial position of the Council.

### **RECOMMENDATIONS**

The Executive is asked to:

1. **note the forecast revenue outturn position which is an overspend of £0.6M and**
2. **request that officers continue to look for compensatory savings in order to deliver a balanced budget.**

### **Issues**

1. Forecast outturn position as at September 2016 is £0.6M over budget (£1.6M in August, £0.6M over budget at Period 6 last year). The year to date spend is £1.1M under budget and so the rest of year forecast is effectively over by £1.7M.
2. SCHH forecast overspend is £2.0M (no change on August). This forecast overspend is mainly due to flow through of overspends from 2015/16 and unachievable efficiencies against Care Act funding (£0.75M) and Care Packages (£0.7M).
3. Children's Services are under budget by £0.1M (£0.2M over in August). The movement from last month is due to lower staff costs and two expensive care placements which have now ceased.

4. Community Services are under budget by £0.5M (£0.3M under in August) which is spread across a number of cost centres. Regeneration are also under by £0.2M (£0.1m under in August) due to salary underspends.
5. ICS are over budget by £0.1M (Marginally under budget in August) due to increased IT costs offset by underspends on Legal. Corporate Costs are under by £0.7M due to lower than budgeted Minimum Revenue Provision and interest costs due to capital slippage and recent interest rate reductions.
6. Overall debt in September is £8.0M the same as August. Debt over 61 days is £4.0M (50%). August debt was also £4.0M (50%). Work is continuing to analyse the debt and ensure effective and efficient recovery procedures are followed.
7. The Table below details the full year variances by directorate:

Directorate	Year to Date - September P6			Full Year			Rest of Year Variance £m
	Budget	Actual	Variance	Budget	Forecast	Variance	
	£m	£m	£m	£m	£m	£m	
SCHH	33.9	35.0	1.1	67.9	69.8	2.0	0.9
Childrens Services	18.3	18.0	(0.3)	36.4	36.4	(0.1)	0.2
Community Services	23.5	22.6	(0.9)	47.4	46.9	(0.5)	0.4
Regeneration	2.5	1.7	(0.8)	5.1	5.0	(0.2)	0.7
Public Health	0.0	0.1	0.1	0.0	0.0	0.0	(0.1)
Improvement & Corporate Services	7.7	8.0	0.2	15.7	15.8	0.1	(0.1)
Corporate Resources	2.3	2.3	(0.0)	4.9	4.9	0.0	0.0
Corporate Costs	4.2	3.8	(0.4)	11.7	11.0	(0.7)	(0.3)
<b>Total Excl Landlord Business</b>	<b>92.5</b>	<b>91.5</b>	<b>(1.1)</b>	<b>189.2</b>	<b>189.8</b>	<b>0.6</b>	<b>1.7</b>
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
<b>Total</b>	<b>92.5</b>	<b>91.5</b>	<b>(1.1)</b>	<b>189.2</b>	<b>189.8</b>	<b>0.6</b>	<b>1.7</b>

## RESERVES POSITION

8. The general fund full year forecast position includes a net £2.3M increase in reserves (excluding Schools).
9. In terms of use of general fund earmarked reserves (EMR), SCHH are forecast to use £1.0M, Children's Services £0.6M, Community Services £1.0M, Public Health £0.2M, ICS £0.2M and Regeneration £0.1M.

Note that these reserves are being used for the purpose for which they were set aside last year.

10. 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.
11. There is also a budgeted transfer to EMR of £0.5M to top up the Redundancy Reserve.
12. See Appendix B for details of which EMR have been used (note that Corporate Costs shows a number of reserves that are reflected in the Directorate outturns, for example the use of the redundancy reserve).

### **General Reserves**

13. The opening position for 2016/17 is £15.5M. There are no further uses or contributions planned this year.

### **Council Priorities**

14. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 6 Council priorities.

### **Corporate Implications**

#### **Legal Implications**

15. None

#### **Financial Implications**

16. The financial implications are set out in the report.

#### **Equalities Implications**

17. Equality Impact Assessments were undertaken prior to the allocation of the 2016/17 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

### **Appendices**

- Appendix A – Detailed Directorate Commentary
- Appendix B – Earmarked Reserves.
- Appendix C – Debt Management
- Appendix D – Treasury Management