
Revenue Budget Monitoring Provisional Forecast Outturn June 2017 (Q1)

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This report relates to a Non Key Decision

Purpose of this report

1. The report sets out the forecast outturn financial position for 2017/18 as at the end of June 2017. 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.
2. This report enables the Executive to consider the overall financial position of the Council.

RECOMMENDATIONS

The Executive is asked to:

1. **note the current forecast revenue outturn position which is an underspend of £0.2M (over budget by £1.9M in June 2016); and**
2. **note that the budget includes £2.1M of contingency costs against which no call has yet been made. If this contingency is released then this results in an underspend of £2.3M.**

Issues

3. The forecast outturn position as at June 2017 is £0.2M under budget (£1.9M over budget in June 2016).
4. Social Care, Health and Housing (SCHH) are forecast under budget by £0.3M, same as period 2, due to a £2.0M underlying underspend offset by a contribution to the SCHH Transformation Reserve of £1.7M.

This budget was not longer required as the 2016/17 outturn position was better than previously forecast.

5. Regeneration & Business Support are forecast under budget by £0.2M, a combination of staff costs below budget and additional income, the majority relating to Minerals & Waste applications income.
6. Corporate costs are forecast over budget by £0.4M. There is a forecast pressure of £0.5M in Cross Cutting Efficiencies due to the risk that part of the Vacancy Management target efficiency may not be achieved. All of the efficiency is budgeted within Corporate Costs but the savings will materialise within each directorate. As the year progresses the pressure in Corporate Costs will be offset by employment cost savings across all Directorates. The overall impact across the Council is being closely monitored.
7. 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 £2.3M.
8. The year to date spend is £1.2M under budget (£1.0M under budget in June 2016).
9. Overall debt in June is £11.7M compared to £12.2M in May (£10.6M in June 2016). Within that £5.1M is under 30 days (44%). Debt over 270 days is £2.3M (19%). This is an improvement of £1.7M compared to last month. Work is continuing to analyse the debt and ensure effective and efficient recovery procedures are followed.
10. The Table below details the full year variances by directorate:

Directorate	Year to Date - June P3			Full Year			Rest of Year Variance £m
	Budget £m	Actual £m	Variance £m	Budget £m	Forecast Outturn £m	Variance £m	
SCHH	18.2	17.0	(1.3)	72.8	72.6	(0.3)	1.0
Childrens Services	9.1	9.1	0.0	36.1	36.1	0.0	0.0
Community Services	13.2	13.2	(0.1)	50.2	50.1	(0.1)	(0.0)
Regeneration	1.1	0.9	(0.1)	5.4	5.2	(0.2)	(0.1)
Public Health	0.0	(0.1)	(0.1)	0.1	0.1	0.0	0.1
Chief Executive's	0.3	0.4	0.0	1.3	1.4	0.0	(0.0)
Resources	2.8	2.9	0.1	11.5	11.4	(0.1)	(0.1)
Corporate Costs	1.8	2.1	0.2	12.1	12.5	0.4	0.2
Total Excl Landlord Business	46.6	45.3	(1.2)	189.6	189.3	(0.2)	1.0
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	46.6	45.3	(1.2)	189.6	189.3	(0.2)	1.0

Reserves Position

11. The general fund full year forecast position includes a net £1.9M contribution to reserves (excluding Schools).

Contributions to Reserves

12. There is a proposed transfer to reserves of £1.7M to the SCHH Transformation Reserve, funded by a decision not to use £1.7M of SCHH base budget. This budgeted pressure was no longer required as the 2016/17 outturn position was better than previously forecast. In addition there is a planned contribution to reserves of £2.2M which relates to the creation of budgeted reserves in SCHH (£1.3M extra Council Tax Precept and £0.9M one off additional funding previously announced see also use of reserves below). Public Health is also forecasting a £0.1M contribution to reserves.
13. There is a planned contribution of £3.9M earmarked reserves for the New Homes Bonus (NHB) which we will receive in 2017/18. 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 £10.8M including carry forward from 2016/17. There is also a planned contribution to the redundancy reserve of £0.5M.

Use of Reserves

14. In terms of use of general fund earmarked reserves, SCHH are forecast to use £1.3M, of which £0.7M relates to an additional precept reserve agreed in the MTFP. This forecast drawdown from the Adult Social Care Council Tax Precept reserve is to fund a 4% uplift to care package costs. The remaining balance on the SCHH reserves do not currently impact on the forecast. This will change as these reserves are called into use during the year.
15. Community Services are forecasting to use £2.2M of which £0.9M relates to the IT reserve agreed at the end of 2016/17, £0.4M on Street Scene improvements, £0.2M for the Financial Investigation unit, £0.2M from the Redundancy Reserve, £0.1M Transformation reserve, £0.1M Civil Enforcement Officer and £0.1M in relation to Brewers Hill Middle School impact of funding deficit.
16. Other use of reserves include Resources £0.4M, Children's Services £0.3M and Regeneration & Business Support £0.1M. These reserves are being used for the purposes for which they were set aside.

General Reserves

17. The opening position for 2017/18 is £15.5M. There are no further uses or contributions planned this year.

Council Priorities

18. 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

19. None

Financial Implications

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

Equalities Implications

21. Equality Impact Assessments were undertaken prior to the allocation of the 2017/18 budgets and Members were advised of significant equality implications relating to the budget proposals when setting the Council's Budget in February 2017.

Appendices

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