

Central Bedfordshire Council

Executive

5 December 2017

Revenue Budget Monitoring Provisional Forecast Outturn September 2017 (Quarter 2)

Report of Cllr Richard Wenham, Deputy Leader and Executive Member for Corporate Resources (richard.wenham@centralbedfordshire.gov.uk)

Advising Officers: Charles Warboys, Director of Resources & S151 Officer (charles.warboys@centralbedfordshire.gov.uk)

This report relates to a Non Key Decision

Purpose of this report

The report sets out the forecast outturn financial position for 2017/18 as at the end of September 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.

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 overspend of £3.3M (over budget by £0.6M in September 2016);
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 overspend of £1.275M; and
3. request that officers continue to look for compensatory savings in order to deliver a balanced budget.

Issues

1. The forecast outturn position as at September 2017 is £3.3M over budget (£0.6M over budget in September 2016).

2. Social Care, Health and Housing (SCHH) are forecast over budget by £0.7M, due to a forecast overspend in Procurement & Customer Services of £0.5M and a forecast overspend in Housing Management of £0.3M.
3. Regeneration & Business Support are forecast to be on budget.
4. Children's Services are forecast to be over budget by £0.5M. This is primarily due to a forecast overspend of £0.5M on looked after children (LAC) and a £0.3M forecast overspend due to remand costs of 6 young people. This is partially offset by a £0.3M forecast underspend due to payroll savings in Children's Services Safeguarding & Early Help.
5. Resources are forecast to be over budget by £0.3M. This is due to a forecast overspend of £0.1M as a result of pressures within Insurance Services, lower than budgeted buyback income and higher than budgeted premiums, and a forecast overspend of £0.2M due to higher than projected LGSS costs partly as a result of increased workloads from Children's Services.
6. Community Services are forecasting an overspend of £1.2M. This is primarily due to a £1.1M forecast overspend within Highways, due to a £1.3M increase in the cost of transporting Special Educational Needs and Disability (SEND) children. Waste are also forecast to overspend by £0.2M due to a reduction in income and increased collection and landfill tax costs, Environmental Services are forecast to overspend by £0.2M due to a reduction in income for emergency planning and increases in staffing costs within Public Protection. There is also a forecast underspend of £0.3M within Assets due to additional rental income, lower demand for online printing and settlement of disputed business rates.
7. Corporate costs are forecast over budget by £0.64M. This reflects a £1M staff costs efficiency retained within Corporate that is unachievable, however, this should be offset by salary savings within the Directorates. There is also a forecast underspend of £0.1M in relation to the Apprenticeship Levy, a £0.2M forecast underspend in relation to borrowing costs.
8. 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 overspend of £1.275M.
9. The year to date spend is £0.9M under budget (£1.1M under budget in September 2016).
10. Overall debt in September is £10.6M compared to £12.4M in August (£8.0M in September 2016). Within that £1.7M is under 30 days (16%). Debt over 270 days is £3.3M (31%). Work is continuing to analyse the debt and ensure effective and efficient recovery procedures are followed.

11. The Table below details the full year variances by directorate:

Directorate	Year to Date - September P6			Full Year		
	Budget £m	Actual £m	Variance £m	Budget £m	Forecast Outturn £m	Variance £m
SCHH	36.4	35.9	(0.6)	72.9	73.6	0.7
Childrens Services	18.4	18.6	0.2	36.4	36.9	0.5
Community Services	25.7	25.8	0.0	50.0	51.2	1.2
Regeneration	2.3	2.6	0.3	5.4	5.4	(0.0)
Public Health	0.0	0.0	0.0	0.1	0.1	0.0
Chief Executive's	0.7	0.7	(0.0)	1.3	1.3	(0.0)
Resources	5.6	5.8	0.2	11.5	11.7	0.3
Corporate Costs	3.9	4.7	0.8	12.0	12.7	0.6
Total Excl Landlord Business	93.1	94.0	0.9	189.6	192.9	3.3
Schools	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
Total	93.1	94.0	0.9	189.6	192.9	3.3

Reserves Position

12. The general fund full year forecast position includes a net £3.7M use of reserves (excluding Schools).

Contributions to Reserves

13. 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.
14. 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 £10.7M including carry forward from 2016/17. There is also a planned contribution to the redundancy reserve of £0.5M.

Use of Reserves

15. In terms of use of general fund earmarked reserves, SCHH are forecast to use £1.5M, 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 balances on the SCHH reserves do not currently impact on the forecast. This will change as these reserves are called into use during the year.

16. Community Services are forecasting to use £7.1M of which £0.9M relates to the IT reserve agreed at the end of 2016/17 and £3.2M relates to the termination of an existing contract. There is also £1.2M for Highways, a further £0.4M for Street Scene Improvements, £0.2M for Crime Reduction Projects, £0.2M for Sundon Landfill and £0.2M for S38 works along with a number of other smaller projects.
17. Other use of reserves include Resources £0.5M, Children's Services £0.4M and Regeneration & Business Support £0.1M. These reserves are being used for the purposes for which they were set aside.

NNDR & Council Tax

18. The total NNDR charge for 2017-18 as at the end of September is £86.3M, the CBC share of which is 49%. £49.2M has been received to date. In year collection is slightly above target.
19. The total Council Tax charge for 2017-18 as at the end of September, after all discounts/exemptions, is £175.8M, the CBC share of which is 86%. £100.8M has been received to date. In year collection is slightly above target.

General Reserves

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

Council Priorities

21. 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

22. None.

Financial Implications

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

Equalities Implications

24. 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