
Revenue Budget Monitoring Forecast Outturn December 2017 (Q3)

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

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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 December 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

Executive is asked to:

- 1. note the current forecast revenue outturn position which is an overspend of £2.2M (over budget by £1.2M in December 2016);**
- 2. note that the budget includes £2.1M of contingency against which no call has yet been made. If this contingency is released then this results in an overall net overspend of £0.1M;**
- 3. request that officers continue to look for compensatory savings in order to deliver a balanced budget; and**
- 4. delegate authority to approve the 2017/18 revenue, capital and HRA provisional financial outturn positions, subject to audit, to the Chief Executive and the Director of Resources (s.151 Officer) in consultation with the Leader and the Deputy Leader and Executive Member for Corporate Resources.**

The requirement for the delegation is set out in paragraphs 1 – 4 below the recommendation section; and

- 5. this delegation is subject to the final outturn position not being more than 1% over/under net budget.**

Delegated Authority

Provisional Financial Outturn 2017/18 (subject to audit)

1. In previous years a report has been taken to Executive in June to formally agree the provisional financial outturn for the previous financial year, subject to audit. Last year the Council voluntarily worked towards a shorter timescale for the approval of the Statement of Accounts (SoA), aiming to complete the draft set by end of May 2017 and so a delegated authority was approved by the Executive.
2. This year this timescale becomes compulsory and the Council must close the SoA by the end of May 2018.
3. The schedule for Executive meetings does not match this requirement, with 3 April 2018 being too early for the results to be made available and 12 June 2018 being too late to meet the desired sign off of the SoA.
4. The Recommendation is therefore that delegated authority is given to the Chief Executive and Director of Resources (s.151 Officer), in consultation with the Leader and Executive Member for Corporate Resources to agree the provisional financial outturns for revenue, capital and HRA accounts. There will still be a report to Executive in June on the outturn position, thus bringing the figures into the public domain.

Issues

5. The forecast outturn position as at December 2017 is £2.2M over budget (£1.2M over budget in December 2016).
6. Social Care, Health and Housing (SCHH) are forecast over budget by £0.9M, due to a forecast overspend in Procurement & Customer Services of £0.4M and a forecast overspend in Housing Management of £0.3M. The remaining £0.2M relates to Adult Social Care and is primarily in relation to additional mental health packages and a reduction in customer income.
7. Regeneration & Business Support are forecast to be below budget by £0.4m. This is a £0.2M improvement since period 8 and is due to increased planning income, partially offset by costs relating to the Local Plan.

8. Children's Services are forecast to be below budget by £0.1M. This is primarily due to a reduction in salary costs and increased inter agency fostering income.
9. Resources are forecast to be over budget by £0.4M. This is £0.3M above period 8 and is due to an increased forecast in legal costs (LGSS) and further reduction in Local Land Charges income. Both areas are being reviewed to see if reductions in the overspend are possible.
10. Community Services are forecasting an overspend of £1.0M as a result of Educational Transport costs.
11. Corporate costs are forecast over budget by £0.5M. The £1.0M staff efficiency budget is held within Corporate Costs which shows an overspend but is fully offset within the Directorates. Within Corporate costs there are also underspends on debt costs and lower premature retirement costs.
12. 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 overall net overspend of £0.1M.
13. The year to date spend is £0.8M above budget (£1.9M under budget in December 2016).
14. Overall debt in December is £13.9M compared to £12.9M in November (£8.8M in December 2016). Within that £7.2M is under 30 days (57%). Debt over 61 days is £4.7M (33%). Work is continuing to analyse the debt and ensure effective and efficient recovery procedures are followed.

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

Directorate	Year to Date - December P9			Full Year		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£m	£m	£m	£m	£m	£m
SCHH	54.6	54.8	0.2	72.8	73.7	0.9
Childrens Services	27.8	27.6	(0.2)	36.4	36.2	(0.1)
Community Services	37.7	38.5	0.8	49.9	50.9	1.0
Regeneration	3.9	3.3	(0.6)	5.5	5.1	(0.4)
Public Health	0.0	0.0	(0.0)	0.1	0.1	0.0
Chief Executive's	1.0	1.0	(0.1)	1.3	1.3	(0.0)
Resources	8.4	8.6	0.2	11.5	11.9	0.4
Corporate Costs	6.8	7.2	0.5	12.0	12.6	0.5
Total Excl Landlord Business	140.2	141.0	0.8	189.6	191.8	2.2
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	140.2	141.0	0.8	189.6	191.8	2.2

Reserves Position

16. The general fund full year forecast position includes a net £4.4M use of reserves (excluding Schools).

Contributions to Reserves

17. 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. There is also a planned contribution to reserves of £0.1M in Regeneration.
18. 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

19. In terms of use of general fund earmarked reserves, SCHH are forecast to use £0.4M, 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.
20. Community Services are forecasting to use £7.2M 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.
21. Other use of reserves include; Resources £0.4M, Children's Services £0.6M and Public Health £0.2M. These reserves are being used for the purposes for which they were set aside.

NNDR & Council Tax

22. The total full year NNDR charge for 2017-18 as at the end of December is £86.2M, of which £72.4M has been received to date. In year collection is slightly above target.
23. The total full year Council Tax charge for 2017-18 as at the end of September, after all discounts/exemptions but including Police, Fire and town and parish precepts, is £176.6M, of which £150.9M has been received to date. In year collection is slightly above target.

General Reserves

24. The opening position for 2017/18 is £15.6M. There are no further uses or contributions planned this year.

Council Priorities

25. 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

26. None

Financial Implications

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

Equalities Implications

28. 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