

Bolsover District Council

Executive

6th NOVEMBER 2017

**Medium Term Financial Plan - Budget Monitoring Quarter 2
April to September 2017**

Report of the Assistant Director - Finance, Revenues and Benefits

This report is public

Purpose of the Report

- To update Executive on the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity.

1 Report Details

- 1.1 Officers have continued the integrated approach to budget monitoring in the second quarter with Performance, Risk and Finance being considered together at the combined Directorate meeting held during October 2017. The scope of this report is therefore to report the current financial position following the 2017/18 quarter two monitoring exercise.

General Fund Revenue Account

- 1.2 The General Fund Revenue Account summary is shown in **Appendix 1**. The original budget for 2017/18 showed a funding gap of £0.170m. By the end of the second quarter, savings of £0.156m have been achieved against the target, leaving £0.014m still to be achieved. As savings are identified and secured they are moved in to the relevant cost centres within the main General Fund Directorates. Bearing in mind that significant establishment cost savings have been made in previous outturns, officers continue to review this position. In addition to the £0.058 removed from budgets after the first quarters monitoring, further adjustments will be made for quarter two.
- 1.3 Within the Directorates there is the following to report:
- The Growth Directorate shows a favourable variance of £1.169m. This relates mainly to:
 1. Under spends due to invoices not yet paid and vacancies at the end of the quarter (£0.802m) – favourable.
 2. Income received in advance of any expenditure (£0.478m) – favourable.

3. Annual invoices were paid in quarter 2 which makes the profiled budget look overspent (£0.134m) – adverse.
 4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.145m) – adverse.
 5. Over spends against quarter 2 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.029) – adverse.
 6. Extra income received in quarter 2, mainly relating to planning fees, which is additional to the budget (£0.197m) – favourable.
- The Operations Directorate shows a favourable variance of £0.294m. This relates mainly to:
 1. Under spends due to invoices not yet being paid and vacancies at the end of the quarter (£0.351m) – favourable.
 2. Income received in advance of any expenditure (£0.325m) – favourable.
 3. Annual invoices were paid in quarter 2 which makes the profiled budget look overspent (£0.064m) – adverse.
 4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.339m) – adverse.
 5. Extra income received in quarter 2 which is additional to the budget (£0.021m) – favourable.
 - The Transformation Directorate has an adverse variance of £0.354m. Again, this relates mainly to:
 1. Under spends due to invoices not yet being paid and vacancies at the end of the quarter (£0.044m) – favourable.
 2. Annual invoices were paid in quarter 2 which makes the profiled budget look overspent (£0.232m) – adverse.
 3. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.050m) – adverse.
 4. Over spends against quarter 2 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.116) – adverse.

This variance mainly relates to the Go Active facility and officers are working closely to cast the budgets following the success of the facility. It is not anticipated that this will be an ongoing issue. This will be resolved during the revised budget process.

1.4 In order to improve the monitoring and control of Section 106 monies received by the Council, the sums due to be utilised in a financial year are now recorded within the General Fund directorate budgets with the expenditure recorded against these sums. The amount budgeted to be spent in 2017/18 is £1.949m. There are no deadlines during 2017/18 by which these schemes need to be spent, the earliest deadline is 20/09/18. Officers are working to ensure that all of this spending is undertaken in line with the S106 legal requirements.

1.5 The overall position at the end of quarter 2 shows that there is a favourable variance of £1.109m. This is mainly due to £1.197m invoices not yet being paid when compared to the quarter 2 profiled expenditure budget. There are no real

budget pressures identified in quarter 2 but officers will continue to monitor the position during the next quarter.

- 1.6 Officers have begun working with Budget Managers to compile a revised budget for 2017/18. This will amend the current budgets to capture additional budget savings and reduce spending where it is anticipated that there will be a minimal impact upon service delivery. As in previous years, this process will take account of all known potential savings in order to balance the budget for the year. Where possible the budget in future years will be amended to reflect these savings too thus serving to reduce the projected budget shortfall. The revised budget position will be presented to Executive in December.

Housing Revenue Account (HRA)

- 1.6 The Housing Revenue Account summary for the first six months of 2017/18 is set out in **Appendix 2** to this report. At the end of quarter 2 the HRA is showing a net surplus of £0.321m.

Income

- 1.7 The quarter 2 income figures show a small adverse variance of £0.037m. This is purely timing of invoices raised and is not a concern at this time in the year.

Expenditure

- 1.8 Expenditure within most of the operating areas of the HRA shows under spends in the second quarter. There are therefore no budget pressures to report at this stage of the year. The main area of under spend is within repairs and maintenance. Of the £0.294m variance, £0.180m relates to invoices not yet received and £0.094m to vacancies for the first half of the year. All budgets will be reviewed as part of the revised budget process and adjusted accordingly.

HRA – Overall Summary

- 1.9 In light of the above and the expenditure patterns to date, there are no significant issues to report regarding the overall position for the HRA at the end of the second quarter.

Capital Programme

Capital Expenditure

- 1.10 The capital programme summary for the first six months of 2017/18 is provided in **Appendix 3** to this report.
- 1.11 In headline terms, the capital programme profiled budget for quarter 2 is £12.183m and the actual spend and known commitments total £6.839m, which is £5.344m behind the planned spend position. The main areas to highlight are listed below:
1. Group dwelling boiler replacement has only just started and will to be re-profiled at half year. This contributes £1.272m towards the variance within HRA property management.
 2. New Bolsover HLF scheme is behind due to the unique nature of the scheme £1.417m.
 3. Hilltop – HRA new build scheme is in the very early stages £0.610m.

4. The Tangent – Phase 2 is underway but currently £0.327m under spent.
5. B@home phase 2 has not yet started and is under spent £0.420m.
6. Derwent Drive Tibshelf currently looks over spent by £0.294m but the scheme is progressing well and will be within budget by the year end.

- 1.12 Whilst there are no significant financial issues to report regarding capital expenditure at the end of the second quarter, it must be noted that the delivery of the approved capital programme is behind the profiled position as at quarter 2. Officers will continue to closely monitor the delivery of the Programme.

Capital Resources

- 1.13 HRA – The Council has sufficient capital resources in place to finance the HRA actual expenditure and commitments at the end of the second quarter.
General Fund – The financing of the General Fund part of the capital programme is in line with the approved financing arrangements.

Treasury Management

- 1.14 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash balances and the management of its long term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.
- 1.15 The Council approved the 2017/18 Treasury Management Strategy at its meeting in February 2017. **Appendix 4** identifies the Treasury Management activity undertaken during the second quarter of 2017/18 and demonstrates that this is in line with the plans agreed as part of the strategy. The income received from investments is currently higher than budgeted and we anticipate that this will continue during the remainder of the financial year. A full assessment of this will be done during the half year review with a view to amending the budgets accordingly.

2 Conclusions and Reasons for Recommendation

- 2.1 The report summarises the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, Capital Programme and Treasury management activity.

3 Consultation and Equality Impact

- 3.1 There are no equalities issues arising directly out of this report.

4 Alternative Options and Reasons for Rejection

- 4.1 The Budget Monitoring report for 2017/18 is primarily a factual report which details progress against previously approved budgets. Accordingly there are no alternative options to consider.

5 **Implications**

5.1 **Finance and Risk Implications**

5.1.1 Financial implications are covered throughout this report.

5.1.2 The issue of Financial Risks is covered throughout the report. In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that there may be pressures on all of the Council's main budgets as these have been or are being reduced to minimum levels. These will need to be managed carefully during the course of this financial year if we are to protect the existing levels of financial balances.

5.2 **Legal Implications including Data Protection**

There are no legal issues arising directly from this report.

5.3 **Human Resources Implications**

There are no human resource issues arising directly out of this report

6 **Recommendations**

6.1 That Executive notes the monitoring position of the General Fund at the end of the second quarter as detailed on Appendix 1 (A net favourable variance of £1.109m against the profiled budget) and the key issues highlighted within this report.

6.2 That Executive notes the position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the second quarter (Appendices 2, 3 and 4).

7 **Decision Information**

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC:</i> <i>Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC:</i> <i>Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	Yes
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	Yes
District Wards Affected	All

Links to Corporate Plan priorities or Policy Framework	Providing Excellent customer focussed services. Continually improving our organisation
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8 Document Information

Appendix No	Title
1	General Fund Summary
2	HRA Summary
3	Capital Programme
4	Treasury Management Update
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Chief Accountant	2458
Assistant Director – Finance, Revenues and Benefits	7658

Report Reference –