

Bolsover District Council

Executive

11 August 2014

Budget Monitoring Report, Quarter 1 – April to June 2014

Report of the Executive Director of Operations

This report is public

Purpose of the Report

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

1 Report Details

Background information

- 1.1 Officers have continued the integrated approach to budget monitoring in the first quarter with Performance, Risk and Finance being considered together at Directorate meetings held during July 2014. The scope of this report is therefore to report the current financial position following the 2014/15 quarter one monitoring exercise.

General Fund Revenue Account

- 1.2 The General Fund Revenue Account summary is shown as **Appendix 1**. The original budget for 2014/15 identified a savings target of £0.447m. The current budget now shows that this target is reduced to £0.233m which means that the Council has secured budget savings of £0.214m in the first quarter of the year. As the savings are identified and secured they are moved into the relevant cost centres within the main General Fund Directorates. It should be noted that officers are still working on the financial outturn review of 2013/14. Initial workings suggest the savings target of £0.030m is achievable. A list of potential reductions is currently being compiled while will be brought to a future meeting of Executive for consideration and approval. Officers are also reviewing the opportunities to reduce the salary budgets where savings have arisen in the first quarter.
- 1.3 Within the Directorates there is the following to report:
- The Growth Directorate shows a favourable variance of £0.107m. This relates mainly to:
 1. Amounts to be paid to NE for joint officer posts were not received and therefore not paid at the end of the quarter (£0.257m) – favourable.

2. Income received in advance of any expenditure (£0.027m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.059m) – adverse.
 4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.125m) – adverse.
- The Operations Directorate shows an adverse variance of £0.056m. This relates mainly to:
 1. Amounts to be paid to NE for joint officer posts and to DCC for trade waste costs were not received and therefore not paid at the end of the quarter (£0.257m) – favourable.
 2. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.263m) – adverse.
 3. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.312m) – adverse.
 4. Under spends due to invoices not yet being due or postings not done until year end (£0.258) – favourable.
 - The Transformation Directorate has an adverse variance of £0.141m. Again, this relates mainly to:
 1. Amounts to be paid to NE for joint officer posts were not received and therefore not paid at the end of the quarter (£0.021m) – favourable.
 2. Income received in advance of any expenditure (£0.032m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.104m) – adverse.
 4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.074m) – adverse.
- 1.4 Interest rates are remaining very low which is impacting on the level of interest earned on invested balances. During July in consultation with Treasury Management advisors, officers will look to maximise our cash flow interest by moving towards fixed investments which achieve slightly better interest rates. Such investments will be undertaken in accordance with the Council's Borrowing and Investment Strategy.
- 1.5 Section 106 – 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 and the expenditure against these sums is recorded. The amount budgeted to be spent in 2014/15 is £0.625m. Of this £0.065 must be spent by certain dates before 31st January or the funding may be lost. Officers are working to ensure that all of this spending is undertaken in line with the S106 legal requirements.
- 1.6 The overall position at the end of quarter 1 shows that there is a favourable variance of £0.118m which is very positive and indicates that the Council is in a good position to deliver the necessary savings in order to balance its budget for 2014/15. There are no real budget pressures identified in quarter 1 but officers will continue to monitor the position during the next quarter.

Housing Revenue Account (HRA)

- 1.7 The Housing Revenue Account summary for the first quarter of 2014/15 is set out in **Appendix 2** to this report. At the end of quarter 1 the HRA is showing a net deficit of £0.362m.

Income

- 1.8 The quarter 1 income figures show an adverse variance of £0.463m. This is mainly due to the timing of the rent free weeks falling into the first quarter. The annual budget is profiled to receive 12 weeks in the first quarter when actually only 11 weeks were billed.

Expenditure

- 1.9 Expenditure within all but one of the operating areas of the HRA shows under spends in the first quarter. There are therefore no budget pressures to report at this stage of the year. It is currently anticipated that expenditure will be in line with approved budgets at the year end.
- 1.10 In light of the above and the expenditure patterns to date – as detailed in Appendix 2 – there are no significant issues to report regarding the overall position for the HRA at the end of the first quarter.

Capital Investment Programme

Capital Expenditure

- 1.11 The capital programme summary for the first quarter of 2014/15 is provided in **Appendix 3** to this report. The programme has been updated with the capital budgets – previously approved by Executive - carried forward from 2013/14.
- 1.12 In headline terms the capital programme profiled budget for quarter 1 is £2.841m and the actual spend and known commitments total £1.002m, which is £1.839m behind the planned spend position. The main areas to highlight are listed below:
1. AMP – An amount of £500,000 has been approved subject to Executive approving the detailed plans which will be developed as a result of the analysis of the outcome of the General Fund Stock Condition survey. Officers are in the process of undertaking the work necessary to develop a detailed programme for consideration by Executive. In the meantime it should, however, be noted that it may be necessary to undertake some smaller projects for either Health and Safety purposes or to protect service delivery. The cost of such smaller projects will not exceed £50,000 and any expenditure undertaken will be reported back to Executive as appropriate.
 2. Bolsover Public Realm + Infrastructure – this is a grant funded scheme which has only recently received final approval. This scheme will soon start to spend.
 3. Bolsover Mini Hub – it is anticipated that this will commence during the second quarter.

4. Vehicles and Plant – the replacement vehicles are on order in many areas and expenditure is anticipated to take place during the second and third quarter of the financial year.
5. HRA Re Roofing – as with many other HRA property related schemes, spend is delayed until the stock condition survey results are properly analysed as already mentioned.
6. HRA New Build – New Houghton – very little expenditure has been incurred during this quarter. Payments are staged based on the number of properties completed. A large payment is expected to be made to the contractor imminently.

1.13 Whilst there are no significant financial issues to report regarding capital expenditure at the end of the first quarter it must be noted that the delivery of the approved capital programme is behind the profiled position as at quarter 1. Officers will continue to closely monitor the delivery of the Programme.

Capital Resources

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

Treasury Management

1.15 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.

1.16 The Council approved the 2014/15 Treasury Management Strategy at its meeting in March 2014. **Appendix 4** identifies the Treasury Management activity undertaken during the first quarter of 2014/15.

2 Conclusions and Reasons for Recommendation

2.1 Financial issues and implications are covered in the relevant sections throughout this report. In summary these are:

General Fund

The savings target is now reduced to £0.233m at the end of the first quarter.

The monitoring position shows a small net favourable variance position in the first quarter of £0.150m.

HRA

The HRA is showing a net over spend/ under achievement of income in the first quarter of £0.362m.

Capital Expenditure

There are no significant areas of concern to report regarding the capital programme in the first quarter of 2014/15.

Capital Income

The Council has sufficient capital resources in place to finance the actual expenditure and commitments of the capital programme at the end of the first quarter.

Treasury Management

There are no significant areas of concern to report regarding Treasury Management activities in the first quarter of 2014/15.

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 2014/15 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

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 first quarter as detailed on Appendix 1 (A net favourable variance of £0.118m against the profiled budget) and the key issues highlighted within this report:

- Savings identified and secured in the first quarter amount to £0.214m.
- The updated savings target for the General Fund Revenue Account at the end of the first quarter stands at £0.233m.

- On the basis that current progress is maintained it is anticipated that the Council should secure its savings target in full in respect of the current financial year.

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

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes/No
District Wards Affected	
Links to Corporate Plan priorities or Policy Framework	

8 **Document Information**

Appendix No	Title
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)	
Attached as appendices 1- 4	
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Report Reference –