

**Bolsover District Council**

**Executive Committee**

**7<sup>th</sup> September 2015**

**Budget Monitoring Report, Quarter 1 – April to June 2015**

**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 2015. The scope of this report is therefore to report the current financial position following the 2015/16 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 2015/16 identified an efficiency measures target of £0.350m. The current budget now shows that this target is reduced to £0.267m. The Council has already secured savings of £0.083m towards this 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 2014/15. Initial workings suggest potential savings of over £0.050m for 2015/16, 2016/17 and 2017/18 are achievable. A list of potential reductions is currently being compiled which will be brought to a future meeting of Executive for consideration and approval. Officers have also reviewed the opportunities to reduce the salary budgets where savings arose in the first quarter. An amount of £0.070m has been removed from budgets for vacancies in quarter 1 which is included in the £0.083m savings shown above.
- 1.3 Within the Directorates there is the following to report:
- The Growth Directorate shows a favourable variance of £0.440m. This relates mainly to:

1. Under spends due to invoices not yet being received and therefore not paid, for such as joint officer posts or external contributions at the end of the quarter (£0.593m) – 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 (£0.056m) – adverse.
  4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.128m) – adverse.
- The Operations Directorate shows an adverse variance of £0.019m. This relates mainly to:
    1. Under spends due to invoices not yet being received and therefore not paid, for such as joint officer posts or external contributions at the end of the quarter (£0.367m) – favourable.
    2. Income received in advance of any expenditure (£0.169m) – favourable.
    3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.472m) – adverse.
    4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.035m) – adverse.
    5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.045) – adverse.
  - The Transformation Directorate has an adverse variance of £0.025m. Again, this relates mainly to:
    1. Under spends due to invoices not yet being received and therefore not paid, for such as joint officer posts or external contributions at the end of the quarter (£0.103m) – 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 (£0.086m) – adverse.
    4. Expenditure was spent but the grant hadn't been received as it is claimed in arrears (£0.049m) – adverse.
    5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.019) – adverse.

1.4 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 with the expenditure recorded against these sums. The amount budgeted to be spent in 2015/16 is £0.917m. Of this £0.132m must be spent by certain dates in September, October and November this year or the funding may be lost. At the most recent S106 meeting on 7<sup>th</sup> July, it was reported £0.003m of this 'at risk' amount had been spent in quarter 1 and that plans are in place to spend the remainder £0.129m, before the deadline. 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 1 shows that there is a favourable variance of £0.630m 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 2015/16. 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)**

- 1.6 The Housing Revenue Account summary for the first quarter of 2015/16 is set out in **Appendix 2** to this report. At the end of quarter 1 the HRA is showing a net deficit of £0.110m.

### **Income**

- 1.7 The quarter 1 income figures show an adverse variance of £0.538m. 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**

- 1.8 Expenditure within all 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.

### **HRA – Overall Summary**

- 1.9 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**

- 1.10 The capital programme summary for the first quarter of 2015/16 is provided in **Appendix 3** to this report. The programme has been updated with the capital budgets – previously approved by Executive - carried forward from 2014/15.
- 1.11 In headline terms the capital programme profiled budget for quarter 1 is £3.286m and the actual spend and known commitments total £0.278m, which is £3.008m behind the planned spend position. The main areas to highlight are listed below:

1. Bolsover Mini Hub – it is anticipated that this will commence during the latter part of the year.
2. Vehicles and Plant – for both the GF and the HRA, 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.
3. HRA major schemes including doors, heating and re-roofing – contracts were put out to tender in April which meant a delay in expenditure. It is expected that spend will catch up in quarter 2.
4. HRA property purchase/new build – these schemes are planned to begin in quarter 2.

- 1.12 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**

- 1.13 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**

- 1.14 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 2015/16 Treasury Management Strategy at its meeting in February 2015. **Appendix 4** identifies the Treasury Management activity undertaken during the first quarter of 2015/16 and demonstrates that this is in line with the plans agreed as part of the strategy.

## **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 efficiency measures target is now reduced to £0.267m at the end of the first quarter.

The monitoring position shows a net favourable variance position in the first quarter of £0.630m.

### HRA

The HRA is showing a net over spend/ under achievement of income in the first quarter of £0.110m.

### Capital Expenditure

There are no significant areas of concern to report regarding the capital programme in the first quarter of 2015/16.

### 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 2015/16.

### **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 2015/16 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 £0.630m against the profiled budget) and the key issues highlighted within this report:

- Savings identified and secured in the first quarter amount to £0.083m.
- The updated savings target for the General Fund Revenue Account at the end of the first quarter stands at £0.267m.
- On the basis that current progress is maintained it is anticipated that the Council should secure its efficiency measures 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**

<b>Is the decision a Key Decision?</b> (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
<b>District Wards Affected</b>	
<b>Links to Corporate Plan priorities or Policy Framework</b>	

## 8 Document Information

Appendix No	Title
<b>Background Papers</b> (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)	
<b>Attached as appendices 1- 4</b>	
Report Author	Contact Number
Chief Accountant	2458
Executive Director - Operations	2431

Report Reference –