

Bolsover District Council

Executive

28 November 2016

Medium Term Financial Plan - Revised Budgets 2016/17

Report of the Assistant Director – Finance, Revenues & Benefits

This report is public

Purpose of the Report

- To inform Executive of the outcome of the revised budget process undertaken during October and November 2016.
- To seek approval for the Revised Budgets for the General Fund, Housing Revenue Account and Capital Programme which will assist in improving the Councils financial position in both 2016/17 and future financial years.

1 Report Details

General Fund Revenue Account

- 1.1 The revised budget process is now complete and the proposed revised budget for 2016/17 for the General Fund is attached at **Appendix 1**. The appendix shows the Original Budget for 2016/17 which was agreed in February 2016, the Current Budget, which reflects budget transfers and approved changes during the financial year, and the proposed Revised Budget for 2016/17. The revised budget shows that the Net Cost of Services has increased to £10.780m which is £1.086m above the Original Budget figures. These increased costs reflect the impact of S106 and other expenditure funded by specific grants and reserves which have been incorporated into the current years' budget. This additional expenditure is offset by a corresponding increase in funding. The original savings target of £0.057m is now forecast to be delivered together with further savings of £0.423m which amounts to a total of £0.480m.
- 1.2 In developing these Revised Budgets, budget managers have been consulted and are in agreement of the budget changes proposed. The Revised Budget has also been developed in the light of a clear objective not to propose any budget changes that have a significant adverse impact on the service provision being delivered to local residents. **Appendix 2** details the net cost of each cost centre by Directorate.
- 1.3 The budget lines below the Net Cost of Services line of Appendix 1 have also been revised which gives an overall estimated surplus to the General Fund of £0.423m. Given that the Council commenced the year with savings target of £0.057m this represents an improved position of £0.480m. The key factors underlying this improvement are as follows:

	£000's
Council Tax Increase	63
Vacancy Management	196
Increase in Planning Income	175
Miscellaneous Budget Changes	46
Total Increase in Income / Reduction in Expenditure	480

- 1.4. As part of the process of agreeing the Council's financial accounts for the current financial year it will be necessary to allocate this surplus into the Council's Reserves and Balances. It is therefore proposed that the surplus will be transferred to the Transformation Reserve where it will be available to fund the Council's priorities of Growth and Transformation. All proposals to utilise the Transformation Reserve will be subject to formal Member approval. In addition to the surplus projected to arise in the current year the Council also received Efficiency Grant of £0.843m. As part of the MTFP approved in February 2016, it was agreed that this be transferred to the Transformation Reserve where it would be available to fund 'Invest to Save' schemes in line with the original conditions of the Efficiency Grant.
- 1.5. The position in respect of the General Fund Balance and the Transformation Reserve is outlined in the table below:

	General Fund Balance £	Transformation Reserve £
Opening balance 1/4/16	(2,000,000)	(5,571,105)
Commitments for all years, revenue and capital	0	4,252,975
Transfers to reserve in year	0	(1,301,432)
Estimated closing balance 31/3/17	(2,000,000)	(2,619,562)

Executive should note that the two reserves detailed above effectively represent the level of non earmarked funding that is available to the Council in respect of its General Fund. Given that the General Fund Balance is the funding of 'last resort' designed to protect service delivery in the event of an unexpected income shortfall or expenditure increase this in reality is not funding that is available to spend. The estimated closing balance on the Transformation Reserve of £2.620m is therefore the funding that is available to support priority Growth and Transformation initiatives on an Invest to Save basis.

- 1.6. The actual surplus for the year will clearly be dependent on the actual financial performance out-turning in line with the revised budgets. On the basis of current evidence there remains the possibility of unspent funding in departmental budgets and officers have continued to adopt prudent assumptions with respect to income streams, etc. These all suggest that further savings will be secured at the year end, although this could be offset by restructuring or other cost increases.

Housing Revenue Account (HRA)

- 1.7 The Housing Revenue Account revised budget proposal is set out in **Appendix 3** to this report.

Income

- 1.8 The Quarter 2 figures show a favourable variance of £).131m. This is mainly attributal to the income from Derbyshire County Council for Supporting People not being included within the original budget. At the time the budget was set a prudent assumption was made that no income would be received in the light of the uncertainties surrounding such income at that time.

Expenditure

- 1.9 The HRA expenditure is mainly within budget showing a net reduction in expenditure of £0.019m against the Current Budgets. The main changes are vacancies in the first half year resulting in a reduction to Repairs and Maintenance budgets of £0.090m, an increase to Supervision and Management budgets due to Council tax payable on the extra void properties of £0.053m and an increase in the provision for bad debts provision of £0.050m.
- 1.10 Taking account of the proposed budget changes detailed above, the HRA is anticipated to deliver a surplus in the current financial year of £0.014m, which is £0.002m higher than the current budget for 2016/17. That will leave a working balance at the end of the year of £1.905m.

Capital Programme

- 1.11 The Council's capital programme is detailed in **Appendix 4**. It has been updated from the Original Budgets to the Revised Budgets to reflect approvals within the year, slippage from 2015/16 and the profiling of expenditure on the individual schemes following changes approved by Members. As part of the revised budget process officers have taken estimated the likely level of spend in the current financial year and have adjusted the recommended budget accordingly. This reflects the work that has been undertaken to provide more accurate details as to whether work will be undertaken in 2016/17 or in future financial years.
- 1.12 The changes that are shown in the Revised Capital Programme Budgets require that the financing is adjusted accordingly to meet the anticipated spend. There are no issues to report with regard to the financing of the 2016/17 capital programme.

2 Conclusions and Reasons for Recommendation

- 2.1 This report proposes Revised Budgets for the current financial year (2016/17) in respect of the Council's three main accounts. In respect of the Council's General Fund a level of potential underspend has been identified, whilst the Housing Revenue Account is proceeding in line with the previously approved programme. While in the case of the Capital Programme a significant level of expenditure is now anticipated to take place during next financial year rather than in the current year this is not considered to amount to a fundamental change in the Programme. On the basis that the actual outturn position reflects the Revised Budget this will represent a good achievement for the Council demonstrating effective financial management

and an ability to continue to operate effectively against the background of the austerity agenda.

- 2.2 By bringing forward Revised Budgets at this stage in the year Members are made aware of the Council's financial position, whilst by formally agreeing Revised Budgets any efficiency savings can be secured for future re-allocation.

3 Consultation and Equality Impact

- 3.1 There are no consultation and equality impact implications arising directly from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 This report is intended to update Members concerning the Council's financial performance in respect of the current financial year (2016/17). As such it is monitoring against previously agreed budgets and there is no requirement to consider any other options at this stage. This report is, however, effectively the starting point for the work on next years' budget (2017/18) and upon the Medium Term Financial Plan covering the period to March 2021. As part of the agreement to those future years budgets Members will have a range of options for consideration.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 Financial issues are covered through this report. In addition to the issues which have been previously considered it should be noted that the preparation of the 2016/17 Revised Budget is a key part of the process in developing the budgets in respect of both 2017/18 and future financial years. Having undertaken this work Officers are now in a good position to develop the expenditure budgets for future financial years which are necessary in order to deliver both the Council's Corporate Plans and its service plans. Further work on the budgets for future years is now dependent upon receiving the detailed financial settlement in respect of Bolsover District Council which will follow on from the Chancellor's Autumn Statement. Likewise, given the potential volatility of NNDR income further work still needs to be undertaken in respect of outstanding appeals, etc. in order to agree an appropriate figure for inclusion within the budget.

- 5.1.2 With respect to risk 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. On the basis of the information provided within this report it is reasonable to assume that the Council has continued to manage this risk effectively during the current financial year.

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 implications arising directly out of this report.

6 Recommendations

- 6.1 That Executive approves the Revised General Fund operational budget for 2016/17 as set out in **Appendix 1** and detailed in **Appendix 2**.
- 6.2 That Executive approves the Revised HRA operational budgets for 2016/17 as set out in **Appendix 3**.
- 6.3 That Executive approves the Revised Capital Programme for 2016/17 as set out within **Appendix 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)	No
District Wards Affected	None Directly
Links to Corporate Plan priorities or Policy Framework	Providing our customers with excellent service. Transforming our organisation.

8 Document Information

Appendix No	Title
1	General Fund Summary
2	General Fund Detail
3	HRA
4	Capital
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)	
Budget Working Papers	
Report Author	Contact Number
Chief Accountant	2458
Assistant Director – Finance, Revenues & Benefits	2214