

Bolsover District Council

Executive

11th SEPTEMBER 2017

**Medium Term Financial Plan - Budget Monitoring Report, Quarter 1 –
April to June 2017**

Report of Leader and Portfolio Holder – Strategic Planning & Regeneration

This report is public

Purpose of the Report

- To update Executive 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

- 1.1 Officers have continued the integrated approach to budget monitoring in the first quarter with Performance, Risk and Finance being considered together at the combined Directorate meeting held during July 2017. The scope of this report is therefore to report the current financial position following the 2017/18 quarter one 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. The current budget now shows that this is reduced to £0.103m after the Council tax increase and other movements are included. As savings are identified and secured they are moved into the relevant cost centres within the main General Fund Directorates. Officers have reviewed the opportunities to reduce the salary budgets where savings arose in the first quarter and a further amount of £0.058m can be removed from budgets. **Appendix 5** to this report gives a detailed break-down of the General Fund directorate budgets.

- 1.3 Within the Directorates there is the following to report:

- The Growth Directorate shows a favourable variance of £0.264m. This relates mainly to:
 1. Under spends due to invoices not yet paid and vacancies at the end of the quarter (£0.376m) – favourable.

2. Income received in advance of any expenditure (£0.629m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.412m) – adverse.
 4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.316m) – 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 (£0.031) – adverse.
- The Operations Directorate shows an adverse variance of £0.060m. This relates mainly to:
 1. Under spends due to invoices not yet being paid and vacancies at the end of the quarter (£0.186m) – favourable.
 2. Income received in advance of any expenditure (£0.123m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.166m) – adverse.
 4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.220m) – adverse.
 - The Transformation Directorate has an adverse variance of £0.353m. Again, this relates mainly to:
 1. Under spends due to invoices not yet being paid and vacancies at the end of the quarter (£0.030m) – favourable.
 2. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.275m) – adverse.
 3. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.032m) – adverse.
 4. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.067) – adverse.
- 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 £1.877m. 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 1 shows that there is an adverse variance of £0.148m. This is mainly due to £0.853m invoices or commitments being paid or placed on the E-purchasing system for the full year. This compares to £0.963m in 2016/17. This is an indication that the system is being used correctly as orders are being placed as soon as the Council is committed to the expenditure. 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 2017/18 is set out in **Appendix 2** to this report. At the end of quarter 1 the HRA is showing a net surplus of £0.107m.

Income

- 1.7 The quarter 1 income figures show a small adverse variance of £0.010m. 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 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, there are no significant issues to report regarding the overall position for the HRA at the end of the first quarter.

Capital Programme

Capital Expenditure

- 1.10 The capital programme summary for the first quarter of 2017/18 is provided in **Appendix 3** to this report. The programme has been updated with carried forward budgets from 2016/17 previously approved by Executive.

- 1.11 In headline terms, the capital programme profiled budget for quarter 1 is £6.052m and the actual spend and known commitments total £3.551m, which is £2.501m behind the planned spend position. The main areas to highlight are listed below:

1. Group dwelling boiler replacement has only just started and is likely to be re-profiled at half year £0.652m.
2. New Bolsover HLF scheme is behind due to the unique nature of the scheme £0.734m.
3. Hilltop – HRA new build scheme is in the very early stages £0.498m.
4. The Tangent – Phase 2 is underway but currently £0.212m under spent.
5. JVC/Growth Agenda land purchase is £0.124m under spent as no opportunities to purchase have arisen.

- 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 2017/18 Treasury Management Strategy at its meeting in February 2017. **Appendix 4** identifies the Treasury Management activity undertaken during the first 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 next quarter with a view to amend the budgets accordingly.

2 Conclusions and Reasons for Recommendation

- 2.1 The report summarises the financial position of the Council following the first 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 first quarter as detailed on Appendix 1 and 5 (A net adverse variance of £0.148m 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 first quarter (Appendices 2, 3 and 4).

7 Decision Information

<p>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: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: 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></p>	Yes
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	Yes
<p>District Wards Affected</p>	All
<p>Links to Corporate Plan priorities or Policy Framework</p>	Providing Excellent customer focussed services. Continually improving our organisation

8 Document Information

Appendix No	Title
1	General Fund Summary
2	HRA Summary
3	Capital Programme
4	Treasury Management Update
5	General Fund Detail
<p>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</p>	

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	2414

Report Reference –