

Bolsover District Council

Executive

4 December 2017

Medium Term Financial Plan - Revised Budgets 2017/18

Report of Assistant Director – Finance, Revenues and Benefits

This report is public

Purpose of the Report

- To seek Executive approval of the 2017/18 revised budget for the General Fund, Housing Revenue Account and Capital Programme which will assist in improving the Councils financial position in both 2017/18 and future financial years.

1 Report Details

General Fund Revenue Account

- 1.1 The revised budget process is now complete and the proposed 2017/18 revised budget for the General Fund is attached at **Appendix 1**. The appendix shows the original budget for 2017/18 which was agreed in February 2017, the current budget, which reflects budget transfers and approved changes during the financial year, and the proposed revised budget for 2017/18. The revised budget shows that Net Cost of Services has increased to £10.811m which is £0.557m above the original budget figures. This increase reflects approvals during the year to fund additional expenditure predominantly from either earmarked reserves or grants, new income received and reductions made to expenditure through the revised budget process. The original savings target of £0.170m has now been delivered.
- 1.2 In all cases the budget managers have been consulted and are in agreement with the budget changes proposed. It has been a clear objective in the exercise not to make any budget changes that have a significant adverse impact on the service provision being delivered. **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 £0.780m. Given that the Council commenced the year with savings target of £0.170m this represents an improved position of £0.950m. The key factors underlying this improvement are as follows:

	£000's
Go Active Leisure Centre	105
Council Tax Increase	100
Crematorium	85
Vacancy Management	378
Increase in Planning Income	187
Miscellaneous Expenditure Reductions	95
Total Increase in Income / Reduction in Expenditure	950

Where the factors above will continue to apply in future years then the forecasts within the Medium Term Financial Plan will be amended accordingly. In the case of increased Planning income the Council will, however, continue to take prudent estimates at the outset of the year as the income stream is subject to fluctuation driven by events in the wider economy. Careful vacancy management has been effective during the year so far and the Go Active Leisure Centre budgets have been reviewed based on nine months of operating the facility.

- 1.4 The estimated £0.780m surplus in the year will clearly be dependent on the actual financial performance out-turning in line with the revised budgets. There may be further costs identified from restructuring processes and other variances as the year progresses. It is advised that the surplus generated in the financial year is transferred into the Transformation Reserve. This will maintain the Reserve at a level where it can finance the Council's transformation plans, service developments and any restructuring costs.

Housing Revenue Account (HRA)

- 1.5 The Housing Revenue Account revised budget for 2017/18 is set out in **Appendix 3** to this report.

Income

- 1.6 Rental income is in-line with the current budget and original estimate so only a slight revision has been made.
- 1.7 Charges for Services income are lower than the current budget by £0.152m. This is due to reduced costs of heating to us, therefore a lower cost is being recharged and also as a result of a Scrutiny review. The basis of the calculation for the heating charges was changed after the review.
- 1.8 Income for Supporting People – Central Control is higher than the current budget by £0.033m. This is due to increased numbers of users of the Careline Service.

Expenditure

- 1.9 Expenditure on the HRA is showing a net reduction against current budgets of £0.282m. Vacancies from repair and maintenance, supervision and management and special services have been removed for the first six months of £0.182m making up the biggest part of this reduction.

- 1.10 The remainder of the HRA expenditure reduction is from lower stores expenditure of £0.100m, lower utilities costs of £0.072m and an increase in the budget for the Council Tax payable on void properties £0.080m.
- 1.11 Taking account of the proposed budget changes detailed above, the HRA is anticipated to deliver a surplus in the current financial year of £0.137m, which is £0.125m higher than the current budget of £0.012m. This surplus will be utilised to fund improved services to Council tenants' in future financial years and as such it is proposed that it is retained in the development reserve. A working balance of £1.942m will be present at the end of the year.

Capital Programme

- 1.12 The Council's capital programme is shown in **Appendix 4**. It has been updated from the original budgets to reflect approvals within the year and the profiling of the individual schemes following approved changes by Members and from detailed discussions with budget officers.
- 1.13 As part of the revised budget process, officers have estimated the likely level of spend in the current financial year. As a result £6.516m has been removed from the current budget and put into 2018/19 as this is when the work is likely to be undertaken. The proposed estimated outturn for 2017/18 is therefore a budget of £18.297m.
- 1.14 The changes that are shown in the revised Capital Programme budgets mean that the financing is adjusted accordingly to meet the anticipated spend. There are no issues to report with regard to the financing of the 2017/18 capital programme.

2 Conclusions and Reasons for Recommendation

- 2.1 The purpose of this report is to set revised budgets as early as possible within the financial year for the General Fund and HRA which will ensure that identified budget savings are realised, that all budget managers are working to the revised budgets and to allow the planned changes in the HRA budgets to be delivered. The improved position on both the Council's main revenue budgets reflects a combination of favourable circumstances during the year, together with careful budget management and the ongoing policies of progressing the Growth and Transformation agenda in order to reduce the underlying level of expenditure in line with the ongoing reductions in the level of government grant. The savings achieved will be used to support service delivery to residents and tenants in future financial years.
- 2.2 To update the 2017/18 capital programme to reflect schemes approved during the year and to note the re-profiling of certain schemes within the programme.

3 Consultation and Equality Impact

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

4 Alternative Options and Reasons for Rejection

4.1 General Fund and HRA

The anticipated surplus on the Council's two main revenue accounts will result in an increase in financial reserves at the year-end which are available to protect services at a time of declining central government support. How these additional resources are utilised is a decision for Members which will be taken as part of the 2018/19 budget process.

4.2 Capital

There are no alternative options being considered with regard to the proposed allocations from the Capital Programme budget as it ensures the Council's assets meet health and safety requirements in that they are maintained in a fit for purpose state that ensures they remain fully operational.

5 Implications

5.1 Finance and Risk Implications

The issue of financial risk 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 continued reductions in budgets means that any adverse variances arising from particular issues or pressures will not now be able to be absorbed from favourable variances in other budgets and as such may result in an overspend against the revised budget.

There is also no provision within the revised budget to meet any costs of delivering financial savings required for future years. Any proposals to utilise the forecast surplus in the current year must take this risk into account.

5.1.2 The capital programme identifies and recognises the need to maintain the Council's assets in a fit for purpose state and to retain and attract income streams for the Council. The financing of the capital programme is secured for 2017/18 thus minimising the risk of any additional unplanned borrowing.

5.1.3 Financial issues and implications are covered in the relevant sections throughout this report.

5.2 Legal Implications including Data Protection

5.2.1 There are no legal issues arising directly from this report.

5.3 Human Resources Implications

5.3.1 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 2017/18 as set out in Appendix 1 and detailed in Appendix 2.
- 6.2 That Executive approves the revised HRA budgets for 2017/18 as set out in Appendix 3.
- 6.3 That Executive approves the revised Capital Programme for 2017/18 as set out within Appendix 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: Revenue £75,000</i> <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"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
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 Programme
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
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