

REPORT TO THE EXECUTIVE MEETING OF 4th SEPTEMBER 2017

Meeting: Executive
Date: 4th September 2017
Subject: 2017/18 Revenue and Capital Monitoring - Quarter 1
Report of: Head of Finance and Corporate Services (s151 Officer)
Portfolio Holder: Councillor Phil King
Status: For Decision and Information
Relevant Ward(s): All

1 Purpose of the Report

1.1 To provide Executive with high level budget monitoring information for the period 1 April 2017 to 30th June 2017, and to highlight the forecast outturn position for the revenue and capital budget for 2017/18.

2 Recommendations:

2.1 To note the net expenditure against the budget for the quarter to 30th June 2017, Appendix A.

2.2 To note Capital Programme expenditure for the quarter to 30th June 2017, Appendix D.

2.3 To approve the Slippage of Capital Expenditure and Financing as outlined in 4.3.2 and Appendix D.

3 Summary of Reasons for the Recommendations

3.1 The Council's financial performance up to 30th June 2017, together with known commitments for the remainder of the financial year, indicates that the General Fund Revenue Account is likely to outturn approximately £294K under the approved budget of £11.664m.

4 Key Facts

4.1 Financial Position to 30th June 2017.

4.1.1 The Council's 2017/18 net budget requirement, as approved by Council in February 2017, is £111.664m, this is shown in column B at **Appendix A**, attached.

Appendix A shows the financial position at the first quarter, to 30th June 2017. Overall this is forecasting a projected underspend of £294K (2.5%) of the approved budget at the end of the year.

4.1.2 The Council is currently forecasting an overspend on the net cost of services of £167K based on the spend and income forecasts by budget managers at the end of June 2017. This is a prudent estimate as there are three quarters of spend and activity remaining in the year. The net cost of services budget also includes the corporate contingency against which there are no current spend commitments. It is expected therefore that through continued robust budget management that the current forecast overspend will be reduced in the remaining three quarters of the year. Cost centre variances are detailed in **Appendix B** and explanations for variances over or under £25K are detailed in **Appendix C**.

4.1.3 As part of the 2017/18 budget setting process a number of the income budgets linked to high levels of activity, for example green waste subscribers were built into the base budget on a recurrent basis. As such the in-year income 'windfall gains' experienced in recent years is unlikely to be experienced at similar levels in 2017/18 and beyond. There is currently a forecast under-recovery against the car parking target for 2017/18 due to a later than anticipated implementation of the car-parking order and new machines.

4.1.4 The Council continues to benefit from its current policy of utilising internal investments to delay more expensive borrowing for Capital Schemes. The provision for repayment of external debt was reduced in the 2017/18 approved budget. It is anticipated that the Council will not need to undertake borrowing in 2017/18 through continued use of utilising internal investments. A saving in respect of the interest payable has been factored into the forecast. The Council has commissioned a balance sheet review from Capita Asset Services to look at the profile of borrowing and investment over the next few years based on the Council's current cash balances and commitments. Further savings are likely to be evidenced through this review and will be factored into Quarter 2 and Quarter 3 Budget monitoring.

4.1.5 The Council continues to benefit from high levels of retained business rate growth. Current forecasts indicate an increase in the retained levy over budget (included in the surplus above). However, this area of the budget is volatile due to the ongoing risk of business rate appeals. The budget monitoring reflects the full growth on the Funding line (£537K surplus) netted

down by an increase in the transfer to earmarked business rate retention reserve reserves (£267K)

4.1.6 The Medium Term Financial Strategy assumes that any surplus generated in 2017/18 will be transferred to the Council's General Fund Balance to assist with future year's Medium Term Financial Strategy Challenges.

4.2 Reserves

4.2.1 The key movement on reserves is an increase in the estimated contribution to the business rate retention reserve of £267K, this represents continued economic growth alongside changes in appeal provision.

4.3 Capital Budget

4.3.1 The Council approved a capital programme in February 2016 of £8.400m. On the 24th July the Executive approved capital carry-forwards of £819K (the previously agreed slippage contained within the Executive Report, 24th July included £54K of slippage erroneously - this is therefore amended in this report) and associated funding from the 2016/17 Capital Programme.

4.3.2 An assessment has been undertaken within the three year capital programme on when schemes will commence and expenditure incurred. This report identifies the need to slip the expenditure and funding of £6.682 million into 2018/19 and beyond (this will have revenue benefits through not having to undertake prudential borrowing for these schemes until 2018/19 and beyond). Details of the slippage are detailed in **Appendix D**. The key schemes being slipped are the Grow On Space project (£4.718 million) which is planned to commence on site in May 2018 and the proposed development of the vacant Naesby Square Garage Sites (£1.174 million). Other scheme slippage is detailed in **Appendix D**

5 Legal Issues

5.1 The Council is required to set and manage a legal balanced budget. The Quarter 1 monitoring indicates that the Council financial commitments are being managed within the resources approved by Council.

6 Resource Issues

6.1 The Resource issues are highlighted in the main report. Spending is being managed within the approved budgets agreed by Council in February 2017.

6.2 The Council's Revenue Budget performance is shown in **Appendix A**. Key Capital Programme details are shown in **Appendix D**.

7 Equality Impact Assessment Implications/Outcomes

7.1 There are no equality issues arising directly from this report.

8. Risk Management Implications

8.1 It is important to monitor the position against budget regularly in order to ensure any issues can be addressed appropriately.

9 Consultation

9.1 Budget holders and service accountants discuss the financial performance against budgets at monthly budget monitoring meetings. Key budget variances are discussed with Portfolio Holders.

10 Background Papers

10.1 Budget Working Papers and Monitoring for 2017/18

Previous report(s): Council 23 February 2017 – General Fund Revenue & Capital Budget

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

- A. Revenue Monitoring Summary**
- B. Analysis by Cost Centre**
- C. Explanation of Variances > £25K**
- D. Capital Monitoring Summary**