

Report of the Section 151 Officer

Financial monitoring and position statement for 2017-18

1 Purpose of report

1.1 This report shows the monitoring position for revenue expenditure only, but should be read in conjunction with the capital report elsewhere on this agenda to give members a total view and understanding of the financial position of the council.

1.2 The revenue forecast outturn is estimated as at 30 June 2017.

2 Executive Summary

This is the first monitoring report for the 2017-18 financial year and will be used as the baseline to compare future revenue forecasts.

3 Appendices

Appendix 1 Revenue Monitoring Position to 30 June 2017

4 The resources committee is invited to:

4.1 RESOLVE to note the position on the revenue monitoring and the reasons for the variances reported and shown in Appendix 1.

5 Introduction

5.1 Financial monitoring is reported 4 times in the year, 3 in-year reports (September, December and March committees) and the final out turn position in June of the following financial year. This report is the first in-year report for 2017-18 and reflects the monitoring position as at 30 June 2017.

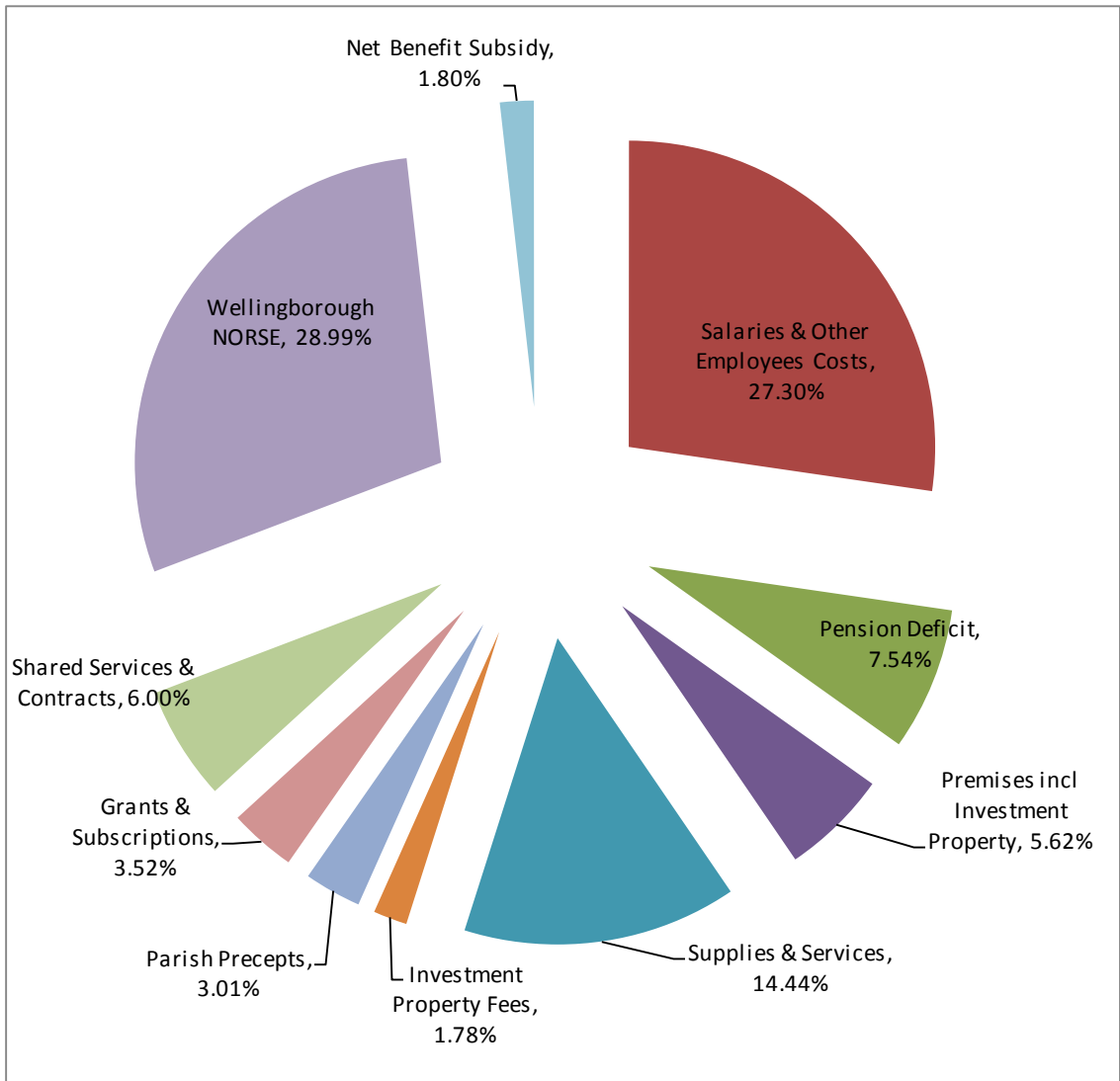
5.2 Further financial forecasts will be reported to committee to show the changes in the monitoring position as at the following dates:

- 30 September 2017
- 31 December 2017
- 31 March 2018

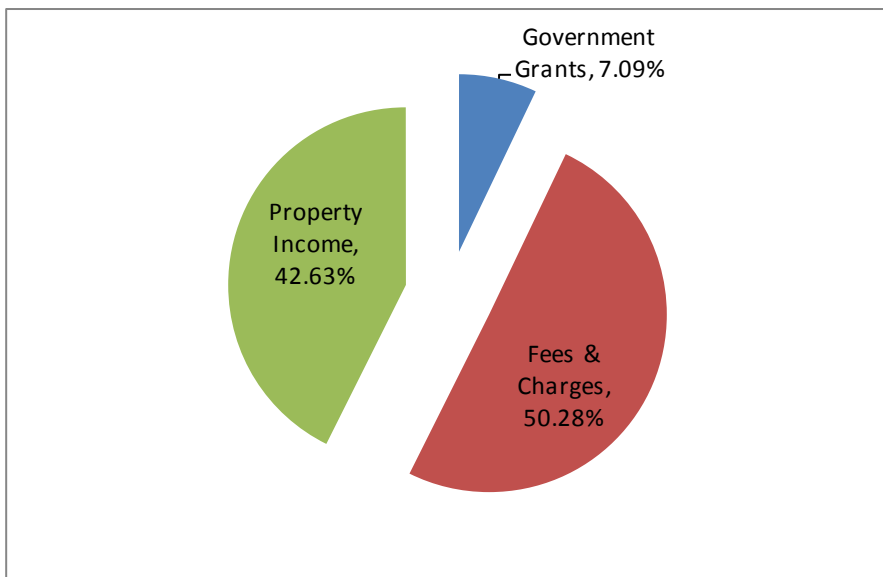
6 Discussion: 2017-18 Revenue Budget

6.1 The council set its net revenue operational budget in February 2017 as £10.106m which is made up of £16.680m of gross expenditure and £6.574m of gross income, this is summarised in the following charts:

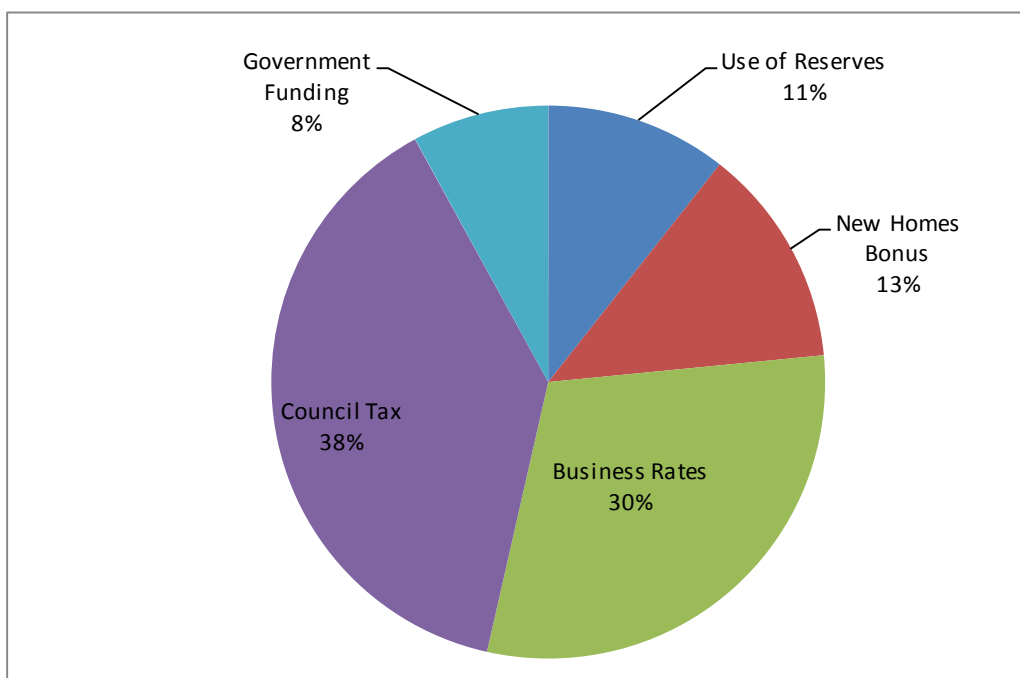
Gross Expenditure - £16.680m:



Gross Income - £6.574m:



6.2 The 2017-18 net budget of £10.106m is funded using £1.071m of general fund reserves and other sources of external funding as detailed in the next chart.



6.3 The monitoring of the revenue budget reports the variance to the use of reserves to show any under or over spending on that budget.

6.4 The revenue monitoring position is currently forecasting an increase in the need to use reserves of £131k, made up from a number of net pressures and efficiencies. The key areas that contribute to this movement are listed below, with more detail in Appendix 1 of the report.

	£'000
Budgeted Use of General Reserves as at 1st April 2017	1,071
Based on a Revised Total Budget of £10,106k	
Budget Savings:	
No borough elections due until 2019	-35
Investment Property rate refunds due to revaluation	-10
Total Budget Savings	-45
Budget Pressures:	
Feasibility costs of key project investigations for property matters approved in principal	40
Reduced income from housing benefit overpayments	66
Net trading overspend for The Castle Theatre	68
Net pressure across the services	2
Total Budget Pressures	176
Net Budget Pressure	131
Revised Budgeted Use of Reserves as at 30th June 2017	
Based on expected outturn figure of £10,237k	1,202

- 6.5 One area contributing to the need to increase the use of reserves is in relation to the running of the Castle. This will be the first full year of the council overseeing the operation and costs will be incurred to bring it up to a required standard in preparation of it being put out to tender in the future. The £68k net trading overspend is summarised as follows:

	£'000
Management & Staff Cost	322
Repairs & Maintenance	90
Utilities & Rates	93
Supplies & Services	107
Performance Costs	340
Advertising	55
Theatre Income	- 595
	412
Available Budget	344
Net Overspend	68

- 6.6 The other contributing factors to the total variance are a mixture of savings due to no borough elections due this year, and an anticipated overspend on project initiation costs. Based on the outcome of the feasibility studies, these costs may be capitalised in the future.
- 6.7 Throughout the year budget movements are monitored and reported when they materialise or are certain to materialise in the future. There are some items that are potential further pressures or savings but are yet to be reported due to uncertainties regarding timing or validity.

7. Legal Powers

Local Government Act 2003

8. Financial and Value for Money Implications

These are detailed in this report.

9. Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Error in reported position	Over spend leading to reduced Reserves and Balances	Low due to level of quality assurance	Robust financial arrangements.
Changes in activity levels and new burdens	Over spend leading to reduced Reserves and Balances	Likely with 8 months of financial year remaining	Robust financial arrangements.

- 10. Implications for Resources**
None identified.
- 11. Implications for Stronger and Safer Communities**
No specific implications.
- 12. Implications for Equalities**
No specific implications
- 13. Author and Contact Officer**
Caroline Conway-Hook, Service Accountant
- 14. Consultees**
Samantha Knowles, Interim Assistant Director
Liz Elliott, Managing Director
Bridget Gamble, Director
Julie Thomas, Director
Budget Managers
- 15. Background Papers**
Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 30th June (Period 3) with forecast to 2017/18 Outturn

Service Area	Original Budget 2017/18	Revised Budget 2017/18	Profiled Budget	Actual Expenditure to Period 3	Variance at Period 3	Forecast Outturn at 31st March 2018	Forecast Variance at 31st March 2018	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Community Support	1,759	1,762	325	398	73	1,824	62	Pressures: £68k net pressure for operation of The Castle Theatre £1k net miscellaneous costs across the service. Savings: £7k increase in income due to higher than anticipated participants during the Waendel Walk.
Environmental & Health Protection	426	435	109	92	-17	435	0	
Housing	481	486	122	-1	-123	487	1	Pressures: £1k net miscellaneous costs across the service
Planning Policy and Regeneration	696	700	143	138	-5	700	0	
Planning and Building Control	106	132	33	60	27	132	0	
Environmental Services	3,863	3,870	805	1,506	701	3,870	0	
Organisational Development	221	223	56	43	-13	223	0	
Democratic Services	769	804	201	633	432	779	-25	Pressures: £3k increase in travel claims and car allowances for attending more meetings £7k additional security for evening meetings Savings: £35k as no Borough elections due until 2019
Investment Property	-1,523	-1,521	-385	-383	2	-1,496	25	Pressures: £40k overspend on services mostly on town centre projects, may convert to capital as schemes proceed £2k on professional fees Savings: £10k across the estate on utilities £7k income dilapidations charge against a former tenant
Operational Property	837	839	176	232	56	839	0	
Information Technology Shared Service	1,008	934	441	265	-176	934	0	
District Law Shared Service	146	146	37	35	-2	146	0	
Accountancy	567	488	122	206	84	488	0	
Internal Audit	65	65	16	0	-16	65	0	
Revenues and Benefits	263	280	70	219	149	346	66	£66k reduced income from housing benefit overpayments
	9,684	9,643	2,271	3,443	1,172	9,772	129	
Corporate Contingency	110	151	10	-81	-91	151	0	
Bad Debt Provision	10	10	2	0	-2	10	0	
Depreciation & Amortisation	-1,558	-1,558	-	-	-	1,558.00	0	
Non Distributed Costs- Pension Fund	1,324	1,324	331	183	-148	1,324	0	
Investment Income	-225	-225	-56	39	95	-225	0	
Audit Fee & Bank Charges	66	66	16	0	-16	66	0	
Other Income and Expenditure	-273	-232	303	141	-162	-232	0	
Corporate Management	193	193	48	63	15	195	2	
Parish Precepts	502	502	301	301	0	502	0	
2017/18 Budget Requirement	10,106	10,106	2,923	3,948	1,025	10,237	131	

Service Area	Original Budget 2017/18	Revised Budget 2017/18	Profiled Budget	Actual Expenditure to Period 3	Variance at Period 3	Forecast Outturn at 31st March 2018	Forecast Variance at 31st March 2018	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Government Funding	-806	-806	-269	-269	0	-806	0	
Business Rates	-2,289	-2,289	-763	-763	0	-2,289	0	
Section 31 Grant	-754	-754	-251	-251	0	-754	0	
Council Tax	-3,887	-3,887	-1,296	-1,296	0	-3,887	0	
New Homes Bonus	-1,299	-1,299	-433	-734	-301	-1,299	0	
Use of General Fund Reserves	-1,071	-1,071	-357	0	357	-1,202	-131	
Ear Marked Reserves	0	0	0	0	0	0	0	
2017/18 Funding	-10,106	-10,106	-3,369	-3,313	56	-10,237	-131	
Net Position	0	0	-446	635	1,081	0	0	