

North East Derbyshire District Council

Cabinet

2 August 2017

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

**Report of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy,
Finance and Regeneration**

This report is public

Purpose of the Report

- To update Cabinet on 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.

1 Report Details

- 1.1 Officers have adopted the integrated approach to budget monitoring utilised in previous years for the first quarter with Performance, Risk and Finance being considered at performance meetings 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 as **Appendix 1**. Column 1 shows that the original savings target for 2017/18 was £0.363m.
- 1.3 Savings identified to date and other changes to the budget are summarised by Directorate in the Current Budget column (column 2) of the appendix. The Current Budget now shows that the savings target for 2017/18 is £0.141m.
- 1.4 The budget monitoring undertaken in the first quarter is monitored against the Current Budget. A comparison of the profiled budget (column 3) against the actual expenditure to date (column 4) at the Net Cost of Services line shows an over spend at the end of the first quarter of £0.155m. This is mainly due to timing of housing benefit payments and the reimbursement of housing benefit subsidy grant from the Government which will be resolved during the next quarter. There is offset by an under spend of £0.055m due to increased income on Investment Properties and interest.

- 1.5 The quarterly performance monitoring meetings have not identified any significant budget issues to report at this stage. The summary shows that the Council is spending slightly above its profiled budget at the end of the first quarter. On the basis of the savings achieved to date, officers are of the view that the Council should be in a position to balance its budget by the year end.
- 1.6 Officers will begin working with Budget Managers ahead of quarter two to compile a revised budget for 2017/18. This will amend the current budgets to capture additional budget savings and reduce spending where it is anticipated that there will be a minimal impact upon service delivery. As in previous years, this process will take account of all known potential savings in order to balance the budget for the year. Where possible the budget in future years will be amended to reflect these savings too thus serving to reduce the projected budget shortfall. The revised budget position will be presented to Cabinet in November.

Housing Revenue Account (HRA)

- 1.7 The Housing Revenue Account in respect of the first quarter of 2017/18 is set out in **Appendix 2** to this report. The current position shows an under spend of £0.015m.
- 1.8 The dwelling rents budget is slightly lower than forecast. This is a minor variance (0.4%) and the position will be reviewed during the revised budget process and if necessary, amended at that stage.
- 1.9 Supervision and management costs are £0.055m below budget at quarter one; there are no major variances of note to report within this. Interest payable is higher than budget when comparing actual loans pool and internal borrowing movements against the forecast but this is expected to align with the annual forecast over the coming months.

Capital Investment Programme

Capital Expenditure

- 1.10 The first quarter monitoring position in respect of the Capital Programme is provided in **Appendix 3** to this report. In total, the approved capital programme for 2017/18 is £18.333m.
- 1.11 The capital programme profiled budget for quarter 1 is £4.84m and actual spend and known commitments total £2.802m, giving a favourable variance of £2.038m. The main area of under spend at this stage relates to the new build scheme at North Wingfield and the stock purchase scheme. Both are fully expected to progress over the coming months with delivery of the schemes on target for the year.

Capital Resources

- 1.12 The Council has sufficient capital resources in place to finance the actual expenditure and commitments of the capital programme at the end of the first quarter. As in previous years, officers will continue to work to generate capital receipts in order to assist in secure the funding for the capital programme in future financial years.

Treasury Management

- 1.13 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 position 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.
- 1.14 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.
- 1.15 Work is currently being undertaken to maximise interest yield from investments without any increase to risk and within the confines of the approved treasury management strategy. As part of this exercise, investments have been placed with a local authority and in covered bonds and certificates of deposit with approved building societies. These investments have only very recently been placed so the benefits will begin to be realised during the course of the coming year.

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 consultation and equality impact implications from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 This report is concerned with monitoring the position against the Council's previously approved budget. Accordingly the report does not set out any options where a decision is required by Members.

5 Implications

5.1 Finance and Risk Implications

Financial issues and implications are covered in the relevant sections throughout this report. In summary these are:

General Fund

To date, the council has achieved £0.222m of its £0.363m savings target. The monitoring position shows a net over spend position in the first quarter of £0.094m, officers are of the view that further work will secure the full level of financial savings required in respect of 2017/18.

HRA

The current position shows an under spend of £0.015m. The dwelling rents budget is slightly lower than forecast which will be reviewed during the revised budget process and if necessary, amended at that stage.

There are no other significant income or expenditure variances within the HRA to report at the end of the first quarter.

Capital Expenditure

There are no significant areas of concern to report regarding the Capital Programme in the second quarter of 2017/18.

Capital Income

The Council has sufficient capital resources in place to finance the actual expenditure and commitments of the capital programme at the end of the first quarter.

Treasury Management

There are no significant areas of concern to report regarding Treasury Management activities in the first quarter of 2017/18.

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 Cabinet notes the monitoring position of the General Fund at the end of the first quarter as detailed on **Appendix 1** and requests that Officers continue with work designed to deliver the targeted level of savings in respect of 2017/18.
- 6.2 That Cabinet notes the satisfactory position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the first quarter.

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>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<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	Appendix 1 General Fund Summary.xlsx
2	Appendix 2 HRA.xlsx
3	Appendix 3 Capital.xls
4	Appendix 4 Treasury Management.doc
<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 section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
<p> </p>	
Report Author	Contact Number
Assistant Director – Finance, Revenues & Benefits	7658