



## Finance Sub-Committee 26 June 2017

### Budget Monitoring to 31 May 2017 (high level review only)

#### Purpose of report

To provide an overview on the forecast revenue position against the approved budgets for the period ended 31 May 2017 in financial year 2017/18.

#### 1. Introduction

- 1.1. This report provides an overview of the council's forecast revenue position up to 31 May 2017 against the approved budget 2017/18. It highlights any significant under or overspending and identifies its impact on the year end position.
- 1.2. In previous years, the draft outturn report from the previous financial year would be presented to Finance Sub Committee at this meeting. However, due to the accelerated timescales to complete the 2016/17 year end closedown process, this was presented to the Committee at its meeting of 8 May 2017 instead.
- 1.3. As officers have been heavily involved in the closedown process, the budget monitoring process for 2017/18 has not yet fully begun. Therefore, this report is limited to informing Members of high-level variations that are currently known which have a potential significant impact on the overall financial position of the council.

#### 2. Overview

##### 2.1. Revenue Overview

- 2.2. Council approved a total budget requirement of £10,810,681 for 2017/18 which included a council tax requirement of £4,125,909, as well as parish precepts and a number of technical accounting entries and adjustments. For monitoring purposes, the Finance Sub Committee is focussed on the collectable income and expenditure of this council. The original revenue budget for the net cost of services, before such adjustments and items, was £9,179,726.
- 2.3. Since the budget setting in March 2017, the total budget has been revised to £9,221,998. This change in budget relates to net interest receivable and carry forwards from 2016/17 totalling £142,272 (net) approved during the year, as shown in **Table 1** below:

<i>Table 1</i>	£
Net cost of services	9,179,726
Net Interest Receivable	(100,000)
Carry forwards from 2016/17 (FSC 08/05/17)	142,272
<b>Revised budget as per Outturn report</b>	<b>9,221,998</b>

## 2.4. Revenue Update

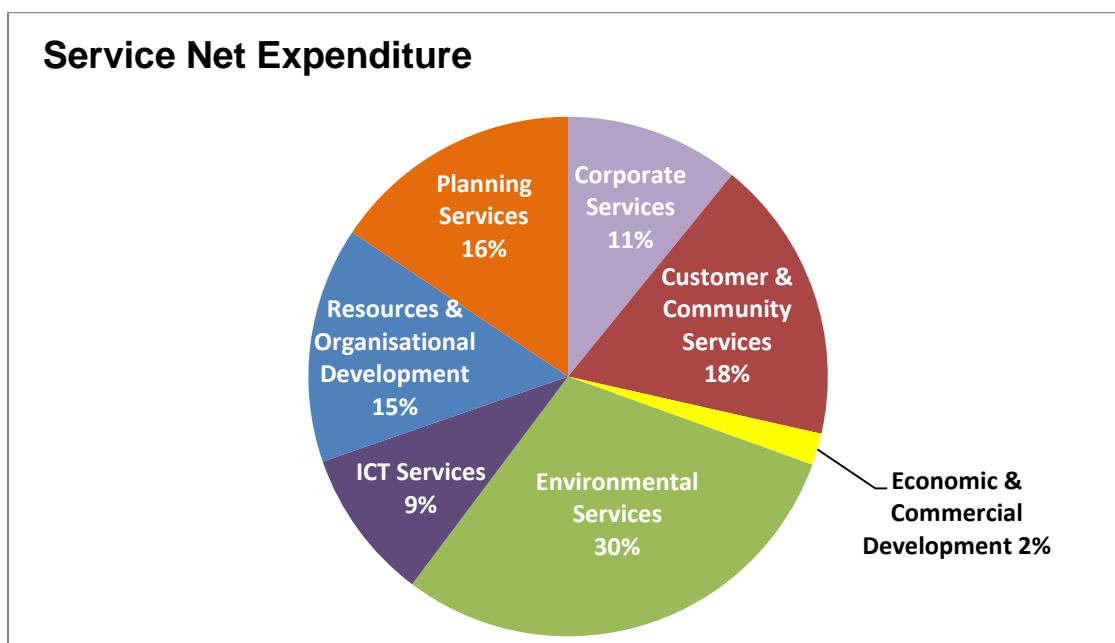
2.5. The estimated outturn for services for the year is an underspend of £147.5k. This is due to income arising from the recent acquisition of a retail site at Rushden and estimated ongoing pressure in housing benefit budgets as highlighted in the draft outturn report to Finance Sub Committee in May 2017.

2.6. **Table 2** below shows the actual expenditure to date against budget, and the estimated out-turn for year with the variance against budget.

	Budget A	Actual B	Forecast C	Variance C - A
Corporate Services	£985,390	£100,058	£985,390	£0
Customer & Community Services	£1,504,346	£193,534	£1,604,346	£100,000
Economic & Commercial Development	£426,860	£142,957	£179,360	(£247,500)
Environmental Services	£2,698,164	£89,541	£2,698,164	£0
ICT Services	£856,453	£441,777	£856,453	£0
Resources & Organisational Development	£1,332,804	£147,980	£1,332,804	£0
Planning Services	£1,417,981	(£222,656)	£1,417,981	£0
	<b>£9,221,998</b>	<b>£893,191</b>	<b>£9,074,498</b>	<b>(£147,500)</b>

NB: Corporate Services includes Chief Executive, Executive Director and Chief Finance Officer reporting

2.7. The chart below shows the net service expenditure as a percentage of the total estimated outturn position for 2017/18.



2.8. CMT are currently assessing their service areas for budgets which will require a monthly review. This is classified internally as 'High Risk' monitoring whereas the usual monitoring process for all budgets is carried out on a quarterly basis. High risk monitoring will include items where the budget is in excess of £100k or other sensitive areas of spend. The following are set to be included in the list of high risk budgets:

- Housing Benefits
- Council Tax and Business Rates
- Legal Services
- Development and Building Control

- Waste Services (including Street Cleansing and Grounds Maintenance)
- Electoral Registration
- Homelessness
- Vacancy Savings Budget
- Treasury Management
- Eaton Walk

For 2017/18 this is also being expanded to include high risk capital projects and other key projects across the council. This is likely to include the following but is subject to decisions on proposals following the review of the capital programme (which is covered in a separate report to this Committee):

- Disabled Facilities Grant
- Recycling Receptacles
- Retail Units, Rushden
- ICT Transformation Programme (and delivery of savings)
- Waste Procurement
- Rushden Lakes (Business Rates)

## **2.9. Treasury Management**

- 2.10. Due to the high level nature of this report, the update on Treasury Management will be covered by a separate report to the Committee on this occasion. It will be included as usual for the next detailed report in September 2017.

## **3. Capital Overview**

### **3.1. Capital Expenditure 2017/18**

- 3.2. The Capital Programme was approved by Full Council on 1<sup>st</sup> March 2017. It was agreed that, due to declining capital resources and recent significant changes to the capital programme, the approval would be subject to a review of the programme by Members of the Finance Sub Committee and CMT. This review has been completed and is covered under a separate report to Finance Sub Committee.
- 3.3. Due to focus being on the 2016/17 closedown process and preparing for the review meeting, there has been no monitoring undertaken on capital expenditure during 2017/18. A detailed report will be prepared for the next Committee meeting on 11 September 2017 which will include more focus around the Disabled Facilities Grant with more detail being reported around different stages of commitment to projects.

## **4. Equality and Diversity Implications**

- 4.1. There are no known equalities issues arising from this report.

## **5. Legal Implications**

- 5.1. There are no known legal implications arising from this report.

## **6. Risk Management**

- 6.1. This risks arising from this report are recorded in the council's Risk Register. The risks are subject to regular review and update.

## **7. Resource and Financial Implications**

- 7.1. This report is of a financial nature and the implications are set out within the report.

## 8. Constitutional Implications

8.1. This report is of a financial nature. There are currently no direct implications impacting on the Constitution.

## 9. Customer Service Implications

9.1. This report is of a financial nature. There are no direct implications impacting on customer services.

## 10. Corporate Outcomes

10.1. This report links to the following Corporate Outcomes:

- **Effective Management**  
*Budget monitoring allows the council to manage and review its financial performance, contributing to the effective management of the council*
- **Good Value for Money**  
*This report demonstrates the cost of services provided which contributes to this corporate outcome*

## 11. Recommendations

12.1 The Finance Sub-Committee is asked to:

- a) note the latest estimate on the revenue position for 2017/18

*(Reason: This is for information / monitoring purposes)*

<b>Legal</b>	Power: Local Government Act 2003				
	Other considerations:				
<b>Background Papers:</b>					
<b>Person Originating Report:</b> Michelle Drewery, Finance Manager ☎ 01832 742267 ✉ mdrewery@east-northamptonshire.gov.uk					
<b>Date: 14/06/2017</b>					
<b>CFO</b>		<b>MO</b>		<b>CX</b>	