

Ward: All
Portfolio: Finance
Meeting Date: 11 September 2017

Report Author(s): Cllr Parham / Corporate Finance

SUBJECT: MTRS Budget Monitoring 2017/18 – Quarter 1

	Seen by:	Name	Date
Report Sign off	Chief Executive / Deputy Chief Executives	Donna Nolan	21 August 2017
	Legal	Lesley Dolan	29 August 2017
	Finance	Duncan Moss	18 August 2017
	Group Manager	Paul Deal	18 August 2017
	Portfolio Holder	Cllr Parham	20 August 2017
	Ward Member(s)	ALL	N/A
	Summary:	<p>The report summarises the forecast outturn position of the Council's Medium Term Resource Strategy for the 2017/18 financial year, based on Quarter 1 projections. The report provides the following information:</p> <ul style="list-style-type: none"> a) The projected <u>Revenue</u> outturn position for 2017/18 (Section 4 + Appendices 1a and b) b) In-Year Virement Summary (Section 5 + Appendix 2) c) The projected <u>Capital</u> outturn position for 2017/18 (Section 7 + Appendix 3) d) The Aged Debt Analysis (Section 8 + Appendix 4a & 4b) e) The Council Tax and National Non-Domestic Rate Collection Summary (Section 9). f) Summary Treasury Management position (Section 10). 	
Recommendation:	Cabinet is recommended to note the contents of this report.		
Direct and/or indirect impact on service delivery to our customers and communities:	The financial health of the Council may impact on all priorities when the Council needs to make funding decisions for future years.		
Legal Implications:	None as a direct result of this report.		

Financial Implications:	<p>Any variance against the agreed budget will impact on the Council's general balances. The Council's financial position will be constantly reviewed to ensure its continued financial health and delivery of excellent Value for Money.</p> <p>The report indicates a projected Revenue budget variance of -£198k and that the Capital Investment Programme is on target at this early stage of the year.</p>
Value for Money:	<p>The Medium Term Resource Strategy and budget monitoring process are fundamental elements in the Council's ability to demonstrate and achieve value for money in its operations.</p>
Equalities Implications:	<p>None as a direct result of this report.</p>
Risk Assessment and Adverse Impact on Corporate Actions:	<p>General Fund balances are forecast to remain relatively strong. However Members will be aware that the Council continues to face a financially difficult and uncertain future.</p> <p>Robust monitoring procedures enable officers to highlight major financial risks on a timely basis to incorporate in the report, and officers are already working with the Cabinet to address budget pressures going forward.</p>
Scrutiny Recommendation (if any)	<p>N/A</p>

1. INTRODUCTION

- 1.1.** The Council agreed the 4-year Medium Term Resource Strategy (MTRS) and the specific Revenue and Capital Budgets for 2017/18 at its meeting on 20 February 2017. At the same meeting, the Council considered the Section 151 Officer's statement on the Robustness of the 2017/18 Budget Estimates and the Adequacy of Reserves and Balances.
- 1.2.** This report provides Members with a summarised overview of the forecast outturn position on the Councils' Revenue and Capital Budgets for the 2017/18 financial year, based on Quarter 1 projections. It highlights any service impact resulting from projected spending levels. This is the first detailed budget monitoring report to be formally considered by the Cabinet in 2017/18, therefore explanations of variances relate to the three-month period of the financial year (1 April to 30 June 2017). There remains plenty of time left within the year for the position to be changed.
- 1.3.** The aim is to keep a tight control on spending on services within a flexible budget management framework, allowing budget holders to manage savings within controllable budgets to help mitigate budget pressures and thus contain or minimise a budget deficit for the Council as a whole.

2. OPTIONS CONSIDERED AND REASONS FOR REJECTING THEM

2.1. No formal options appraisal is applicable to this report.

3. CONSULTATIONS

3.1. The individual service content within this report has been considered by Corporate Finance and the Corporate Management Team prior to submission with ongoing briefings of Portfolio Holders.

4. REVENUE BUDGET MONITORING SUMMARY

4.1. Revenue Budget Position Statement:

	Current Budget £'000	Projected Outturn £'000	Budget Variance £'000
Corporate Services	524	493	(31)
Law & Governance	1,123	1,109	(14)
Neighbourhood Services	4,261	4,273	12
Community Health Services	1,220	1,186	(34)
Planning & Growth Services	2,077	2,093	16
Housing Services	2,243	2,259	16
5 Council Contract	1,963	2,063	100
Strategic Leadership Team	708	1,065	356
Shape Housing Limited	18	18	0
Cost of Group Services	14,136	14,558	421
Non Service Costs	(14,136)	(14,360)	(224)
Gross (Under) / Overspend	0	198	198

4.2. The table above shows a representation of the forecast year-end position which shows there is a Net Budget Variance of £198k. A detailed breakdown of the figures by service is included as **Appendix 1a** with a breakdown of all variations over £10k as **Appendix 1b**.

5. QUARTER 1 VIREMENT SUMMARY

5.1. In Year Budget Virements are detailed in **Appendix 2**.

6. RESERVES

General Balances

6.1. If the forecast budget variance of £198k is realised, the unallocated general balances of the Council will reduce but remain above the minimum prudent balance of £1.5m recommended in the Section 151 Officer's statement on the Robustness of the 2017/18 Budget Estimates and the Adequacy of Reserves and Balances.

6.2. However, the Council (in common with other public bodies) continues to face a difficult financial climate, it is prudent to retain robust balances to smooth the potential effect to the tax payer of further cuts.

6.3. The £5.414m Earmarked Reserves reported in the outturn report has reduced to £5.237m after planned draw downs included within the base budget. These funds will support the forward planning of the organisation and help to deliver our corporate priorities during the short to medium term whilst mitigating the effect of any future cuts in central government funding.

7. CAPITAL PROGRAMME

7.1. Attached at **Appendix 3** is a table showing the forecast Capital Expenditure for the 2017/18 financial year remains on target.

8. SUNDRY DEBTORS – AGED DEBT ANALYSIS

8.1. Services' total outstanding debt relating to external income on the Accounts Receivable system stood at £598k on 30 June 2017. Although this represents a fairly large increase in the position at this stage last year (+£100k) this is due to a single debt of £225k now being included. This debt has been referred to legal services.

8.2. The level has remained fairly consistent over the course of this calendar year, generally between £550k - £600k. The significant increase shown in the chart for May reflects the invoicing for garden waste collection. These debts have now largely been settled.

8.3. Considerable effort continues to ensure all outstanding debts are chased and collected, especially those for strategic partners who owe over £230k of the remaining £373k debt (excluding the large single debt outlined above). Therefore we are confident that the level of that aged debt which could be seen as "at risk" is less than £150k.

8.4. **Appendix 4a** shows the position achieved since June last year, and **Appendix 4b** provides the breakdown of the debt by service. This highlights that the debt is now largely less than one year old. Older debts are those that have payment plans and so are being reduced gradually.

9. COUNCIL TAX AND NON-DOMESTIC RATE COLLECTION

9.1. The table below shows the level of Council Tax and National Non-Domestic Rates (NNDR) collected by the Authority as at 30 June 2017 and the comparable performance for Quarter 1 of 2016/17.

	<u>Council Tax</u>			<u>Business Rates</u>		
	<u>2017/18</u>	<u>2016/17</u>	<u>Trend</u>	<u>2017/18</u>	<u>2016/17</u>	<u>Trend</u>
Collectable Debit	£65.901m	£62,571m	↑	£35.128m	£35.451m	↓
Collected	£20.009m	£18.955m	↑	£10.312m	£10.353m	↓
Percentage	30.4%	30.3%	↑	29.4%	29.2%	↑

9.2. The table above shows that the value of Council Tax income, both due and collected, has increased from this time last year. However, for Business Rates both the percentage due and collected is slightly lower; this is thought to be due to the revaluation. The overall Business rates collection percentage is however slightly higher than in the equivalent period in 2016/17.

10. TREASURY MANAGEMENT

10.1. All funds have been managed in accordance with the Council's approved treasury management policy.

<u>Investments / Lending Summary as at:</u>			<u>30 June 2017</u>		
<u>Borrower</u>	<u>Amount Invested</u>	<u>Limit</u>	<u>Length of deposit</u>	<u>Terms</u>	<u>Rate %</u>
UK Government Gilt	£1,610,000	£5,000,000	N/A		1.25%
Bank of Scotland	£2,000,000	£5,000,000	5 months	Call	0.55%
Bank of Scotland	£1,000,000		6 months	Fixed	0.52%
Bank of Scotland	£1,000,000		5 months	Fixed	0.50%
Bank of Scotland	£1,000,000		6 months	Fixed	0.53%
Lloyds	£1,500,000	£5,000,000	4 months	Fixed	0.45%
Lloyds	£1,500,000		6 months	Fixed	0.51%
Bank of New York Mellon	£990,033	£5,000,000	NA	Fixed	0.23%
Bank of New York Mellon	£4,000,191		NA	Call	0.45%
Santander	£1,845,314	£5,000,000	NA	1 Day	0.15%
Total	£16,445,538				

10.2. SLT are currently exploring options for better returns by investing into a variety of activities.

11. LEGAL IMPLICATIONS

11.1. None

12. EQUALITIES IMPLICATIONS

12.1. None

13. RECOMMENDATION

13.1. Cabinet is recommended to note the contents of this report.

14. REASONS FOR RECOMMENDATIONS

14.1. To maintain effective financial stewardship and budgetary control and to comply with the agreed strategy of regularly informing members of the forecast outturn position relating to the 2017/18 financial year as part of the annual budget monitoring process.

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List of background Papers (available upon request):

- **207/18 MTRS Report**
- **Agresso FMS reports**