

Quarter 1 Budget Monitoring Report 2017-18

Cabinet	03 October 2017
Report Author	Tim Willis, Director of Corporate Resources
Portfolio Holder	Cllr John Townend, Portfolio Holder for Financial Services and Estates
Status	For Decision
Classification:	Unrestricted
Key Decision	No
Ward:	All Wards

This report provides an update of the Council's 2017-18 revenue and capital forecasts against budget as at the end of June 2017.

Recommendation(s):

That Cabinet notes the forecast position for 2017-18 for:

- (i) The General Fund;
- (ii) The Housing Revenue Account;
- (iii) The General Fund and Housing Revenue Account Capital Programmes.

CORPORATE IMPLICATIONS

Financial and Value for Money	The financial implications have been reflected within the body of the report. Achieving value for money is critical to the Council's medium term financial plan and one of the three Corporate Values.
Legal	Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, it is the Director of Corporate Resources (S151 Officer), and this report is helping to carry out that function.
Corporate	Corporate priorities can only be delivered with robust finances and this report gives Members the opportunity to review the Council's current position.
Equalities Act 2010 & Public Sector Equality Duty	Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

	Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.
	Please indicate which aim is relevant to the report.
	Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,
	Advance equality of opportunity between people who share a protected characteristic and people who do not share it
	Foster good relations between people who share a protected characteristic and people who do not share it.
	There are no equity and equalities implications arising directly from this report, but the Council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.
	It is important to be aware of the Council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration had been given to the equalities impact that may be brought upon communities by the decisions made by Council.

CORPORATE PRIORITIES (tick those relevant)✓	
A clean and welcoming Environment	✓
Promoting inward investment and job creation	✓
Supporting neighbourhoods	✓

CORPORATE VALUES (tick those relevant)✓	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	

1.0 General Fund – Projected Revenue Forecast 2017-18

- 1.1 The 2017-18 General Fund budget was agreed at the Council Meeting on 9 February 2017 on the basis that it would need funding of £450k from reserves, in order to break even for the financial year. Table 1 summarises the current projected General Fund spending position.

Table 1 - General Fund - Projected Forecast 2017-18

Function	Agreed Net Budget	Forecast	Variance
	£'000	£'000	£'000
Chief Executive	287	287	0
Corporate Resources	2,002	2,002	0
Corporate Governance	1,243	1,243	0
Community Services	4,316	4,316	0
Operational Services	5,093	5,093	0
Corporate Budgets	5,098	5,098	0
Use of Reserves	(450)	(450)	0
Total Expenditure	17,589	17,589	0

- 1.2 All budgets will continue to be regularly monitored to ensure that the Council's expenditure remains within the agreed budget. This will include monitoring the savings targets introduced to bridge the funding gap identified in the report to Council.

Homelessness Budget

- 1.3 The Housing Needs budget experienced pressure in 2016-17 as a result of increased demand for temporary accommodation. This pressure has increased during the 1st quarter of 2017-18. This has resulted in the council having to put people in expensive bed & breakfast (B&B) and self-contained nightly let accommodation. A potential overspend of £900k is projected before the effects of management actions and mitigating factors. There also remain a number of risk factors which could increase the overspend if mitigating actions are not able to exert a downward pressure on demand or increase the supply of properties.
- 1.4 Mitigating actions to increase supply include setting up a private sector leasing scheme, establishing a small quantity of HRA dwellings as licensed accommodation and examination of a potential hostel in the district.
- 1.5 Prevention activities in the Housing Options service to exert a downward pressure on demand are also being examined including setting up landlord schemes to increase the supply of private sector properties.
- 1.6 Financing of this potential overspend is also being examined as following the 2017 revaluation and associated changes in the local government settlement additional Business Rate income may be available to the council to offset some or all of the Homelessness cost pressure in 2017-18. This position will be reported in more depth as part of the 2nd quarter monitoring report.

2.0 Housing Revenue Account (HRA) – Projected Revenue Outturn 2017-18

- 2.1 The HRA is currently forecasting to have a surplus of £980k in 2017-18 as per the original agreed budget.

Table 3 – HRA – Projected Outturn 2017/18

Area	Net Budget 2016-17 £'000	Forecast £'000	Over/(under) Spend £'000
Total Service Income	(13,834)	(13,834)	0
Total Service Expenditure	11,435	11,435	0
Non-Service Costs	800	800	0
Investment Income & Debt Interest Charges	1,004	1,004	0
Technical Accounting adjustments	(389)	(389)	0
(Surplus)/Deficit for HRA	(984)	(984)	0

- 2.2 Projects to achieve savings in year are in progress with East Kent Housing (EKH) and results of this activity will be included in the 2nd quarter budget monitoring report.
- 2.3 It should be noted that EKH's 2016-17 final accounts presented a fragile picture, with low levels of reserves, outstanding loans to the districts and a lack of evidence that structurally, the EKH financial plan was sustainable. This creates uncertainty for TDC's HRA business plan and so EKH's 2017-18 financial performance will be closely monitored throughout the year.

3.0 Capital Programme – Projected Outturn 2017-18

3.1 The General Fund capital programme is likely to be achieved in year. However all projects are being re-examined together with planned funding sources. The 2nd quarter monitoring report will include any revisions identified, including funding, in this exercise. Sale of assets identified to fund the capital programme in 2017-18 are outlined below:

- Land at Tivoli Park Road, Margate
- Land at Viking Bay (disused shelter, closed toilets and former lift shaft) Broadstairs
- Land at Manston Road, Ramsgate.

HRA Capital Programme – Projected Outturn 2017-18

3.2 The HRA capital programme is not likely to be achieved in year as contract start dates on maintenance projects have been delayed mainly due to the additional effort being applied to fire safety works.

3.3 A revised programme is being compiled and will be included in the 2nd quarter budget monitoring report together with recommended adjustments to funding.

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Annex List

None	N/A
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Background Papers

Title	Details of where to access copy
2017/18 Budget and Medium Term Financial Plan.	Full Council Agenda 9 th February 2017

Corporate Consultation

Finance	N/A
Legal	Sophia Nartey, Head of Legal Services