Finance Update Report 2017/18

Executive Summary

1.1 To inform Cabinet and the Corporate Overview and Scrutiny Committee on the Council’s financial position as at the end of May 2017.

1.2 Effective financial management is essential if the Council is to keep spending within available resources. It is vital that services make adjustments in spending to ensure that they spend in line with the approved budget.

Recommendation

2.1 Cabinet notes the 2017/18 Budget position for Capital, Revenue, Savings & the Collection Fund as at the end of May 2017.

2.2 Approval is given to the Capital Virement request detailed in 4.1.2.

2.3 Approval is given to the Allocation of Capital Receipts to the Asset Management Group scheme detailed in 4.1.3.

2.4 Approval is given to the Revenue Budget Pressure Fund requests detailed in 4.2.4.

Reason for Recommendation

3.1 Cabinet Members should be kept updated on the financial position of the authority, as effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council’s priorities. Monitoring enables the early identification of variations against the plan and facilitates timely corrective action.

This report provides an overview of the Financial Position for the Council and focuses on the position as at the end of May 2017. A further detailed report will be provided at September Cabinet.
4.1 Capital Budget 2017/18

The 2017/18 Current Capital Budget is £71.455m. Table 1 below shows an overview of the movements:

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget as per Budget Council March 2017</td>
<td>£47.519</td>
<td>£43.258</td>
<td>£22.174</td>
</tr>
<tr>
<td>Budget Changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved Balance brought forward from prior years</td>
<td>£22.011</td>
<td>£1.212</td>
<td></td>
</tr>
<tr>
<td>Approved amendments to Capital Budgets</td>
<td>£1.925</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAPITAL BUDGET MAY 2017</td>
<td>£71.455</td>
<td>£44.470</td>
<td>£22.174</td>
</tr>
</tbody>
</table>

4.1.1 Capital Budget Adjustments

Details of the Budget increases are listed below:

- Adult Care, £0.990m – Additional Disabled Facilities Grant received and Revenue contribution to Capital (RCCO).
- Neighbourhoods, £0.935m – External funding from S106 and capital receipts allocation.

4.1.2 Capital Scheme virement request

- £0.689m from the Renewable Energy scheme is proposed to be transferred to Number 1 Riverside Energy Efficiency scheme which will be renamed as Energy Efficiency Schemes. Both schemes are working towards the same outcome; the consolidation of budget allows cohesive working.

4.1.3 Capital Receipt Allocation

- Works are required to the rental unit in Number One Riverside to ensure the site is suitable for tenants. Works include connecting utility meters and installing a floor. Members are asked to approve allocation £0.100m from unallocated capital receipts.

4.2 Revenue Budget 2017/18

4.2.1. The budget set by Budget Council on 1st March 2017 was £196.031m. This has been increased to £201.199m as set out below:

**Budget Increases**

<table>
<thead>
<tr>
<th>Approved by</th>
<th>When</th>
<th>Reason for change</th>
<th>Amount (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Council</td>
<td>Mar-17</td>
<td>Approved budget</td>
<td>196.031</td>
</tr>
<tr>
<td>Cabinet</td>
<td>Apr-17</td>
<td>Increase in Better Care Fund</td>
<td>5.168</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>201.199</strong></td>
</tr>
</tbody>
</table>
4.2.2 In the Spring Budget 2017 The Improved Better Care Fund was enhanced by introducing a new Section 31 grant paid directly to Local Authorities from the Department for Communities and Local Government. For Rochdale BC the additional funding allocated was £5,168k for 2017-18, reducing to £3,169k in 2018-19 and £1,568k in 2019-20.

4.2.3 The overall position taking account of the projections currently being forecast by services as at the end of May 2017 is an in-year saving of £0.222m.

Budget Pressures

The Budget Pressure Fund for 2017/18 is £0.197m. The following requests for funding have been made to the end of May 2017.

Neighbourhoods
Due to the re-development of the Town Centre in Rochdale a loss of income generated through parking fees has been identified by the Service. £0.058m is requested as ongoing and £0.030m is requested as one off funding from budget pressures.

One off budget pressure funding of £0.040m has been requested by the Service to fund costs associated with facilitating a planned demonstration in the borough.

If the above are approved there will be a balance of £0.069m left in the budget pressure fund for 2017/18.

4.3 Savings Update 2017/18

4.3.1 Savings of £2.136m were approved at Budget Council February 2016 for 2017/18. Savings of £3.759m were approved at Budget Council March 2017 for 2017/18.

4.3.2 The total savings target is £5.895m for 2017/18. Services have not identified any issues for their achievement.

4.4 Collection Fund

4.4.1 The forecast Collection Fund Position for 2017/18 is a surplus of £1.296m, comprising:
- £0.346m surplus relating to Business Rates;
- £0.950m surplus relating to Council Tax.

4.4.2 The Collection Fund Update table in Appendix A shows the forecast surplus position on the Collection Fund as at 31st March 2018, and the allocation of the closing surplus between precepting authorities.

4.4.3 The Council’s share of the forecast Collection Fund surplus as at 31st March 2018 is £1.167m.

4.4.4 The main areas of overall variance to the budget are:
• Business Rates, £0.390m - Forecast increased Business Rates gross income, partially offset by increased empty/part occupied relief.
• Council Tax, £0.950m - Forecast reduced charge relating to the bad debt provision.

4.5. Alternatives considered

4.5.1 Not reporting on financial performance puts at risk the achievement of the Council’s Medium Term Financial Plan. Effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council’s priorities. Monitoring enables the early identification of variations against the plan and facilitates timely corrective action.

Costs and Budget Summary

5. See appendix A which provides an overview of budgets for Capital, Revenue and The Collection Fund detailed in section 4.

Risk and Policy Implications

6. There are no major legal implications arising as a result of this report except to note that debts that are recoverable can be enforced by court action in accordance with the court procedure rules.

Consultation

7. All services engage with the production of the service based financial information within this report. The Leadership Team, Cabinet Member for Corporate & Resources, and opposition Portfolio holder for Finance have been informed of the 2016/17 financial position of the Council and its implications for future years. The report will be presented to the Corporate Overview and Scrutiny on the 18th of July 2017.

Background Papers | Place of Inspection
---|---
8. Consideration papers for this report can be accessed via Stuart Smith | No1 Riverside Floor 2

For Further Information Contact: Stuart Smith, Stuart.Smith@rochdale.gov.uk Tel: 01706 924196