

Breckland Council

Financial report for the quarter ended 30 June 2017

This report has three sections

- Section 1 – Revenue budget and Moving Forward Transformation Programme
- Section 2 – Capital budget
- Section 3 – Treasury update

Figures in brackets denote either income, an under spend or above budget income. Positive figures denote either spend, an over spend or below budget income.

Section 1 - Revenue

Table 1 – Forecast Revenue Outturn

	Budget £'000	Forecast Out-turn £'000	Forecast Variance £'000
Cost of Services			
1) Strategy Governance & Transformation	5,490	5,597	107
2) Growth & Commercialisation	1,342	1,469	127
3) Place	6,193	5,923	(270)
4) Housing Benefits	(88)	(167)	(79)
5) Cost of Services	12,937	12,822	(115)
6) Contributions to/from reserves	(846)	(724)	122
7) Total Cost of Services	12,091	12,098	7
Funding & Appropriations			
8) Appropriations	754	717	(37)
9) Government grants	(5,444)	(5,471)	(27)
10) Council Tax	(3,414)	(3,414)	-
11) Retained Business Rates	(3,987)	(4,045)	(58)
12) Total Funding	(12,091)	(12,213)	(122)
Contribution (to)/from the General Fund	-	(115)	(115)

Significant variances are detailed over the page.

Salaries

The budgeted vacancy factor for 2017-18 is 4% for Breckland staff and 2.5% for Anglia Revenues Partnership (ARP) staff.

The achieved vacancy factor is 0.4% below target to date. This is on track to achieve the full 4% by the end of the year, however the forecast assumes that posts will be filled for the remainder of this year and this will be monitored throughout the year.

Table 2 - Significant Variances

Cost Centre	Total Budget £	Total Variance £	Comments
1) High Impact			
1a) Efficiencies Achieved	(372,079)	198,918	One off and ongoing efficiencies achieved to date this year (including moving forward targets) are below budget at this stage, however work is due to start on projects later in the year to deliver the remaining saving. Where savings are ongoing these have been factored into future years budgets.
2) High Opportunity			
2a) Retained NNDR	(3,987,847)	(57,273)	The forecast NNDR income for 2017-18 is slightly below budget, this leads to a reduction in the levy payable in the current year.
2b) Garden Waste, Recycling & Waste Collection	1,211,206	(48,454)	Forecasts to date show additional income relating to the garden waste collection scheme, above that expected. This is part of the moving forward programme and any additional income here will offset the efficiency target and will be reviewed at Q2 when more data for the year is available.
2c) Appropriations	753,792	(36,778)	This variance relates to additional renewable energy business rates income, which has been included in future years budgets.
3) One Offs			
3a) Housing Option	341,329	(168,003)	A £167k Flexible Homelessness Support grant has been received from central government. A report is being prepared to be considered by Members for the spend of this grant.
3b) Forward Planning	729,264	(44,795)	Forecast costs for this are currently below budget, however additional funding may be required for projects later in the year as the plan progresses.
3c) Building Control	237,302	(32,805)	Additional income received to date compared to forecast.
3d) Government Grants	(5,444,308)	(26,777)	Additional funding received relating to New Homes Bonus returned funding.
3e) Human Resources	433,340	59,181	There are overspends throughout the cost centre to date and also a moving forward target to be achieved. An interim manager is now in place and these variances will be reviewed in early quarter 2 to resolve.
3j) Housing Benefit	(88,193)	(78,523)	This relates to increased overpayments and recovery income to date, a better forecast will be available at the mid year point as this is a very volatile area of spend & income.
4) Low Impact			
4a) Community Development - Pride	30,000	(25,000)	This budget is reserve funded and therefore a lower than expected spend has a nil impact on the overall budget.
4b) Miscellaneous	6,133,815	(7,690)	Net effect of other smaller value variances
4c) Customer Contact	868,413	31,307	The variance relates to the moving forward target and a report regarding this is due later this year.

Cost Centre	Total Budget £	Total Variance £	Comments
4d) Contributions from reserves	(846,034)	121,485	Small value under spends throughout all services are offset by this variance.
5) TOTAL	-	(115,207)	

Collection Funds

Council Tax

The Council Tax collection fund account has a residual surplus of £477k overall, with Breckland's share being £47k. The forecast for 2017-18 is a surplus due to increased tax base and the value will be estimated at budget setting, which will be incorporated into next years budgets.

Retained Business Rates

The retained Business Rates (NNDR) collection fund account has a residual deficit of £126k overall, with Breckland's share being £50k. The forecast for 2017-18 is a small deficit, which will be incorporated into next years budgets. Current year forecasts show income to be as expected to date, however this will be affected by any appeals which are made during the year.

Virement Decisions Required

There are no virement decisions required.

Other Risks

The following areas are financial risks which the Council is facing, but the actual financial implications have not yet been quantified:

- Footway lighting costs are recharged to some of the towns through a special expense. The costs are higher than the amount we are able to recover through the special expenses for those years as they are subject to the Council Tax capping rules. This will leave a deficit balance which may be recoverable in future years if capping levels change or costs for those towns reduce. There are on-going discussions with all relevant parties, including Norfolk County Council and the relevant towns to see what action can be taken to deliver a more sustainable service
- There are a number of planning appeals currently which could lead to additional legal costs in the year

Full risk registers are held within the corporate improvement team.

Actions/Decisions

- None

Moving Forward Transformation Programme

The Council's transformation programme forms an integral part of the Medium Term Financial Plan and once delivered will reduce reliance on central government funding by the end of the medium term. The programme includes a number of different projects within each of the four themes and progress against these projects and their related efficiency targets are monitored by the transformation boards.

The programme is currently on track to deliver the 2017-18 efficiencies and the enabling projects, however this is dependent on projects starting on time and delivering the full efficiency target in year. The approval of the 'Delivery Unit', once recruited to, will begin to push forward the projects which are programmed to deliver growth via the investment and growth fund. Some projects have overachieved on their targets and others have been slightly delayed, but are due to achieve over the term of the programme and the net result is an achievement of £859k, 67% of the full years target. Re-profiling of project start and end dates are made as necessary.

As time progresses, it becomes more important that the projects begin on time, to deliver the higher levels of savings required in subsequent years and this is monitored through the transformation boards. The full transformation programme will be refreshed as part of the budget process.

The table below shows the progress against the programme as at 30 June 2017.

Year	Digitalisation			Commercialisation			Organisational Design			Aligning Public Services			Other			TOTAL		
	Target	Achieved	Balance	Target	Achieved	Balance	Target	Achieved	Balance	Target	Achieved	Balance	Target	Achieved	Balance	Target	Achieved	Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2017-18	(27)	(35)	(8)	(945)	(520)	425	(257)	(197)	60	(61)	(41)	20	0	(66)	(66)	(1,290)	(859)	431
2018-19	(28)	(36)	(8)	(1,325)	(508)	817	(583)	(340)	243	(81)	(41)	40	0	(8)	(8)	(2,017)	(933)	1,084
2019-20	(28)	(36)	(8)	(1,501)	(481)	1,020	(908)	(456)	452	(81)	(41)	40	0	(8)	(8)	(2,518)	(1,022)	1,496
2020-21	(28)	(36)	(8)	(1,528)	(521)	1,007	(908)	(457)	451	(81)	(41)	40	0	(8)	(8)	(2,545)	(1,063)	1,482

Minimum	£36k	Minimum	£521k	Minimum	£457k	Minimum	£41k	Minimum	£8k	Minimum	£1,063k
Target	£28k	Target	£1,528k	Target	£908k	Target	£81k	Target	£0k	Target	£2,545k
Maximum	£36k	Maximum	£1,743k	Maximum	£908k	Maximum	£81k	Maximum	£8k	Maximum	£2,776k

This table includes the current year efficiencies achieved/to be achieved (1a in table 2) but does not include any of the remaining variance of £115k.

Section 2 - Capital

Table 1 - Progress against 17-18 approved capital programme

	Budget £	Forecast Out-turn £	Forecast (under)/overspend £
Commercialisation			
Property (Land & Buildings)	629,153	630,843	1,690
Capital grants	1,811,000	1,811,000	-
Capital loans	635,641	635,641	-
Not yet released	2,521,750	2,541,528	19,778
Total Commercialisation	5,597,544	5,619,012	21,468
Strategy & Governance			
ICT & Organisational Change	529,555	529,555	-
Not yet released	92,339	92,339	-
Total Strategy & Governance	621,894	621,894	-
Place			
Property (Land & Buildings)	172,889	180,152	7,263
Grants	1,210,079	1,210,079	-
Not yet released	1,687,112	1,017,577	(669,535)
Total Place	3,070,080	2,407,808	(662,272)
TOTAL	9,289,518	8,648,714	(640,804)

Forecast outturn £8,648,714 or 93.1%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to Future £	
Commercialisation			
DWP Thetford	19,779	-	The project should be fully funded by DWP, but until such time as the report is approved the additional gross spend is showing as an overspend.
AMB Units Swaffham	1,690	-	Fees associated with the purchase are slightly over budget
Strategy & Governance			
Place			
Adoption of Roads	-	(669,535)	This work will now not be delivered in 2017-18. The budget will be reviewed as part of the 18-19 budget setting to confirm amount, profile and delivery arrangements. There is a risk that maintenance liabilities may increase over time & a backlog of adoptions may build up if the budget is not carried forward to future years.
2017-18 Car Park Resurfacing	7,263	-	Some or all of this cost may be recoverable & has been requested, but not yet received.
Total	28,732	(669,535)	= (£640,804) Total

Virements this qtr:

- None

Risks:

- The affordable housing budget of £818k is partly funded from S106 funding. £206k of this S106 funding has a time restriction and must be spent by September 2018.

Actions/Decisions

- None

Section 3 – Treasury

Security

The low actual risk for the Council's portfolio of investments reflects its cautious approach to counterparty selection which in turn is reflected in low investment returns.

	Maximum risk level	Actual risk level	Variance
Investments maturing in < 1 year	0.060%	0.017%	0.043%
Investments maturing between 1 - 2 years	0.060%	n/a	-
Investments maturing between 2 - 3 years	0.080%	n/a	-

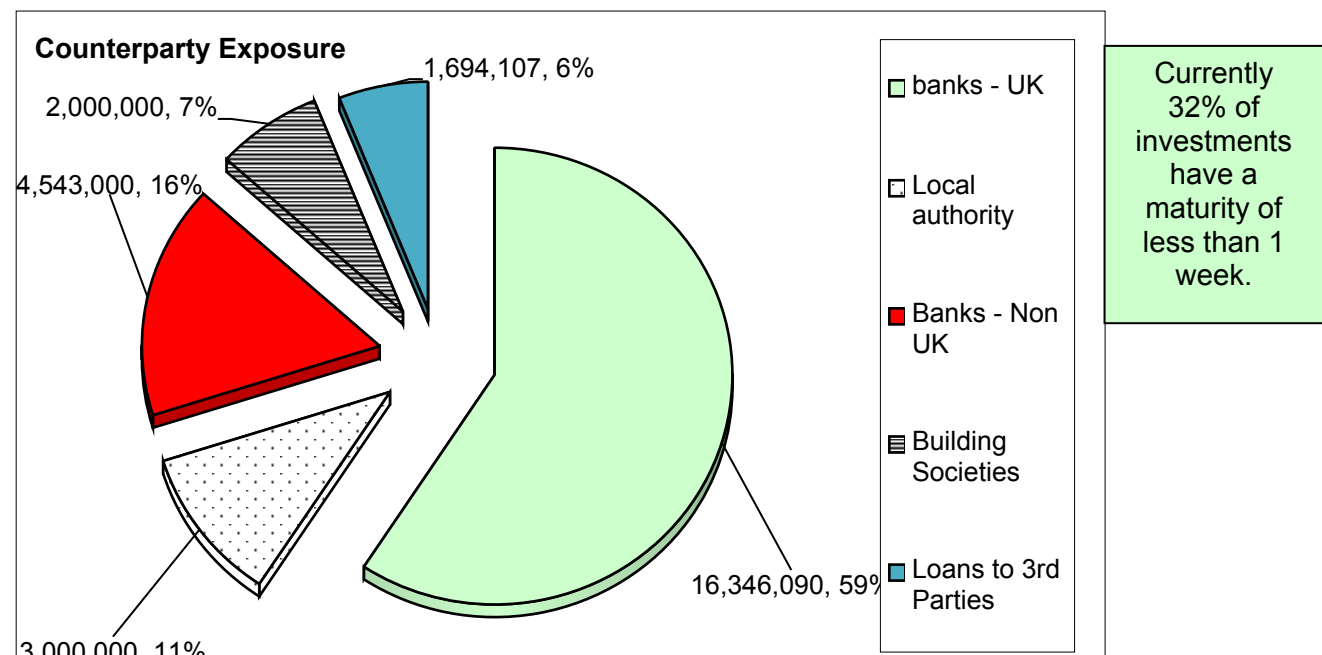
Liquidity

The Council had an average of £8.1m instant access cash available during the reporting period. This is in excess of the working capital sum required (£5m) but reflects the instant access nature of deposits in instant access accounts during this period of low returns. The council did not use its overdraft facility in this reporting period.

Yield

	Budget	Forecast	Variance
Interest receivable 2017-18	£102,308	£116,648	(£14,340)
Yield (3 month LIBID ¹)	0.188%	0.956%	(0.768%)

The rate of return of 0.956% includes cash investments and loans to 3rd parties and is higher than the target yield.



Actions/Decisions required

None

¹ LIBID – London Inter-bank Bid Rate