

NORTH LINCOLNSHIRE COUNCIL

CABINET

Budget Review 2017/18

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1. The council's approved budget is monitored throughout the financial year and the financial position is reported to cabinet periodically.

1.2. The main points of the report are:

1.2.1. The Council's annual spending power for 2017/18 is £126.15m to deliver services and meet statutory duties. At quarter one, net spend is anticipated to be £127.56m by the end of year.

1.2.2. The Council's planned capital spend for 2017/18 is £90.86m. Based on investment project timescales it is anticipated that a proportion of this spend will fall into 2018/19.

1.2.3. Cash balances and debt are being managed in line with the Council's approved treasury management strategy.

2. BACKGROUND INFORMATION

2.1. Budget review reports at quarterly intervals throughout the financial year provide cabinet with an update on spending in the year and highlight any changes to the council's financial position.

2.2. The approved revenue and capital budget and forecast outturn for 2017/18 can be seen in Appendix 1.

2.3. This report also considers new information from government departments about potential future funding proposals and implications with regard to assumptions made within the Council's three-year plan.

Quarter One Budget Position

2.4. The budget for 2017/18 is based on a number of assumptions and risks, these were set out within the Revenue Budget 2017/18 and Financial Plan 2017/20 report to Full Council in February 2017, including demand for services within Adults and Children's Social Care, driving demand for services that generate income and delivering operational efficiencies.

2.5. Service budgets are monitored on a regular basis and a council level budget position is collated quarterly. The quarter one budget monitoring has highlighted the following:

- Most services are forecasting spend within budget.
- A very large majority of the £12.1m planned savings for 2017/18 are on track to be delivered.
- Budget pressures have been identified within adult social care due to services responding to an increase in demand for services.
- Waste services are meeting an increase demand in addition to transitional waste disposal arrangements that are in place both contributing to a projected overspend.
- A comprehensive review of transport services is being undertaken to establish options to enable efficient and effective transport arrangements and services within the allocated resources.
- Plans are in place to deliver the savings across participation and achievement services budgets through service reconfiguration and increasing customer base within leisure and culture provision, however these will not be fully realised within the financial year 2017/18.
- The costs of capital financing are lower than planned, due to effective delivery of Treasury Management (key indicators are shown in Appendix 2) and use of short-term borrowing while appropriate and deferring long-term borrowing. The anticipated savings within the central and technical budgets can be used to offset some of the emerging pressures reported within quarter one monitoring.
- Following the approval of the revenue budget 2017/18, grants allocated from government departments were slightly higher than budgeted, and therefore the additional funding will contribute to meet the delivery of service outlined above.
- The capital programme approved for 2017/18, is projected to spend, however the timing of this expenditure is being further analysed as indications are that a proportion of spend will be incurred in 2018/19.

2.6. Funding to meet adult social care needs identified above can be met by applying the iBCF transitional grant for 2017/18. The grant is ring-fenced to social care and health integration, as part of the Better Care Fund and the spending plan was agreed through the Health and Wellbeing Board. Investment of the grant will facilitate appropriate transfer of care between hospital and home and mitigate against the cost within adult social care associated with growing demand.

Medium Term Financial Plan

2.7. Work is underway to review and refresh the medium term financial plan. The review will consider emerging national policy direction, economic conditions and the local government funding regime and will consider local planning and assumptions informed by the council's strategic direction and priorities; local

assessment of needs and demographic changes; local growth within the tax base.

3. OPTIONS FOR CONSIDERATION

3.1. Cabinet considers and notes the budget monitoring position for 2017/18 outlined in the report.

4. ANALYSIS OF OPTIONS

4.1. The summary of service monitoring at quarter one is shown in Appendix 1. Work is on-going to identify actions that will contribute to improving the projected spend by the end of the financial year.

4.2. Progress against the Treasury Management and Investment Strategy is reported quarterly to the council's Audit Committee and half-yearly to Full Council.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 The council must maintain a balanced revenue budget for each financial year. If the projected spend cannot be contained within cash limits set, the potential call on the Revenue Support Account reserve will be more than planned. This will need to be considered in the setting of the medium term financial plan 2018/22.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 Not Applicable

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 Not applicable

8. RECOMMENDATIONS

8.1 To consider and note the budget monitoring position for 2017/18.

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Background Papers used in the preparation of this report:

none

Revenue Budget and Capital Budget 2017/18

Appendix 1

Revenue Budget	Full Year Budget £'M	Forecast Outturn £'M	Forecast Variance £'M
Services Total	103.87	105.81	1.94
Central & Technical Budgets	22.28	21.75	(0.53)
Total	126.15	127.56	1.41
Funding	(126.15)	(126.29)	(0.14)
Net	-		1.27
Capital Budget			
Total*	90.86	90.81	(0.05)

*The forecast outturn includes expenditure falling in 2018/19

Prudential Indicators

Appendix 2

		2017/18	2017/18
		Budget (Feb 2017)	Revised
(i)	Estimates of capital expenditure	£m 80.6	£m 90.9
(ii)	General Fund ratio of financing costs to the net revenue stream % (Based on Prudential Code 2013)	% 10.9	% 9.6
(iii)	An estimate of the capital financing requirement	£m 257.2	£m 242.7
(iv)	The authorised limit for external debt: borrowing other long term liabilities total	£m 297.0 5.0 302.0	no change
(v)	The operational boundary for external debt: borrowing other long term liabilities total	£m 245.0 2.0 247.0	no change
(vi)	Upper limit for fixed rate exposure	% 100.0	no change
(vii)	Upper limit for variable rate exposure	% 20.0	no change
(viii)	upper and lower limits for maturity structure of borrowing UPPER LIMIT under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and above LOWER LIMIT 10 years and above	% 50.0 15.0 50.0 75.0 90.0 25.0	% no change no change
(ix)	Total principal sums invested for periods longer than 364 days	£000 0	£000 0

(i). Capital Programme expenditure has changed for rephasing of spending