

Gloucester City Council

Meeting:	Overview and Scrutiny Cabinet	Date:	27 February 2017 8 March 2017
Subject:	Financial Monitoring Quarter 3		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Progress against savings targets 2. Capital monitoring		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 For Cabinet to note year-end forecasts, and progress made against agreed savings targets for the 3rd quarter ended 31st December 2016.

2.0 Recommendations

- 2.1 Overview & Scrutiny Committee is asked to, subject to any recommendations it wishes to make to Cabinet, to **note** the contents of the report.
- 2.2 Cabinet is asked to **RESOLVE** that it be noted that:
- (1) The savings achieved in year to date total £446k with a further £283k in progress.
 - (2) The forecast year end position is currently for a reduction to the Council's General Fund balance of £109k, an improvement of £23k since Quarter 2.
 - (3) The deficit position includes a proposed transfer to the Business Rates Reserve of £100k.
 - (4) The details of specific budgetary issues identified by officers and the actions being taken to address those issues
 - (5) The current level of Capital expenditure as shown on Appendix 2.

3.0 Background and Key Issues

- 3.1 The figures contained within this report forecast the best estimate at the current time of the year-end position on the Council's General Fund.

3.2 A summary table below shows the projected position for each portfolio with each portfolio having a further detailed table analysing the variances in more detail. Quarter 2 figures are also shown for easier comparison with previous reports.

4.0 Whole Council Summary

4.1 The forecast position is a reduction of the Council's General Fund by £109k as shown in the table below.

Council Summary	16/17 Budget	Current Forecast	Variance	Change since Q2
Regeneration and Economy	(942)	(973)	(39)	(47)
Communities and Neighbourhoods	1,148	1,069	(79)	(41)
Performance and Resources	5,034	5,000	(34)	(17)
Culture and Leisure	1,504	1,691	187	(41)
Planning and Housing	1,706	1,715	9	46
Environment	4,250	4,309	59	68
Corporate and Funding	(12,699)	(12,793)	(94)	9
Transfer to Business Rates Reserve		100	100	0
Total	0	117	109	(23)

4.2 This estimate includes the current level of progress against the saving targets included within the Council budget as well as any new cost pressures or savings identified within year.

4.3 The overall position for the Council has improved, however continued prudent management of expenditure and vacancy management is required to ensure the Council can manage any unexpected financial pressures before the year end.

4.4 An element of the overall surplus within Corporate and Funding is the result of a decrease in the level of business rates to be paid to Central Government this year. Although this is an in year saving it does reduce the level of business rates income available to the General Fund in future years and should therefore be placed in a reserve to be used to reduce that impact in subsequent years. The proposed transfer to reserve will protect the Council in future years.

5.0 Regeneration and Economy

Regen	16/17 Budget	Current Forecast	Variance	Change since Q2
Economic Development	402	315	(87)	(18)
Asset Management	1,016	1,117	101	77
Commercial Property	(1,631)	(1,652)	(21)	(47)
Parking	(867)	(974)	(107)	(69)
Senior Management	375	335	(40)	(6)
Markets and Street Trading	(237)	(114)	123	24
Total	(942)	(973)	(31)	(39)

- 5.1 This portfolio is currently forecasting a surplus of £31k.
- 5.2 The performance of the markets service has worsened slightly since the position was reported at Quarter 2. Lettings and service charge income is less than forecast as the number of vacant units has increased slightly. The quarter 2 report assumed lettings would continue at a higher level of occupation, however this is not now the case.
- 5.2 The income forecast for Commercial Property has improved during Quarter 3 and is now expected to be better than budget by £21k.
- 5.3 The major change in forecast for this portfolio is within the Asset Management area where the costs of repairs and maintenance are exceeding budgets significantly. At present there is no proposal to draw on the repairs reserve however if required at year end this will be done to offset this expenditure.
- 5.4 The improvement within the parking forecast is a result of backdated appeal on business rates for Castlemeads car park being received.

6.0 Communities and Neighbourhoods

Communities and Neighbourhoods	16/17 Budget	Current Forecast	Variance	Change since Q2
Voluntary Sector Grants	315	283	(32)	(23)
Community Strategy and Other Projects	320	286	(34)	(9)
Licensing	(89)	(80)	9	(11)
Environmental Health	408	360	(48)	3
Health and Safety	187	159	(28)	(2)
Shopmobility	7	61	54	1
Total	1,148	1,069	(79)	(41)

- 6.1 There has been further improvement in this portfolio during the quarter and an overall saving is expected. The savings being generated by holding staff vacancies are expected to remain in place. The proposed transfer of the Shopmobility Service did not take place but this has no impact on the financial forecast for the current year.

7.0 Performance and Resources

Performance and Resources	16/17 Budget	Current Forecast	Variance	Change since Q2
Internal Audit	177	182	5	0
Housing Subsidy	(479)	(442)	37	(43)
Revenues and Benefits Admin	663	628	(35)	(62)
Financial Services	997	974	(23)	65
IT	1,418	1,471	53	62
Human Resources	314	305	(9)	(11)
Communications	125	116	(9)	0
Legal Services	370	365	(5)	0

Contact Centre and Customer Services	691	692	1	(3)
Democratic Services	758	709	(49)	(25)
Total	5,034	5,000	(34)	(17)

- 7.1 The position of this portfolio has improved slightly with an overall saving of £34k.
- 7.2 The increased cost within financial services is a result of a more detailed estimate of the costs of implementing the new financial system. The service is holding a number of vacancies allowing implementation with no negative budgetary impact and will continue to contribute a saving at the end of financial year.
- 7.3 Detailed analysis of the IT budget and spend has highlighted an expected overspend of £62k in the financial year.
- 7.4 The improvement in democratic services is the expected reimbursement of election costs incurred by the Council being refunded.
- 7.5 The position on Housing Subsidy has improved in the quarter. However as highlighted in previous reports due to the level of expenditure and income the smallest change can have a significant impact on the outturn.

8.0 Culture and Leisure

Culture and Leisure	16/17 Budget	Current Forecast	Variance	Change since Q2
Museums	212	327	115	(21)
Guildhall	237	292	55	(18)
TIC	163	177	14	(7)
Aspire Client	428	428	0	0
Marketing Gloucester	464	467	3	5
Total	1,504	1,691	187	(41)

- 8.1 A number of budget pressures remain within this portfolio and an overspend of £187k is expected, an improvement of £41k since Quarter 2.
- 8.2 The forecast for Museums service has improved since the last quarter by £21k, however the forecast is still an adverse variance of £115k predominately as a result of the non-delivery of the savings target
- 8.3 The Guildhall has made in-year progress against savings targets, the overall position has improved. The service has set specific income targets to deliver the savings required. Income from events has increased significantly during the quarter.

9.0 Planning and Housing

Planning and Housing	16/17 Budget	Current Forecast	Variance	Change since Q2
Housing Strategy	147	148	1	(3)
Private Sector Housing	339	303	(36)	(12)
Planning	474	493	19	58
Homelessness	746	771	25	3
Total	1,706	1,715	9	46

9.1 This portfolio has seen the forecast position worsen by £48k during the quarter.

9.2 The primary driver for this change is an increase in costs in the Planning area. The Council has incurred increased costs in Development Management due to work required on a planning appeal.

9.3 The Planning Policy and Heritage forecast has worsened due to increased costs in year on work on both the Joint Core Strategy and City Plan.

10.0 Environment

Environment	16/17 Budget	Current Forecast	Variance	Change since Q2
Waste and Streetcare	4,835	5,103	268	(77)
Neighbourhood Management	42	52	10	3
Countryside and Allotments	117	103	(14)	(5)
Cemetery and Crematorium	(948)	(1,126)	(178)	146
Flooding and emergency planning	133	106	(27)	1
Head of Service	71	71	0	0
Total	4,250	4,309	59	68

10.1 The savings target against the Amey contract remains the primary pressure in this portfolio. Work has begun to identify further savings options and some may be realised in this financial year. The new recycling service has commenced and will also contribute additional income and this had led to the improvement in the waste and streetcare year-end forecasts. Where further savings can be implemented this will also improve the year end position.

10.2 The forecast income for the Cemetery and Crematorium has been reviewed during the quarter and although still forecast to exceed target significantly the forecast surplus has been reduced.

11.0 Progress against savings targets

11.1 Full details of the Council's progress against its savings targets are shown at Appendix 1.

11.2 The most significant savings pressures for 2016/17 are the carried forward and new totals for the Amey contract representing £432k of the total of £1.173 million. If the Council can achieve further in year savings against (see para 10.1) it will have a very positive impact on the forecast year-end outturn.

12.0 Capital Programme

12.1 The Capital Programme budget for the year is £15.541m. The expenditure for quarter 3, including amounts committed totals £6.887m. Quarter 3 has seen progress with the Kings Quarter Development, £1.5m has been spent in quarter 3, resulting in a annual committed spend to date of £2.240m. This builds on existing major projects in year, the £1.98m in purchasing the new recycling fleet, following Cabinet approval in June 16 and the upgrading of Eastgate car park roof (£0.714m) ensuring the asset remains operational in accordance with the Councils contractual duty.

12.2 The nature of capital projects means that many of them span a number of financial years, budgets are set per project any unspent budgets at the end of any one financial year may be carried forward into the next

12.3 A summarised table for the Capital Programme is shown as Appendix 2.

13.0 Prompt payment performance

13.1 The Council aims to make payments to all suppliers promptly and in accordance with contract terms. The performance on invoice payments during the quarter is below.

	<u>October</u>		<u>November</u>		<u>December</u>		<u>Qtr 3</u>	
Number paid within 30 days	792	91%	694	91%	572	93%	2,058	92%
Number paid over 30 days	76	9%	69	9%	41	6%	186	8%
Average Days to Pay (from receipt of invoice to payment date)	11		12		9		9	

14.0 Asset Based Community Development (ABCD) Considerations

14.1 There are no ABCD implications as a result of this report.

15.0 Alternative Options Considered

15.1 When consider how to reduce budgetary pressure or make savings officers explore a wide range of options.

16.0 Reasons for Recommendations

16.1 It is a good practice for members to be regularly informed of the current financial position of the Council. This report is intended to make members any of any

significant issues in relation to financial standing and any actions that officers are taking in response to identified variances.

17.0 Future Work and Conclusions

17.1 Work will continue to reach savings targets or limit in year budget pressures. A further financial monitoring report will be produced for members at the end of the second quarter.

18.0 Financial Implications

18.1 All financial implications are contained within the report which is of a wholly financial nature.

19.0 Legal Implications

19.1 There are no legal implications from this report

(One Legal have been consulted in the preparation this report.)

20.0 Risk & Opportunity Management Implications

20.1 There are no specific risks or opportunities as a result of this report

21.0 People Impact Assessment (PIA):

21.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.

22.0 Other Corporate Implications

Community Safety

22.1 None

Sustainability

22.2 None

Staffing & Trade Union

22.3 None