
FINANCE REPORT

Committee: Resources and Finance Committee

Date: 30th November 2017

Author: Finance Manager

[S179]

1. **ISSUE**

1.1 This report provides Members with budget monitoring information for services under the Resources and Finance Committee and then, as part of its corporate remit, for the Council as a whole.

2. **RECOMMENDATION (S)**

2.1 Members are requested to note:

- Note that this Committee has a projected yearend underspend of £135,000 compared to its approved revenue budget of £5,550,676.
- Note that overall the Council has a projected yearend underspend of £445,000 compared to its approved revenue budget of £12,828,958.
- Note that this Committee currently has one capital project, the Internet, HR and Payroll system, linked to it and this is forecast to come in on budget.
- Note that the overall position for the Council on Capital is a projected outturn of £17,882,602.

2.2 Members are requested to approve an additional capital budget of £25,000 for IT equipment for the depot.

2.3 Members are asked to approve East Cambridgeshire's continued involvement in Cambridgeshire and Peterborough's bid to be part of a 100% Business Rate Retention pilot in 2018-19, this while the modelling for such a pilot is further refined.

3. **BACKGROUND / OPTIONS**

3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.

- 3.2 This is the second report for the 2017-18 financial year and details actual expenditure incurred as at 30th September 2017 and projections as to yearend position at this time.
- 3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then the position for the other committees shown in summary.
- 3.4 The detailed revenue budget position for the other committees – namely the Regulatory Services and the Community Services – are shown in appendices 2 and 3. Reports explaining these variances in more detail have been presented to these committees earlier in November.
- 3.5 In summary however, the Regulatory Services Committee is currently predicting a yearend underspend of £295,000. This is made up of a number of items, the most significant being a forecast underspend on Planning of £250,000, due to the increased number of planning applications in the first six months of the year. The remaining amount of £45,000 includes additional income from Building Regulations; salary savings in the Housing and Environmental Health Teams and a saving on the non-use of hotel rooms by the Homelessness Team.
- 3.6 There is projected to be an underspend of £15,000 in relation to the Community Services Committee; this is in relation to anticipated additional income on Marketing and Grants and Oliver Cromwell House.
- 3.7 Explanations for the forecast yearend variances reported for this Committee are detailed in the below table:

Service	Variance £	Explanation
Interest	(50,000)	Additional interest receipts as a consequence of additional borrowing to ECTC
Miscellaneous Properties	(28,000)	Income relating to the lease of the Market Square by the Trading Company. (This was not budgeted for in the 2017-18 budget.)
Corporate Management	(50,000)	Projected savings on staff costs, mainly from the Corporate Management restructure undertaken in Spring 2017
Housing Benefit	(2,000)	The budget was built based on the mid-year government return (Autumn 2016); the most recent information available at the time. The Autumn 2017 Housing Benefits return to Central Government has now been produced and the outturn has been changed to reflect the level of expenditure and associated grants anticipated in this.

Customer Services	(5,000)	Staff savings in relation to a vacancy in Customer Services
Total	(135,000)	

3.8 The Council's capital programme is currently expected to overspend the budget by £782,659. This relates to an issue in the capital programme under the stewardship of the Community Services Committee, where it is now forecast that East Cambs Trading Company will require the full £5 million that the Council has agreed to loan it, in this financial year. It however remains the expectation that this £5 million cap will not be exceeded in this or future years.

3.9 The additional loan to the Company, coupled with the additional capital built into the budget late in the build process for the Waste vehicles, does now mean that the Council is likely to need to borrow externally this financial year. This situation is being monitored closely.

3.10 Capital

3.11 Committee is asked to approve an additional capital budget of £25,000 in 2017-18 to provide IT infrastructure at the depot. This is needed prior to the service being undertaken by ECTC on the 1st April 2018. Much of the current IT infrastructure in the depot is provided by Veolia and so will be lost when they vacate the building at the end of the contract. If approved this expenditure would be funded from the capital receipt reserve. This budget is not currently included in Appendix 4.

3.12 100% Business Rate Retention Pilot

3.13 Government issued a prospectus on the 1st September 2017 asking for local authority groups who wished to be considered to be part of a 100% Business Rates Retention pilot in 2018-19 to make a bid to be such by the 27th October 2017. In a late change to the prospectus Government added a no detriment clause on the 25th October 2017.

3.14 Pixel Financial Management Limited were commissioned to undertake modelling for all the councils within Cambridgeshire and Peterborough. Pixel's indicative modelling suggested that being part of a pilot would result in around £16.3 million additional funding coming into Cambridgeshire and Peterborough. A bid was therefore submitted by the Combined Authority on behalf of all the councils on the 27th October.

3.15 Within the response to Government it is suggested that the additional funding would be divided 50% to the Combined Authority to create two equal funds; a Business Growth fund to promote further growth across the area and a Public Services Innovation Fund. With the remaining 50% distributed to councils in proportion to the location of growth and a tier split of 50% upper and 50%

lower, where appropriate. This is expected to result in around £400,000 coming directly to East Cambridgeshire.

3.16 Successful areas are expected to be notified during December.

3.17 Committee is asked to approve that East Cambridgeshire continue to be part of the county-wide group progressing the pilot, this while we continue to monitor the terms of the potential agreement with Government and the methodology to be used within the County for the distribution of the additional funding. A further up-date will be provided to Committee in the budget report in January 2018.

4 ARGUMENTS / CONCLUSIONS

4.1 The projected net revenue expenditure for the Council is forecast to be £12,383,958 in 2017/18. This would give an underspend of £445,000 compared to the Council's approved budget.

4.2 The projected Capital Outturn for the Council stands at £17,882,602. This reflects an overspend of £782,659 when compared to the budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 There is a revenue underspend of £445,000 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at yearend.

5.2 The Council may need to borrow externally before the end of the financial year; this is being closely monitored and Committee will be given further updates in future reports.

5.3 Equality Impact Assessment (INRA) not required.

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – September 2017
- Appendix 2 – Regulatory Services Budget Monitoring – September 2017
- Appendix 3 – Community Services Budget Monitoring – September 2017
- Appendix 4 – Summary Capital Programme – September 2017

Background Documents

Council Budget as approved by
Council 23rd February 2017

Location

Room 206
The Grange
Ely

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