

# Bolton Council

**Report to:** EXECUTIVE CABINET MEMBER -  
LEADER

**Date:** 17 March 2014

**Report of:** BOROUGH TREASURER

**Contact Officer:** Beverley Newman – Chief Accountant      Tel      1604

**Report Title:** Aggregate Financial Monitor Third Quarter 2013/14

**Confidential /  
Non Confidential:**

This report does not contain information which warrants its consideration in the absence of the press or members of the public

**Purpose:**

The report advises the Executive Cabinet Member of the outcome of the third quarter Aggregate Financial Monitoring exercise for 2013/14

**Recommendations:**

The Executive Cabinet Member is asked to note the content of this monitoring report.

**Decision:**


**Signed:**

\_\_\_\_\_  
Executive Cabinet Member

\_\_\_\_\_  
Monitoring Officer

**Date:**

\_\_\_\_\_

\_\_\_\_\_

**Summary:**

This report summarises the results of the third quarter aggregate financial monitoring exercise for 2013/14. It considers:

- General Fund Revenue Monitoring
- Aggregate Capital Monitoring
- Monitoring of the capital aspect of Prudential Guidelines

The General Fund Balance is expected to be £10.660m, in line with what was reported to the Leader's Executive Cabinet meeting on July 16th 2013.

A number of other pressures and risks are noted at this time.

Projected Capital Expenditure is £71.1m after incorporating scheme slippage from 2012/13 and re-profiling some schemes. Expenditure at the projected level can be fully funded

Monitoring of Capital Prudential Indicators shows that no indicators are currently beyond those approved by Council. Where projection suggests limits may be exceeded these areas will be subject to further monitoring and addressed in future quarterly reports.

**Background Doc(s):**

--

## 1. **INTRODUCTION**

The Executive Cabinet Member - Leader receives regular reports on the Council's aggregate financial position with particular emphasis on those areas which impact on the Authority's available balances throughout the year. Individual Executive Cabinet Members receive detailed reports on the areas for which they are responsible.

This report summarises the results of the third quarter financial monitoring exercise for 2013/14. It considers:

- General Fund Revenue Monitoring
- Aggregate Capital Monitoring
- Monitoring of the Prudential Guidelines

## 2. **GENERAL FUND REVENUE MONITORING**

### 2.1 Overview

At the end of the third quarter there is no projected change to the level of the General Fund balance reported to the Leader's Executive Cabinet meeting on July 16th. The third quarter monitoring exercise has made base budget changes between departments; including the transfer of responsibility for Bolton Arena from Chief Executive's to Development and Regeneration, £3.2m additional Educational Support Grant has been received, and increased Social Care costs of £1.6m have been built into the Children's Services budget. Finally the anticipated costs of the auto enrolment of staff into the Pension scheme have been transferred to the departments from Financial Arrangements.

The third quarter aggregate monitoring exercise is included in Appendix 1.

### 2.2 Balances

The table below sets out the current estimate of available balances compared to those reported to the Leader's Executive Cabinet meeting on July 16th.

	July 16th £000s	Current Estimate £000s	Change £000s
Opening Balance	10,660	10,660	0
Change on General Fund	0	0	0
Available balances at 31 <sup>st</sup> March 2014	10,660	10,660	0

### 2.3 Service Issues

Adult Services have identified increased costs of around £3.9m relating to Direct Payments for elderly support, and for Home Care. This is due to an increase in the numbers of clients who have elected to have their social care needs met through the receipt of a direct payment, and to increased client need. These additional costs will be offset by vacancies in services which are due to be reviewed as part of the wider Department's savings and efficiencies programme resulting in savings of £1.8m, plus savings of £665k anticipated due to improved commissioning for Supporting People, and also savings of £274k for Adult Placements across all client groups.

It is anticipated that Public Health Services will underspend slightly by £66k.

Children's Services are projecting staffing savings of £287k in the Early Intervention team due to vacancies being held pending a new structure being implemented.

Across Adults and Children's combined, £1m savings are projected for Integrated Services, due to vacancies being held pending review. The budgets for all the revised services will be amended once reviews have received final approval.

Environmental Services have projected an underspend of £396k, due to managing vacancies in Neighbourhood Services pending a savings review, plus underspends generally on Trading accounts, in particular School Meals, due to vacancies within the service. There will also be savings on overhead accounts, again due to vacancy management. Albert Halls is expected to overspend by £147k, due to reduced income in the catering and entertainments activities.

Housing Services are projecting a minor underspends of £131k.

Development and Regeneration is expecting to underspend by around £594k, made up of increased income from large planning applications of £350k, plus managed vacancies in the Planning and Economic Development sections of the department.

The Chief Executive's Department is expected to underspend by around £204k, this largely arises from underspends on staffing, where leavers are not being replaced, offset by costs relating to the delays in planned disposals of properties. These disposals were anticipated to be achieved in 2014/2015, and reserves were set aside to cover the costs. There have also been additional one off costs relating to the transformation and transition of the new ICT contract from Fujitsu to Agilysis. These were planned for and will be covered by the reported underspends.

In total, underspends of nearly £1.5 m have been projected. It is proposed that these and any further underspends are used to support the 2015/2016 revenue budget, in view of an anticipated cash flow deficit in that year.

## 2.4 Risks

Housing Benefits is a large gross budget largely funded by government grant, a small percentage variation in grant eligibility can result in significant net costs.

## 2.5 VFM Efficiencies / Budget Savings

Individual service reports monitor the achievement of savings targets. All of the targets will be met.

### 3. CAPITAL MONITOR

#### 3.1 Capital Expenditure

The table below summarises a revised programme compared to the approved programme at Council on February 20th. Departments are not reporting variances from the revised programme at this stage.

Service	Approved Programme £000	Slippage from 2012/2013 £000	Re-profiling/ additional resources £000	Current Programme £000	Spend at Quarter 3 £000
Children's Services	17,657	10,109	-5,224	22,542	14,558
Adult Services	2,254	314	-1,026	1,542	589
Environmental Services	11,368	4,834	6,558	22,760	10,320
Development & Regeneration	5,491	1,260	-1,857	4,894	3,311
Chief Executive's	6,833	4,339	3,922	15,094	2,322
Housing General Fund	1,945	1,408	914	4,267	3,015
<b>Total Expenditure</b>	<b>45,548</b>	<b>22,264</b>	<b>3,287</b>	<b>71,099</b>	<b>34,115</b>

An explanation of the re-profiling is given in Appendix 2

#### 3.2 Capital Financing

The current projection of capital expenditure can be financed as follows:

	£000
Borrowing	7,454
Government Grants	24,817
Capital receipts (incl. Earmarked)	6,218
External Contributions	2,104
Revenue	24,822
Corporate Strategic Investment monies - £22.1m	5,684
<b>Total Funding</b>	<b>71,099</b>

To 31 December 2013 £888k useable General Fund capital receipts had been generated against the annual target of £2,000,000. Over £1million further capital receipts are anticipated by the end of the year. We have also achieved £1.6m capital receipts that were required to repay previous capital financing of particular schemes.

#### **4. PRUDENTIAL INDICATORS**

##### **4.1 Present Position**

Treasury Management Prudential Indicators are now reported in the quarterly Treasury Management monitoring report. The Capital Prudential indicators approved by Council are as follows:

	<b>Estimate 2013/14</b>	<b>Comment</b>
<b>Affordability</b>		
Ratio of financing costs to net revenue stream:		
General Fund	2.72%	Fixed in Budget Setting
Impact of capital investment decisions on Council Tax	£13.43	Fixed in Budget Setting
<b>Capital Expenditure and Debt</b>		
Capital Expenditure		
General Fund (£m)	71.1	Adjusted for slippage and changes as in 3.1
Capital Financing Requirement (£m)	228.4	Current forecast is £218.3m

#### **5. CONCLUSIONS**

- 5.1 Net Revenue Expenditure can currently be contained within the budget provision. The current forecast of available balances at 31<sup>st</sup> March 2014 is £10,660,000
- 5.2 Capital Expenditure can also be contained within available resources
- 5.3 Monitoring of Capital Prudential Indicators shows that no indicators are currently beyond those approved by Council. Where the projection suggests limits may be exceeded these areas will be subject to further monitoring and addressed in future quarterly reports.