

Overview & Scrutiny Committee – 8 March 2018

- Quarter 3 Financial Monitoring position 2017-18
- Approved budget 2018-20 key highlights
- What does it mean for services in the corporate area

Quarter 3 Financial Monitoring 2017-18

Headlines



Quarter 3 financial monitoring - Revenue

- Net Revenue Budget £308m
- Headline £54m savings target
- Forecast overall underspend of £3.3m (1.1%)
- Collection Fund projected in-year surplus £2.5m
- Housing Revenue Account; £93m budget, forecast £411k surplus (0.4%)

Revenue – headlines

- overspend of £6.2m on Children & families (mainly agency & external placements)

(plus underlying pressure on High needs block in excess of £4m)

- underspend of £4.0m on Adults & Health (net of £5.7m additional BCF funding allocated in-year)
- Net underspends across Economy & Infrastructure (£2.1m), Corporate Services (£1.5m) and Central Budgets (£1.9m)
- The above forecasts were largely in view in earlier monitoring, and informed formulation of approved budget plans for 2018-20

	As at 1st April 2017	Reserves supporting 2017-18 MTFP	Other Planned drawdown in-year	Forecasted Reserves Position as at 31st March 2018
	£'000	£'000	£'000	£'000
Statutory (School Reserves)	(11,852)		2,090	(9,762)
Earmarked				
Financial Resilience Reserves	(28,046)	-	-	(28,046)
Earmarked (Other)	(39,494)	7,700	10,990	(20,804)
Sub-Total	(67,540)	7,700	10,990	(48,850)
General Balances	(10,718)	3,485	-	(7,233)
Grand Total	(90,110)	11,185	13,080	(65,845)

- HRA Reserves year end forecast £55m (increase of £3m in-year)

Quarter 3 financial monitoring - Capital

By Category	Revised Budget £000	Annual forecast £000	Variance £000
Strategic Priorities	33,954	11,544	(22,410)
Baseline	55,297	42,098	(13,199)
Risks & Pressures	2,500	0	(2,500)
<i>General Fund</i>	91,751	53,642	(38,109)
Strategic Priorities	4,153	915	(3,238)
Baseline	15,869	13,674	(2,195)
<i>Housing Revenue Account</i>	20,022	14,589	(5,433)
Total	111,773	68,231	(43,542)

Capital – headlines

- Strategic priorities includes slippage on HD-One development (£9m) and New North primary school (£4m) into 18/19, and re-phasing of HRA new build schemes (£3m) ; plus Kirklees College revolving credit facility not required (£6m)
- Baseline underspend includes risks & pressures (£2.5m), slippage on integrated transport schemes (£2m), learning & early support (£2.5m), economy & regeneration (£3.8m)
- Capital rollover proposals will be considered by members as part of the financial outturn & rollover report (cabinet June, Council July)

Council approved medium term Financial Plan

2018-20

Headlines



Approved budget 2018-20 - headlines

Summary general fund revenue position 2018-20	MTFP	MTFP
	2018-19	2019-20
	£000	£000
Funding available 17-21 MTFP	(281,171)	(276,756)
Funding Adjustments	(10,056)	(7,465)
Funding Available (18-20 MTFP)	(291,227)	(284,221)
Spending plans 17-21 MTFP (before savings)	291,078	285,965
Net Spending adjustments	16,267	27,654
Existing savings (rolled forward from 17-21 MTFP)	(11,058)	(20,955)
New Savings (18-20 MTFP)	(5,060)	(8,443)
Spending Plans (18-20 MTFP)	291,227	284,221

2018-20 budget headlines

- Every child has the best start in life - Improvement Plan Budget Strategy factors in existing pressures, review of previously assumed savings deliverability, and new savings proposals
- Learning & Skills - review of organisational capacity requirements and breathing space to explore Directorate wide collaborative opportunities
- Adult Social Care – demand led growth factored in for Learning Disabilities ,Older People demographics and external contractor cost pressures ; short-term funded through improved BCF 18/19 allocation

2018-20 budget headlines

- Economy & Infrastructure ; range of measures around town centre vibrancy; (includes £45m capital investment), getting more value from the resources we have, and some re-profiling of savings across years;
- other capital investment highlights include £25m property investment fund, sports facility for north Kirklees, and increased affordable housing (including specialist provision)

Impact on Services in the Corporate area

- Corporate services ; includes a range of further efficiencies including further cross-cutting proposals, and review of corporate capacity requirements in key areas
- Support for Council as democratic organisation - approved budget reversed some previous savings in light of outcome of democracy commission review
- Some resource included for priority proposals including new investment in town centres and villages, transformation fund, and volunteering/community capacity

2018-20 budget headlines

- Headline 5.99% Council Tax Increase
- Headline 2% staff pay award
- Additional £1.162m Adult Social Care Support Grant allocation (national £150m made available in 18/19 only)
- Kirklees part of 100% business rates LCR Pilot; 2018/19 only ; potential for additional resources to be generated
- Technical treasury management policy change – release of £9m revenue resources annually over the next y10 years into reserves

2018-20 budget headlines

- Financial strategy underpinned by the need to strengthen the Council's financial resilience over the medium & longer term

(Waste Contract review/High Needs strategic review both in view)
- Current uncertainty on national funding position for local government beyond 2020
- Environmental context remains challenging ; potential future interest rate, inflation pressures and consequential impact on local economy, health & wellbeing, Council budget
- Government green paper containing proposals to reform care & support for older people (Summer 2018)
- 75% business rates retention scheme proposed from 20/21
- Fair funding review of needs and resources also proposed to coincide with the above