

Corporate Financial Monitoring 2017/18 – Quarter 2
07 November 2017
Report of the Chief Officer (Resources)

PURPOSE OF REPORT				
To provide an overview of the Council's financial position for Quarter 2 of the 2017/18 monitoring cycle, and the supporting actions underway.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public.				

OFFICER RECOMMENDATIONS:

(1) That Cabinet notes the report and the supporting actions set out.

1. Overview

1.1. The corporate financial monitoring report for Quarter 2 is attached at **Appendix A**. The headline projections are as follows:

- The General Fund net revenue budget of £15.839M is currently overspent by a net £228K, forecast to increase to £241K by the year end.
- The Housing Revenue Account is also currently over by a net £274K against the original budget, and this is expected to increase to £569K by the year end.

1.2. In terms of the General Fund projected net overspending for the year, the key variances relate to Green Waste (£290K net income shortfall, unchanged from Qtr1), and Salt Ayre Leisure Centre (£187K net income shortfall – new variance). A separate update on Salt Ayre is included at **Annex A**, which sets out the headline messages and key factors for the change in the budgetary position. The main favourable variance relates to staffing across all services (£226K saving), which is still expected to exceed the £400K turnover target.

1.3. Whilst a net overspending of £241K for the year is being projected against the overall General Fund budget, officers are currently reviewing all estimates as part of the 2018/19 budget setting process. Efforts are focusing on addressing this position, either through generating additional income or through achieving expenditure savings. However, should a net overspending still be forecast then General Fund unallocated balances would need to be used to fund it. The

current unallocated Balance is £4.890M.

- 1.4. In terms of the Housing Revenue Account, the net overspending is being driven by increases in the cost of repairs and maintenance (£400K) and loss of income from increased level of voids (£169K). At present, voids are running at 2.9% against an original estimate of 1.9%. Again, actions are being focussed on addressing this position, however should they remain unchanged after the budget review process, then HRA unallocated balances would need to be used to fund the net shortfall. The current unallocated Balance is £2.117M.
- 1.5. In support of corporate financial monitoring, the latest Treasury Management update report is included at **Appendix B**.

2. Performance Monitoring

In terms of performance monitoring details are contained in a separate report elsewhere on this agenda.

RELATIONSHIP TO POLICY FRAMEWORK This report is in support of the delivery of the Council's overall policy framework, and more specifically its Corporate Plan.	
CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing) None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.	
LEGAL IMPLICATIONS None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.	
FINANCIAL IMPLICATIONS As set out in the attached.	
OTHER RESOURCE IMPLICATIONS Human Resources / Information Services / Property / Open Spaces: References and any related implications are contained within the report and related appendices.	
SECTION 151 OFFICER'S COMMENTS This report is in the name of the s151 Officer, albeit in her capacity as Chief Officer (Resources).	
DEPUTY MONITORING OFFICER'S COMMENTS The Deputy Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS None.	Contact Officers: Andrew Clarke, Financial Services Manager Telephone: 01524 582138 E-mail: acclarke@lancaster.gov.uk Ref: