

North Tyneside Council Report to Cabinet 14 November 2016

Item 6(a)
2016/17 Financial
Management Report to 30
September 2016

Portfolios: Elected Mayor
Finance and Resources

Cabinet Member: Norma Redfearn
Cllr Ray Glindon

Report from: Finance

Responsible Officer: Janice Gillespie, Head of Finance **Tel:** 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

1.1.1 The purpose of this report is to inform Cabinet of the Authority's financial position as at 30 September 2016 and to approve revisions to the Authority's Investment Plan.

1.1.2 The purpose of this report is therefore to:

- (a) advise Cabinet of the forecast budget monitoring position for the General Fund, Housing Revenue Account and Schools' Finance as at 30 September 2016 (Annex 1, Sections 2, 3 and 4);
- (b) seek Cabinet approval for the receipt of the new revenue grants (Annex 1, Section 2, Paragraph 2.12, Table 3 and Appendix O);
- (c) advise Cabinet of the Authority's Investment Plan spend to 30 September 2016 and the financing of the Plan to the end of the year (Annex 1, Section 5);
- (d) seek Cabinet approval for reprogramming of £15.646m and variations of £0.050m within the 2016/19 Investment Plan (Annex 1, Section 5, Tables 4 and 5 and Paragraphs 5.5 and 5.6); and,
- (e) seek Cabinet approval for the virement of £0.220m from the Northumberland Square Project to the Coastal properties project as outlined in paragraph 5.5(b).

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) notes the budget monitoring position as at 30 September 2016;
- (b) approves the receipt of new revenue grants;
- (c) notes the level of spend on the Investment Plan as at 30 September 2016;
- (d) approves reprogramming of £15.646m and variations of £0.050m and within the 2016/19 Investment Plan; and,
- (e) approves the virement of £0.220m from the Northumberland Square Project to the Coastal properties project.

1.3 Forward Plan

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 1 August 2016.

1.4 Council plan and policy framework.

The budget is a key strand of the Authority's Budget and Policy Framework.

1.5 Information - Executive Summary

Annex 1 to this report sets out the budget monitoring position as at 30 September 2016.

1.5.1 It includes forecast outturn positions for 2016/17 for the General Fund, the Housing Revenue Account, Schools' finance and the Investment Plan, including a summary of projects to be delivered during 2016/17.

1.5.2 **General Fund Revenue Account:** This is the third monitoring report of the year. The forecast pressure has reduced slightly, to £4.744m (from £4.987m reported in July's report). There has been some underlying improvement in the risks associated with the delivery of the 2016/17 budget, however, the headline pressure is only marginally improved. Pressures arising from demand in Adult and Childrens Social Care, the impact of the Living Wage on our care providers (and the price for services the Authority then has to pay) and the delivery of some aspects of the Creating a Brighter Future Programme continue to be forecast. All services continue to develop and deliver actions to mitigate these financial pressures and expect the out-turn forecast to improve as we move through the year. In addition, non essential spend continues to be minimised along with a detailed review of demand led projections in order to reduce the over-commitment. The regular review of the Investment Programme delivery will consider the impact on cash flow and resulting cost of borrowing.

1.5.3 As set out in Annex 1 this is an important report as we are mid way though 2016-17 and preparation for the 2017/18 budget is underway and consideration is necessarily given to the implication of in-year pressures on the planning for future years.

- 1.5.4 **Housing Revenue Account (HRA):** The HRA is forecast to have year-end balances at 31 March 2017 of £4.362m, which is £1.447m higher than budget. The higher than forecast balances are as a result of higher opening balances due to the impact of previous years' financial performance (£0.787m). The forecast in-year is an estimated under spend of £0.660m.
- 1.5.5 **School finances:** This report includes an update in respect of work in progress with regard to school funding (Annex 1 Section 4).
- 1.5.6 **Investment Plan:** The Investment Plan for 2016/19 was adjusted for reprogramming, as detailed Table 4 of Annex 1, and is £205.289m. Reprogramming of £15.646m and variations of £0.050m (in 2017/18) and are proposed in this report (paragraphs 5.5 and 5.6 and Tables 4 and 5). The report also sets out delivery progress to date and planned delivery for 2016/17.

1.6 Decision options:

Cabinet may agree the recommendations as set out in Section 1.2 of this report. Alternatively Cabinet can disagree with the proposals. The main decision option is around the approval of the variations to the Investment Plan.

1.7 Reasons for recommended option:

Cabinet is recommended to agree the proposals set out in section 1.2 of this report as it is important that Cabinet continues to monitor performance against the budget, especially given the current level of financial pressures faced by the public sector.

1.8 Appendices:

Annex 1	2016/17 Financial Management Report to 30 September 2016
Appendix A	Chief Executive's Office
Appendix B	Business and Economic Development
Appendix C	Commercial and Business Redesign
Appendix D	Corporate Strategy
Appendix E	Finance
Appendix F	Human Resources and Organisational Development
Appendix G	Law and Governance
Appendix H	Health, Education, Care and Safeguarding
Appendix I	Commissioning and Investment
Appendix J	Environment, Housing and Leisure
Appendix K	Corporate and Democratic Core
Appendix L	Housing Revenue Account (HRA)
Appendix M	2016-2019 Investment Plan variations
Appendix N	2016-2019 revised Investment Plan summary
Appendix O	In year grant changes
Appendix P	Glossary of Terms

1.9 Contact officers:

Janice Gillespie - Corporate Finance matters - Tel 643 5701

Margaret Keith –Treasury Management matters - Tel 643 5747

Cathy Davison - Capital Plan (financing) matters - Tel 643 5727

Alison Campbell – Senior Business Partner - Tel 643 7038

Darrell Campbell - Housing Revenue Account matters - Tel 643 7052

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Revenue budget 2016/17 (P)
<http://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/2016-17%20Revenue%20Control%20Budget.pdf>
- (b) Investment Plan 2016-19
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564424
- (c) Reserves and Balances Policy
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564080
- (d) Investment Programme Board Progress report
http://october.northtyneside.gov.uk:7778/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=566875

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report and Annex 1. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 23 November 2016.

2.2 Legal

The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

2.3 Consultation/community engagement

Internal consultation

Internal consultation has taken place with the Cabinet Member for Finance and Resources, the Elected Mayor, the Senior Leadership Team and Senior Finance Officers.

Community engagement

The 2016/17 budget was completed after widespread consultation in line with the Authority's approved Budget Engagement Strategy. Appendix E of the 2016/17 Financial Planning and Budget Process report to Council on 4 February 2016 provides details of the consultation.

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are no direct equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive X
- Head of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy X