



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	19 November 2019
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 2 2019/20
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance & Resources) Caroline Souto, Team Leader Financial Planning & Analysis
Purpose of report:	To provide details of the projected outturn for 2019/20 as at Quarter 2 for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
Recommendations	That Committee note the financial position for the Council for 2019/20 as at Quarter 2.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This report outlines the financial position for the Council for 2019/20 and so summarises the financial implications for service decisions expected to be made for the financial year. <u>Value for Money</u> Regular budget monitoring and reporting supports the effective use of the financial resources available to the Council.
Risk Implications	This reports outlines the financial position for the Council for 2019/20 and in so doing quantifies the financial risk associated with service decisions expected to be made for the financial year.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.

Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account MRP – Minimum Revenue Provision

1. Introduction

1.1 The purpose of this report is to present the Council's forecast outturn for 2019/20 as at the 30 September 2019. The report covers the following budgets with associated appendices:

- General Fund - Appendix A. A pressure against budget of £126k is forecast.
- Strategic Planning and Environment Capital Programme - Appendix B. An in year underspend on capital budgets of £32k is forecast.

2. General Fund Revenue Account

2.1 The General Fund revenue account records the income and expenditure associated with all Council functions, except the management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA).

2.2 Appendix A provides an overview of the General Fund forecast outturn position. The forecast position includes areas of both under and overspend. There is a net overall pressure of £126k, less than 1% of the net cost of services budget.

The table below outlines the service areas with a significant financial pressure:

Table 1	Key Financial Pressure	Description
Scrutiny Committee		
Housing and Community	£195k	Garage Income
Strategic Planning and Environment	£130k	Fleet vehicle Maintenance
Strategic Planning and Environment	£105k	Planning
Strategic Planning and Environment	£90k	Commercial Waste Income

2.3 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable budgets within the General Fund.

Table 2	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	16,382	16,394	12	(0.1%)
Strategic Planning and Environment	8,467	8,979	512	6.0%
Housing & Community	537	549	12	2.2%
Total Operating Cost	25,386	25,922	536	2.1%
Investment Property	(4,317)	(4,357)	(40)	0.9%
Core Funding	(21,070)	(21,440)	(370)	1.8%
Contribution (to)/ from General Fund Working Balance	(1)	125	126	

2.4 The following sections provide an analysis of the projected outturn and major budget variances shown by Scrutiny area.

2.5 Core Funding - £370k additional funding / reduction in expenditure

There is a combination of additional government grant income and a reduction in expenditure forecast to yield a benefit of £370k against core funding budgets. These include:

- Increased new burdens funding of £155k, including £100k relating to the Revenues and Benefits service. This funding is not ring-fenced for a specific use and has therefore been treated as core funding. In addition £35k of Brexit funding has been received in order to prepare for withdrawal from the European Union.
- The Minimum Revenue Provision (MRP) is a minimum amount which a Council must charge against its revenue budget each year for the financing of capital expenditure which has been initially funded by borrowing. The MRP is £165k lower than budgeted for 2019/20, resulting from below-budget capital expenditure in 2018/19.
- Investment Income is forecast to exceed budget by £80k as balances of cash reserves are higher than had been anticipated due to lower than budgeted capital expenditure.
- Additional income from the HRA of £50k. This arises from work on void garden clearances previously carried out by Osborne and now undertaken by Clean, Safe and Green. As such, there is no resulting additional cost to the HRA.
- Insurance recharges to the HRA will be reduced by £80k, arising from additional income from insurance charges payable by Leaseholders.

3. Strategic Planning and Environment

Table 3 Strategic Planning and Environment	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Employees	10,334	10,635	301	2.9%
Premises	948	991	43	4.5%
Transport	1,187	1,372	185	15.6%
Supplies & Services	2,286	2,270	(16)	(0.7%)
Third-Parties	84	82	(2)	(2.4%)
Income	(6,164)	(6,164)	0	0
Earmarked Reserves	(208)	(208)	0	0.0%
Total	8,467	8,979	512	6.0%

4. Employees - £301k pressure against budget

The forecast pressure against employee budgets includes:

4.1 £180k additional staff and agency backfilling within Planning. The planning service have been very successful in driving new business and planning income as shown in paragraph 3.3, hence officers have had to be realigned to these new specific planning projects and additional short term agency staff have had to be recruited to backfill substantive posts. This has resulted in additional agency costs in backfilling these posts. The planning service are working on a short and medium term resource plan to reduce these issues going forward.

4.2 £70k in Waste Services due to current pressures on the service. New waste vehicles are due to be operational from November, however in the meantime non-availability of current split-bodied fleet is sometimes requiring additional separate rounds for co-mingled and food with the associated crews because replacement hire vehicles with a 70:30 split are not frequently available. This is also giving rise to a pressure in fuel costs of £50k.

4.3 Transport - £185k pressure against budget

A pressure of £135k relates to the maintenance of ageing fleet vehicles in Waste Services, including additional short term hire costs and repair costs. Fuel costs are also tracking above budget by £50k.

4.4 Income – no overall variance against budget

This budget line includes the forecast surplus on Planning fees of £75k, however this is being offset by a pressure of £90k relating to the Commercial Waste service, where income has been under budget due to the ongoing effect of loss of customers. A full review of the service including marketing and charging structure is currently underway. Resulting actions and financial benefits will be disclosed in future reports.

5. Capital Programme

5.1 Appendix B shows the projected capital outturn in detail by scheme.

The table below summarises the overall capital outturn position by Scrutiny committee area.

The current budget is the original budget approved by Cabinet in February 2019, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred, but will now be in 2020/21 rather than 2019/20 ('slippage'), or conversely, where expenditure planned initially for 2020/21 has been incurred in 2019/20 ('accelerated spend').

The 'Variance' column refers to projects which are expected to come in under or over budget and projects which are no longer required.

Table 4	Current Budget	Rephasing	Revised Budget	Forecast Outturn	Variance	
	£000	£000	£000	£000	£000	%
Strategic Planning and Environment	4,648	0	4,648	4,616	(32)	(0.7%)

6. General Fund Major Variances

6.1 There is a forecast underspend of £32k against Strategic Planning and Environment capital schemes. This represents a variance of 0.7% against budget.

7. Conclusions and recommendations

7.1 As at Quarter 2 2019/20, there is a forecast pressure of £126k against General Fund budgets.

7.2 As at Quarter 2 2019/20, against Strategic Planning and Environment capital schemes, an underspend of £32k is forecast.

7.3 Members are asked to note the financial position for the Council for 2019/20 as at Quarter 2.