

REPORT TO	ON
SCRUTINY COMMITTEE CABINET	7 March 2019 20 March 2019



TITLE	PORTFOLIO	REPORT OF
Quarter 3 Section 151 Financial Monitoring Report	Finance	Deputy Chief Executive – Resources and Transformation – S151 Officer

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	No
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to advise members of the revenue and capital financial position of the council for the third quarter period ending 31st December 2018 as required under its statutory duty.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 Cabinet notes the projected Revenue financial monitoring position for 2018/19 as at 31st December 2018 including the management actions taken to deliver the savings and achieve the projected surplus.
- 2.2 Cabinet note the proposed drawdown of reserves of £170,000 to cover associated expenditure for which the reserves were created.
- 2.3 Cabinet note the projected Capital financial monitoring position for 2018/19 as at 31 December 2019 including the revised spend outturn, revised funding mechanisms and carry over into 2019/20.
- 2.4 Cabinet approve up to £100,000 of the surplus to be used to carry out additional environmental works across the borough to enhance existing green links programmes.

3. REASONS FOR THE DECISION

- 3.1 Council to note the projected financial position of the council reported by the Deputy Chief Executive (Finance and Transformation) Section 151 Officer. It also notes the actions taken to ensure that the overall targets set in the budget decisions have been implemented to the full.

4. EXECUTIVE SUMMARY

- 4.1 The Council are currently projecting a small surplus of £219,000 on the revenue accounts which amounts to 1.6% of the Gross budget
- 4.2 The officers have undertaken management actions to deliver the significant transformation savings set in the prior year budgets.
- 4.3 Council note the variations to the budget forecasts and explanations of the key issues. These variations being considered as part of the 2019/20 budget setting process.
- 4.4 Council note the forecast expenditure on the Capital Programme and the changes to the forecasts and revisions to carry forward schemes into 2019/20

5. CORPORATE PRIORITIES

- 5.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	X
Health and Wellbeing	X
Place	X

Projects relating to People in the Corporate Plan:

People	
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6. BACKGROUND TO THE REPORT

- 6.1 Council approved the 2018/19 Budget and Capital Programme on the 28th February 2018. The budget included significant transformational changes and associated savings targets.
- 6.2 This report follows the quarter 2 position that was reported to Scrutiny Committee and Cabinet on the 8th and 21st November respectively

7. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

Revenue Forecast

Table 1 below highlights the current revenue budget forecast to the approved budget before and after reserve drawdown. Reserves have been drawn down for specific approved initiatives. Net overall directorate overspending after reserve drawdown is £52,000 which is £0.4% above base budget.

Revised Budget 2018/19					
	ORIGINAL	REVISED	Variance	Reserve	Net Variance
	2018-19	2018-19		Drawdown	After Reserves
	£000's	£000's	£000's		
Chief Executive	789	879	90	22	68
Neighbourhoods & Development	5,539	5,323	(216)	115	(331)
Planning & Property	1,529	1,246	(283)	(17)	(266)
Finance & Assurance	1,389	1,693	304	7	297
Legal, HR & Democratic Services	1,338	1,351	13	15	(2)
Customer Experience and Operations	1,914	1,884	(30)	28	(58)
	12,498	12,376	(122)	170	(292)
Previous Senior leadership budget saved through efficiency below Efficiency Targets	284		(284)		(284)
	(628)		628		628
	12,154	12,376	222	170	52
Budgets Not In Directorates:					
Debt Repayment	969	886	(83)		(83)
Interest	60	(100)	(160)		(160)
Parish Precepts	365	365	0		0
Pensions Costs	580	563	(17)		(17)
Net Cost of Services	14,128	14,090	(38)	170	(208)
Retained Business Rates	(4,597)	(4,607)	(10)		(10)
Council Tax	(8,053)	(8,054)	(1)		(1)
New Homes Bonus (incl City Deal)	(1,391)	(1,391)	(0)		(0)
Reserves transfers - Earmarked	(87)	(257)	(170)	(170)	0
Total Funding	(14,128)	(14,309)	(181)	(170)	(11)
Net (Surplus) / Deficit	0	(219)	(219)	0	(219)
Transfer to Capital reserve	0	219	219		219
	0	0	0	0	0

The major variances are identified as below, other variances are a cumulative impact of smaller amounts

Neighbourhoods & Development

Over achievement of Green Waste Income which is modelled into the base forecasts for 2019/20. The original budget was based on 15,000 properties taking up the scheme. For 2018/19 over 24,000 properties are signed up for Green Waste collection amounting to 49% of the Borough

Planning & Property

Non delivery of the property investment income target which has been offset with salary savings and a £60,000 contribution to Transformation through Fees and Charges

Finance and Assurance

Technical adjustment to reflect increase in Bad Debt Provision for preceptors £207,000
Increase in temporary staffing to cover vacancies £51,000
Shared Services increase in cost of £16,000

Customer Experience and operations

Savings achieved through staff savings of £74,000
Savings on benefits administration offsetting other cost pressures.

Previous Senior Leadership

This lines included in the base 2018/19 budget related to the costs associated with the previous senior management structure. This amount has been saved through transformation of the senior leadership structures.

Efficiency Targets

Achieved through robust management action to allocate targets to directorates to deliver the savings required to ensure the planned budget efficiencies are delivered.
Additional income from green waste £270,000
Senior Leadership savings £198,000
Staff turnover savings £100,000
Fees and Charges £60,000

Overall net revenue and funding position

This net £52,000 is offset through reduced corporate debt and interest costs. The interest was planned as a net cost to the council but with marginally increased interest rates and no spend on the corporate property investment fund the net position has improved by £160,000

Overall the Council financial position is showing a surplus of £208,000 before Business Rate, Council Tax adjustments. These take the total net underspend to £219,000 underspent for the financial year as at the 31st December 2018

Capital Forecast

The table below identifies the summary position of the 2018/19 capital programme.

Forecast Capital Programme 2018/19 £,000's	Original Budget & Slippage	Allocations & additional approvals	Current Budget	Forecast Outturn	Forecast Over / (Under) spend	Re-phasing (to) / from 2019-20	Over / (Under) - spend
Health, Leisure and Wellbeing	2,576	(30)	2,546	919	(1,627)	(1,599)	(28)
Place	1,784	274	2,058	920	(1,138)	(890)	(248)
Excellence and Financial Stability	4,142	1,086	5,228	1,059	(4,169)	(4,165)	(4)
Expenditure Total	8,502	1,330	9,832	2,898	(6,934)	(6,654)	(280)
Capital Financing							
Grants	810	66	876	757	(119)		
City Deal	141	100	241	49	(192)		
External Contributions	21		21	4	(17)		
Section 106	684	108	792	40	(752)		
Revenue Budgets	11		11		(11)		
Capital Receipts	450		450	1,152	702		
Borough Investment Reserve	2,500	1,048	3,548		(3,548)		
Capital Reserve	1,417	8	1,425	896	(529)		
Borrowing	2,468		2,468		(2,468)		
Financing Total	8,502	1,330	9,832	2,898	(6,934)		

Appendix 1 to this report highlights variances to individual schemes values. The appendix also highlights the changes to the 2018/19 funding package. In particular to note is that no borrowing has been utilised which improves the long term interest calculations noted above in the revenue accounts.

For the new financial year a new detailed programme is being developed that will be subject to cabinet approval following the approval of the 2019/20 budget and Medium Term Financial Strategy. Resources are included in the 2019/20 revenue budget to ensure the revised programme is fully resourced to design and deliver the projects to be finalise. The new programme will maximise the opportunity to deliver transformation to services whilst at the same time deliver spend to save or spend to earn opportunities.

This programme will seek to maximise the use of resources received in the form of grant and Section 106 in the first instance. Then utilise reserves that have been made for capital expenditure. Capital receipts will be focused on key priorities that do not deliver sufficient return to cover any debt costs.

As per the Capital and Investment Strategy borrowing will be used as a last resort and only on schemes where a robust financial return can be identified that exceeds the associated borrowing costs through new income or costs efficiencies.

8 CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

8.1 None

9 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

9.1 Not to take appropriate management action to ensure the budget remains within forecasts resulting in over spends which is contrary to our statutory duty.

10 FINANCIAL IMPLICATIONS

10.1 The financial implications are embedded in the content of the report

11 LEGAL IMPLICATIONS

11.1 The Statutory Section 151 Officer has a duty to inform and advise the Council on its financial position.

12 HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

12.1 None

13 ICT/TECHNOLOGY IMPLICATIONS

13.1 None

14 PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

14.1 Capital expenditure is reflected in the accounting statements and valuations updated accordingly

15 RISK MANAGEMENT

15.1 The Council continue to monitor its risks and any associated financial implications arising from them.

16 EQUALITY AND DIVERSITY IMPACT

16.1 None

17 RELEVANT DIRECTORS RECOMMENDATIONS

17.1 Directors are advised of their appropriate financial positions and take due regard to any actions to protect the financial position of the authority.

18 COMMENTS OF THE STATUTORY FINANCE OFFICER

18.1 The financial position of the Council is being maintained within the overall budget approval. The Council continue to seek ongoing transformation savings and reduce the ongoing financial implications of the Capital Programme.

19 COMMENTS OF THE MONITORING OFFICER

19.1 As in accordance with our normal procedures and good practice we report regularly on our financial position. The Section 151 officer is under a general duty to keep the Council so advised.

20 BACKGROUND DOCUMENTS

20.1 Budget and Medium Term Financial Strategy documents 28th February 2018

21. APPENDICES

21.1 Appendix A Capital Monitoring 2018/19 Quarter 3

Report Author:	Telephone:	Date:
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