

Finance Monitoring Quarter 2 2019/20

Relevant Portfolio Holder	Councillor David Thain, Portfolio Holder for Corporate Management
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non Key Decision	

1. Purpose and summary

To report to Executive on the Council's financial position for Revenue and Capital for the General Fund and HRA for the financial period April 2019 – September 2019.

2. Recommendations

The Executive Committee is asked to resolve

- 2.1 The current financial position in relation to Revenue and Capital for the General Fund and HRA for the financial period April 2019 – September 2019.

That Executive recommend to Council

- 2.2 Approval of the re-profiling of the capital programme due to officers completing a full review of the Capital budget for 2019/20 – 2022/23. (Appendix 4)

3. Revenue budgets

- 3.1 This report provides details of the financial performance of the Council. The purpose of this report is to ensure officers and members have relevant information to consider the overall financial position of the Council. The report reflects the finances across all of the Strategic Purposes to enable Members to be aware of the level of funding attributed to each area and how this compares to budget. The summary at 3.4 shows the financial position for revenue funding for the period April 2019 – September 2019.
- 3.2 Financial reports are sent to budget holders on a monthly basis. As part of this process a detailed review is undertaken with support from the finance team to ensure that all issues are considered and significant savings or cost pressures are addressed. This report explains the key variances to budget for 2019/20.

3.3 The £9.804m original General Fund budget as included in the table below is made up of the budget approved in February 2019 of £9.543m, which is then adjusted to reflect the approved transfers from reserves of £262k held in Corporate Financing.

In addition the Latest Budget 2019/20 of £10.346m includes transfers from reserves of £393k which is shown in appendix 2 along with savings virements of £150k.

3.4

**Revenue Budget Summary – Overall Council
Financial Year 2019/20**

Please note figures have been rounded

Strategic Purpose	Original Budget 2019/20 £'000	Revised budget 2019/20 £'000	Budget to date 2019/20 £'000	Actuals to date 2019/20 £'000	Variance to date 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Keep my place safe and looking good	4,044	4,243	2,425	2,307	-118	4,019	-224
Help me run a successful business	560	592	231	245	14	579	-12
Help me be financially independent	406	437	910	905	-5	435	-2
Help me to live my life independently	134	129	64	58	-7	126	-3
Help me find somewhere to live in my locality	859	839	323	289	-34	834	-5
Provide Good things for me to see, do and visit	576	627	337	331	-6	655	28
Enable others to work/do what they need to do (to meet their purpose)	3,224	3,429	2,942	2,890	-52	3,316	-164
Totals	9,804	10,346	7,232	7,025	-207	9,963	-383
Corporate Financing	-9,804	-10,346	-8,322	-8,441	-119	-10,535	-189
Grand Total	0	0	-1,090	-1,416	-326	-571	-571

Financial Commentary:

There are a number of variances across the strategic purposes. The summary above shows the overall 2019/20 revenue position for the Council and the main variations are as a result of:

Keep my place safe and looking good (£224k saving)

These budgets include those relating mainly to Environmental Services, Planning, CCTV and other activities to deliver against the purpose to ensuring an area is a safe and attractive place for the community.

The variances to report are :

- It is projected that Bereavement services will receive less income than expected from burial fees in 2019/20, therefore showing a year end variance for the service of **£109k**.
- There is a saving within Community safety budgets due to salary vacancies which are being addressed in a service review. The underspend, however, will be offset against the overhead recharge to the HRA (shown in enabling services) due to the service being 100% attributable to the HRA of **£100k**.
- Development Management has received some large applications in the first half the financial year. However, the income trend is not expected to continue at the same rate for the second half of the year and therefore forecast against budget is **£73k** shortfall.
- There is variance within planning policy due to some additional grant being received towards a Town Centre study and underspends in the second quarter on general supplies and services **£48k**.
- There are some salary savings due to vacancies of **£274k** within Core Waste, Environmental Management, Place teams and Trees & woodland management mainly due to a pending services delivery review.

Help me run a successful business (£12k underspend)

The budgets within the strategic purpose include economic development, all licenses and costs associated with the town and other Properties within the Borough.

- There are no significant individual variances in quarter 2 to report.

Help me be financially independent (£2k underspend)

The strategic purpose includes all costs relating to the support of benefits and the administration and delivery of Council Tax services in the Borough.

- There are no significant individual variances in quarter 2 to report

Help me to live my life independently (£3k underspend)

There are a number of budgets relating to the delivery of the strategic purpose including; Lifeline and Community Transport.

- There are no significant individual variances in quarter 2 to report

Help me find somewhere to live in my locality (£5k underspend)

The costs associated with homeless prevention, housing strategy and land charges are all included in this strategic purpose. It is worth noting that these costs solely relate to those charged to the General Fund not the Housing Revenue Account

- The variance shown in this strategic purpose is due to some salary savings from reduced hours and also increased income from Houses in Multiple occupation following changes in regulations **£5k**.

Provide Good things for me to see, do and visit (£28k overspend)

The majority of budgets within this purpose relate to Leisure and Culture services.

- There is a variance within Business development – Cultural services due to a saving on the Christmas lights budget, some additional income on the civic suite and staff vacancies **£4k**.
- There are further savings within Park & Events to do with temporary salary savings due to the change of service delivery and new staff structure implementation - these posts have now been filled going into 2019/20 **£29k**.
- These savings have been offset against an overspend within Rubicon Client Cultural Events due to delayed property maintenance costs being received **£63k**.

Enable others to work/do what they need to do (to meet their purpose) (£164k underspent)

All support services and corporate overheads are held within the enabling purpose. These include; IT, HR, Finance, Management team and other support costs.

- The underspend variance within Asset & Property Management is mainly due to vacant posts – a service review is taking place **£36k**.
- There is a small overspend within central post opening due to increased postage costs which is currently being addressed **£20k**.
- Equalities and Policy have some savings on general supplies and services **£22k**.
- There are further salary savings in Corporate Management Team (CMT), Customer service support and Human Resources due to vacant posts. Some of these are expected to be filled going into the second half of 2019/20 **£160k**.

Corporate Financing (£189k saving)

- There is a variance in corporate financing due to borrowing costs not being as much as expected mainly due to the spending profile of the capital programme **£123k**. There has also been a slight improvement on the business rates income **£50k**

4. Savings Monitoring

4.1 The medium term financial plan included £1,127k of savings identified to be delivered during 2019/20 the breakdown of these savings is attached at appendix 3. £206k of these identified savings is in relation to a vacancy factor and £181k saving is in relation to transformational redesign.

To quarter 2 £579k of the £1,127k identified savings have been realised against the budgeted April to September savings of £563k

In addition to the above officers have been required to find further savings throughout the financial year 2019/20. At quarter 2 additional savings (above those identified) have been realised of £339k.

5. Cash Management

5.1 The cash position of this Council at the start of the financial year and the expected end of year cash positions for the coming financial years is shown in the table below

Date	£m	Position
As at 31 st March 2019 (Actual)	6.0	Borrowing
As at 30 th Sept 2019	nil	Borrowing

5.2 Borrowing

As at the 30th Sept 2019 there are no short term borrowings and £103.929m in long term borrowing with associated costs in the quarter of £888k. All long term borrowing costs relate to the HRA.

An interest payable budget has been set of £158k for 2019/20 due to expenditure relating to current capital projects.

5.3 Investments

At 30th Sept 2019 there were £8m investments held.

6. Capital Budgets

**Capital Budget Summary – Overall Council
Financial Year 2019/20**

Please note figures have been rounded

Strategic Purpose	Original Budget 2019/20 £'000	Revised budget 2019/20 £'000	Budget to date 2019/20 £'000	Actuals to date 2019/20 £'000	Variance to date 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Keep my place safe and looking good	1,962	3,832	1,916	853	-1,063	1,738	-2,094
Help me run a successful business	0	80	80	0	-80	0	-80
Help me to live my life independently	850	1,623	812	593	-218	1,471	-152
Provide Good things for me to see, do and visit	1,057	1,143	581	33	-548	33	-1,110
Enable others to work/do what they need to do (to meet their purpose)	0	455	227	138	-90	300	-155
Totals	3,879	7,133	3,576	1,617	-1,959	3,542	-3,591

Financial Commentary:

Keep my place safe and looking good

The main variances for this strategic purpose relate to the following projects;

- The Vehicle replacement programme, Improved parking scheme, upgrade of fuel equipment along with the Locality capital projects have had a full review by officers and it has been requested that the budgets are re-profiled into future years along with budget release as no longer required. See appendix 4
- The capital budget for the removal of 5 weirs through Arrow Valley Park has also been delayed and it is therefore expected this will not commence until the early part of 2020/21.

Help me run a successful business

- The project is currently under review and it is expected not to be spent within 2019/20. It will therefore be requested to move the budget into 2020/22.

Help me to live my life independently

- The disabled facilities grant scheme has an underspend to the second quarter but it is projected this will be fully spent by the end of the financial year.

- There is also an underspend on the Energy & Efficiency Installation project and is projected this will be an ongoing project over the next three years.

Provide Good things for me to see, do and visit

- Majority of the projects have all been reviewed in this second quarter and it is expected due to seasonal factors and consultations with stakeholders/contractors that the schemes are now likely to commence in early 2020.

Enable others to work/do what they need to do (to meet their purpose)

- The variance for this strategic purpose relates to the New Finance Enterprise System in Financial services which has now commenced. The project is expected to be completed by September 2020 and a request will be made to re-profile some of the budget into the first quarter of 2020/21.

7. Housing Revenue Account

Appendix 1 details the financial position for the Housing Revenue Account (HRA) for the period April 2019 – September 2019.

8. Earmarked Reserves

The position as at 30th September 2019/20 is shown in Appendix 2.

9. General Fund Balances

The General Fund Balance as at the 31st March 2019 is £1.223m. A balanced budget was approved in February 2019 to include identified savings which have been built into individual budget allocations. This also included a planned use of balances for 2019/20 of £211k. The current level of balances will therefore reduce to £1.012m with recommended level of balances of £750k with the aim to increase to £1.5m over the medium term

10. Legal Implications

No Legal implications have been identified.

11. Service/Operational Implications

Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

12. Customer / Equalities and Diversity Implications

No direct implications as a result of this report.

13. Risk Management

The financial monitoring is included in the corporate risk register for the authority.

APPENDICES

Appendix 1 – HRA Monitoring April – September 2019/20

Appendix 2 – Earmarked Reserves 2019/20

Appendix 3 – Savings Monitoring 2019/20

Appendix 4 – Capital Re-profiling 2019/20

AUTHOR OF REPORT

Name: Kate Goldey – Senior Business Support Accountancy Technician

E-mail: k.goldey@bromsgroveandredditch.gov.uk

Tel: (01527) 881208