



CABINET REPORT

Report Title	Finance Monitoring to 31 January 2019
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	13 March 2019
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	N/A

1 Purpose

- 1.1 Financial monitoring reports will be presented to Cabinet on a bi-monthly basis and will include:
- Revenue – any significant issues requiring action and details of the actions being taken.
 - Budget Risks, including any unachievable savings.
 - Budget Changes and Corrections
 - Capital – progress on key projects
 - Capital appraisals and variations requiring approval or approved under delegation.

2 Recommendations

- 2.1 That Cabinet notes the contents of the report and notes that future reports will set out the actions being taken by Corporate Management Board to address issues arising.

- 2.2 That Cabinet note the capital appraisals approved under delegation as set out in Appendix 1.

3 Issues and Choices

3.1 Report Background

- 3.1.1 As the end of the financial year approaches, there are a number of issues to be addressed in relation to the General Fund revenue budget. These are detailed below.

3.2 Key Financial Indicators

Dashboard Indicator Description	Variation from Budget	
	General Fund	Housing Revenue Account
	£m	£m
Controllable Budgets	1.998	(0.742)
Corporate Budgets	(0.497)	0.000
Total	1.501	(0.742)

3.3 General Fund Revenue Budget (Red)

- 3.3.1 The overall General Fund revenue budget is currently forecasting an overspend of £1.501m. This is an improvement of £0.560m on the £2.061m forecast overspend as at the end of period 8 when this was last reported to Cabinet. The main area of pressure contributing to this overspend continues to be in the Homelessness area, while the main areas of change are in the Communities area and the Chief Finance Officer area. These areas are covered in more detail below
- 3.3.2 Homelessness - The combined current forecast overspend on Housing and Benefits as a result of increased homelessness is £1.618m. High levels of homelessness, together with the severe shortage of affordable rented housing, have resulted in a sharp increase in the Council's use of temporary accommodation and the amount of time that homeless households are required to wait until they are offered settled housing.
- 3.3.3 The issues and the overall pressure remains broadly the same as when it was last reported to cabinet as part of the period 8 monitoring position.
- 3.3.4 Customers & Communities – The Customers & Communities area is forecasting an overspend of £0.071m. This is an improvement of £0.495m compared to the overspend of £566k forecast at period 8. The improved forecast position for Period 10 reflects work undertaken by officers to review the first six months of operation of the Environmental Services Contract which commenced in June 2018. The financial profiling and payment mechanism are understood and the impact of the first two months under the previous operator are now better understood. The main component of the improved position is a change to the profiling of the contract payments against the original budget assumptions.
- 3.3.5 Chief Finance Officer – The Chief Finance Officer area is showing an increased pressure of £0.246m in period 10. This is due to the expected additional external audit costs associated with the audit of the 2016/17 and 2017/18 statement of accounts.

- 3.3.6 Other – Other currently reported variances amount to a net overspend of £0.064m.
- 3.3.7 Corporate budgets – There is a forecast underspend of £0.497m against the Corporate budgets. This is made up of two items. First, a £0.247m underspend on debt financing as a result of greater interest income due to cash balances remaining higher, and also a rise in interest rates. The second item is an amount of £0.250m that was budgeted to be contributed to reserves in year to protect against future pressures arising from homelessness and temporary accommodation. As that risk has materialised in 2018/19, this can be released in the current year.
- 3.3.8 Corporate Management Board are actively seeking options and actions to manage and mitigate the impact of the risk of an overspend in 2018/19.

3.4 HRA Revenue Budget (Green)

- 3.4.1 There is currently an overall underspend of £0.742m being forecast. This predominantly comprises of a reduction in the transfer to the Bad Debt Provision of £0.300m following a mid-year review, with the remainder of the under-spend relating to revenue budgets including staff vacancies, utility costs, responsive and void repairs.

3.5 General Fund Capital Programme

- 3.5.1 The General Fund capital programme is currently forecast to spend up to the latest budget of £16.3m. There have been a number of in -year changes since the previous Cabinet Report as a consequence of a review of all schemes in preparation of the Capital Programme starting in 2019/20. These are detailed in the tables in Appendix 1 together with items approved under delegation.
- 3.5.2 Any further additions to the capital programme, including any strategic property purchases, will be subject to the development of a robust business case. In line with Financial Regulations, any proposed additions to the programme greater than £0.25m and/or requiring additional funding from Council resources, will be brought to Cabinet for approval.

3.6 HRA Capital Programme

- 3.6.1 The approved HRA Capital Programme for 2018/19 stands at £25.694m. It is currently expected that the capital budget will be fully spent in the year except for £0.109m in relation to ICT and £0.410m in relation to Buybacks (a budget for purchasing former council houses and other spot purchases of housing) that is expected to be carried forward into 2019/20.

3.7 Choices (Options)

- 3.7.1 Cabinet is asked to note the reported financial position and agree the recommendations. There are no alternative options, other than not to agree the recommendations.
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4 Implications (including financial)

4.1 Policy

- 4.1.1 The Council agreed a balanced budget for the Capital Programme and Revenue Budgets for both the General Fund and the HRA in February 2018. Delivery of the budget is monitored through the budget monitoring framework.

4.2 Resources and Risk

- 4.2.1 This report informs the Cabinet of the forecast outturn positions for capital and revenue, for both the General Fund and HRA, as at the end of November 2018. It also highlights the key risks identified to date in delivering those budgets.
- 4.2.2 All schemes included in the capital programme, or put forward for approval, are fully funded, either through borrowing, internal resources or external funding arrangements.

4.3 Legal

- 4.3.1 There are no direct legal implications arising from this report.

4.4 Equality and Health

- 4.4.1 There are no direct equalities implications arising from this report.
- 4.4.2 A full Community/Equalities Impact Analysis has been completed for the 2018/19 Budget and is available on the Council website.

4.5 Consultees (Internal and External)

- 4.5.1 Heads of Service, Budget Managers and Management Board are consulted as part of the budget monitoring process on a monthly basis.

4.6 How the Proposals Deliver Priority Outcomes

- 4.6.1 Regular financial monitoring is a key control mechanism and contributes directly to the priorities of sustaining “effective and prudent financial management” and being “an agile, transparent organisation with good governance”.

4.7 Other Implications

- 4.1.1 There are no other implications arising from this report.

5 Background Papers

- 5.1 Cabinet and Council Budget and Capital Programme Reports February 2018.

Stuart McGregor, Section 151 Officer

Appendix 1

General Fund Capital Budget Changes January 2019

Reference	Scheme Title	£k	Comments
BA216	Central Museum Development	(5,212)	Reprofiling of spend to 19/20
BA221	Vulcan Works	(70)	Reprofiling of spend to 19/20
BA244	St James Mill Link Road	(1,640)	Removal of scheme following review
BA257	Environmental Services Contract	(2,640)	Reprofiling of some spend across the contract life of 10 years
BA673	Parks / Allotments / Cemeteries Enhancements	137	Addition of projects to this Block Contract that are fully funded by s106 funding (see table below)
BA687	St Peters Waterside	(1,014)	Removal of scheme following review
	Fernie Fields	180	Addition of scheme at February 19 Cabinet
TOTAL		(10,260)	

Approved under Delegation

BA673 - Parks/Allotments/Cemeteries Block Programme

Scheme Title	£k
Abington Park Security Bollards	11
Notre Dame Cemetery	5
Thornton Park Play Area	35
Errington Park Play Area	40
Ecton Brook Play Area	46
TOTAL	137