



Finance and Performance Sub Committee 8th July 2019

Budget Monitoring to 31 May 2019 (high level review only)

Purpose of report

To provide an overview on the forecast revenue position against the approved budgets for the period ended 31 May 2019 in financial year 2019/20.

1.0 Introduction

- 1.1 This report provides an overview of the council's forecast revenue position up to 31 May 2019 against the approved budget 2019/20. It highlights any significant under or overspending and identifies its impact on the year end position.
- 1.2 The draft outturn report for 2018/19 was presented to the Finance and Performance Sub Committee on 07 May 2019.
- 1.3 This report is focussed on the high risk and high level variations that have potential significant impact on the council's financial position. Finance officers are currently prioritising closing down the 2018/19 year end accounts, if there are any variances arising from this they will be reflected into future monitoring reports.

2.0 Revenue Position

2.1 Revenue Overview

- 2.1.1 Full Council approved a total budget requirement of £12,955,904 for 2019/20, which included a council tax requirement of £4,576,725, as well as parish precepts and a number of technical accounting entries and adjustments. For monitoring purposes, this Sub Committee is focussed on the collectable income and expenditure of this council. The original revenue budget for the net cost of services, before such adjustments and items, was £11,395,795.
- 2.1.2 Following the budget setting in March 2019, the total budget has been revised to £11,539,634. This change in budget relates to net interest receivable and carry forwards from 2018/19 totalling £249,464 (net) approved during the year, as shown in **Table 1** below:

Table 1

Original Budget	£11,395,795
Treasury Management	(£105,625)
B/Fwd from 2018/19	<u>£249,464</u>
	<u>£11,539,634</u>

2.2 Revenue Update

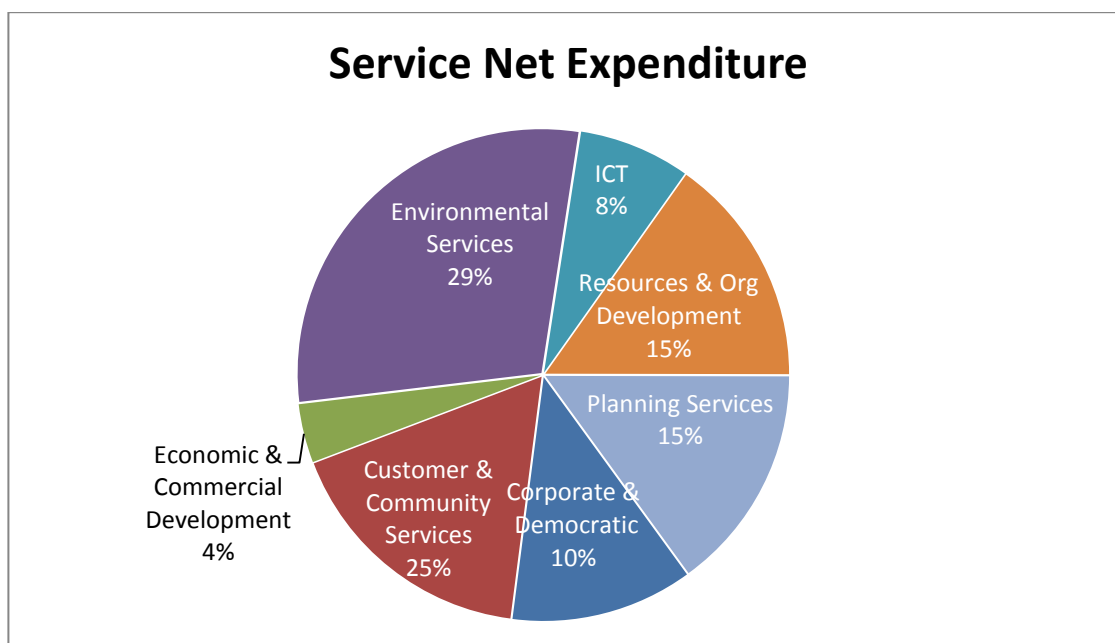
2.2.1 The estimated outturn for services for the year at period 2 is as per budget.

2.2.2 **Table 2** below shows the actual expenditure to date against budget, and the estimated out-turn for year with the variance against budget.

	Budget	Actual + Commitment	P2 Forecast	P1 Forecast	Variance P2 to Budget
Corporate & Democratic	£1,389,911	£766,856	£1,208,911	£1,389,911	(£181,000)
Customer & Community Services	£1,981,269	£1,071,176	£1,981,269	£1,981,269	£0
Economic & Commercial Development	£449,318	£302,944	£449,318	£449,318	£0
Environmental Services	£3,384,372	£764,429	£3,384,372	£3,384,372	£0
ICT	£850,732	£771,845	£850,732	£850,732	£0
Resources & Org Development	£1,756,700	£441,957	£1,756,700	£1,756,700	£0
Planning Services	£1,727,334	(£137,262)	£1,727,334	£1,727,334	£0
	£11,539,636	£3,981,946	£11,358,636	£11,539,636	(£181,000)

NB: Corporate Services includes Chief Executive, Executive Director and Chief Finance Officer reporting

2.2.3 The chart below shows the net expenditure for each service area as a percentage of the total estimated outturn position for 2019/20.



2.2.4 The Corporate Management Team has recently reviewed their service areas for budgets which will require a monthly review. This is classified internally as 'High Risk' monitoring whereas the usual monitoring process for all budgets is carried out on a quarterly basis. The following budgets will be included in the list of high risk budgets:

Service	Revenue Budget
Development and Building Control	£414,545
Waste Services	£2,566,025
Homelessness	£271,909
ICT	£850,732
Enterprise Centre	£121,918
ENC Office Transformation Project	
Total	£4,225,129

If new risks emerge throughout the year, the list of high risk budgets will be amended accordingly.

2.3 Allocation of Dry Recycling and Food Waste Budget currently held corporately

2.3.1 When the 2019/20 budget was set, an estimate was made in relation to costs associated with the haulage and disposal of dry recyclate and food waste due to the contract being out for tender at that time. Market forces were expected to see the costs rise; however, it was not known by how much. In order to mitigate this risk, additional budget provision was made based on a 'medium-case' price, which was held corporately. Delegated authority was granted to the Chief Finance Officer, following consultation with the Chair of Finance and Performance Sub Committee, to vire this additional budget as required once the tender process was complete and costs could be more reliably estimated.

2.3.2 The procurement exercise is now complete and the contract has been awarded. The contract value is approximately £494k per annum. A review of all demand led waste budgets has resulted in less additional budget being required. Following review and challenge, the Chief Finance Officer has agreed that £150k will be vired from the £331k corporate budget set aside for this contract.

2.3.3 The Sub Committee is asked to note that the reduction in corporate budget request is based on assumptions on income from other areas of waste budget; therefore is based on modelling of demand. Previous year's performance of overachievement of income from waste area is therefore unlikely to be repeated this year, as any potential over performance or savings have already been included within this calculation.

2.3.4 To this end, as part of monitoring reports going forward, the Waste Manager will provide a high level overview of key trends in these demand led waste budgets.

2.3.5 The forecast underspend of £181k will continue to be retained corporately to manage these risks.

Service	Budget	P2 Forecast	Underspend
Corporate & Democratic	£1,389,911	£1,209,911	£181,000

2.4 Drawdown of Ring-fenced Grants and Supplementary Estimates

2.4.1 At the time of publishing this report, the following drawdowns from reserves into the revenue budget had been completed, and are reported back to this Sub Committee for information. Where completed after period 2, these will be updated in the next monitoring report.

Table 3 - Technical Drawdowns – ring-fenced grants reserve

Value	Purpose	Revenue Code	Period transaction completed
£10,700	LGA Cyber Security grant - ring fenced per specific grant conditions at year end, now ready to spend.	AKT001	3
£14,619	MHCLG Parks Improvement grant - ring fenced per specific grant conditions at year end, now ready to spend.	CAW011	3

Table 4 - Supplementary Estimates

Reserve	Value	Purpose	Revenue Code	Period transaction completed
LGR	£157,000	Required to deliver paperless project, already approved by Finance and Performance Sub Committee on 25 th March 2019	CFA001	3

2.5 Update on Final 2018/19 Revenue Outturn Position

2.5.1 The draft outturn for 2018-19 was presented to this Sub Committee on 7th May 2019. A delegated decision was agreed to allow the Chief Finance Officer, following consultation with the Chair of the Finance and Performance Sub Committee, to sign off the final outturn position following completion of year end accounting transactions for incorporation into the Statement of Accounts. The following changes occurred between draft and final outturn in relation to revenue expenditure:

- The overall underspend increased by £49k from £396k to £445k. The additional underspend was added to the Local Government Reorganisation reserve along with the £396k previously reported.
- The Business Rates Retention Reserve increased from £5.7m to £7.2m following technical year end accounting transactions.

There was a reallocation of £11k within reserves to top up the Asset Management Plan to 2019/20 budgeted levels.

3.0 Capital Overview

3.1 The Capital Programme was approved by (Full) Council on 4th March 2019 at £6.886m. Since then, the programme has been revised to incorporate approved carry forwards and approved movements from the Development Pool in year, as shown in table 5 below:

Table 5	
Original Budget	£6.886m
B/Fwd from 2018/19	£1.449m
Approved in year	<u>£0.376m</u>
	<u>£8.711m</u>

- 3.2 For 2019/20 the high risk capital projects and other key projects identified for monitoring as part of the high risk reporting are as follows:

Key Projects	Original Budget	Current Budget A	Latest Forecast B	Outturn reported at P2 C
ICT Transformation - Capital Projects	£548,257	£548,257	£548,257	£548,257
Office Transformation Project (OTP)	£109,594	£109,594	£109,594	£109,594
Enterprise Centre East Northants	£6,028,022	£6,028,022	£6,028,022	£6,028,022
Total	£6,685,873	£6,685,873	£6,685,873	£6,685,873

- 3.3 There have been no changes identified in the monitoring process on capital expenditure during 2019/20 as at the end of period 2.

3.4 **Proposal to transfer scheme from 2019/20 Development Pool into the 2019/20 Capital Programme**

- 3.5 Approval is requested to move £163.5k from the Development Pool into the Capital Programme in relation to the Asset Management Plan, detailed as follows:

£58.5k – Facilities Management renovation budgets that are being completed in parallel with the Office Transformation Programme to maximise efficiencies, which include replacement light fittings across the modern and stone buildings and renewal of sanitary fittings.

£65k – Fire suppressants and air conditioning units for IT server rooms and the print room, as identified in a health and safety audit.

£20k – Lift upgrades as identified in a health and safety audit.

£20k – Automatic doors upgrade into the Council Chamber and Reception as identified in a health and safety audit.

3.6 **Proposal to release Capital Programme budget back to reserves**

- 3.6.1 As part of the capital carry forwards for 2018-19, £34k was approved in relation to the paperless project. However, as Phase 1 of this project is now operating as 'business as usual', £26k of the capital budget is no longer required; however, a revenue budget is required. As a significant proportion of the capital programme is to be funded from reserves, this budget will be 'released' back to reserves and a supplementary estimate completed in due course to set up a revenue budget.

4.0 Equality and Diversity Implications

- 4.1 There are no known equality and diversity implications arising from this report.

5.0 Privacy Impact Implications

- 5.1 There are no known privacy implications arising from this report.

6.0 Legal Implications

6.1 There are no known legal implications arising from this report.

7.0 Risk Management

7.1 This risks arising from this report are recorded in the council's Corporate Risk Register. The risks are subject to regular review and update.

8.0 Resource and Financial Implications

8.1 This report is of a financial nature and the implications are set out within the report.

9.0 Constitutional Implications

9.1 There are currently no direct implications impacting on the Constitution.

10.0 Implications for our Customers

10.1 There are no direct implications impacting on customer services.

11.0 Corporate Outcomes

11.1 This report links to the following Corporate Outcomes:

- **Effective Management**
Budget monitoring allows the council to manage and review its financial performance, contributing to the effective management of the council
- **Good Value for Money**
This report demonstrates the cost of services provided which contributes to this corporate outcome.

12.0 Recommendation

12.1 The Finance and Performance Sub Committee is asked to:

- a) Note the latest estimate on the revenue and capital positions as at period 2 for 2019-20

(Reason: This is for information / monitoring purposes)



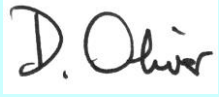
- b) Note the virement of £150k from the corporately held budget to the waste management budget in relation to dry recycling and food waste, as detailed in section 2.10

(Reason: This is for information / monitoring purposes)

- c) Note the draw downs of ring fenced revenue grants and supplementary estimates, as detailed in section 2.15

(Reason: This is for information / monitoring purposes)

- d) Note the final outturn position for 2018-19 as detailed in section 2.16
(Reason: This is for information / monitoring purposes)
- e) Approve the transfer of £163.5k from the Development Pool into the Capital Programme in relation to the Asset Management Plan, as identified in section 3.34
(Reason: - This is to progress the delivery of the Asset Management Plan)
- f) Note the release of £26k from the Capital Programme as identified in section 3.5
(Reason: This is for information / monitoring purposes)

Legal	Power: Local Government Act 2003				
	Other considerations:				
Background Papers:					
Person	Originating	Amy Eyles, Finance Manager			
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Date: 19 June 2019					
CFO		MO (Deputy)		CX	
27/06/19		27/06/19		27/06/19	