

Cabinet

4 September 2019

Report of:

**Portfolio Holder Corporate
Finance and Resources**

BUDGET MONITORING 2019-20 QUARTER 1 - APRIL TO JUNE

1.0 Corporate Priority:	Decision Type:
1.1 OG3 Becoming a more agile and commercial Council; securing our financial future	Non Key Decision

2.0 Summary:						
2.1 As part of the Council's budget monitoring procedures all budget holders are asked on a quarterly basis to provide details of service and financial performance. Copies of the budget holders' returns are available for further information.						
2.2 As at 30th June budget holders are predicting the following forecast outturn position against their 2019/20 budgets:						
<table> <tr> <td>General Fund</td> <td>£1,000</td> <td>Underspend</td> </tr> <tr> <td>Special Expenses</td> <td>£0</td> <td>On Budget</td> </tr> </table> <p>On the general fund there is a £1k underspend forecast across all services alongside an additional prediction of £61k from investment income which may be proposed to create reserve to cover any future losses on Property Fund investments as outlined in section 6.2</p>	General Fund	£1,000	Underspend	Special Expenses	£0	On Budget
General Fund	£1,000	Underspend				
Special Expenses	£0	On Budget				
2.3 In addition to formal Quarterly reporting to Cabinet, the budget position is reported monthly at the Strategic Leadership Team. This is to ensure any early warnings that highlight pressures can be collectively resolved.						

3.0 Recommendations
3.1 That the year end forecast and financial position for the General Fund and Special Expenses at 30th June 2019 be noted.

4.0 Reason for Recommendation:
4.1 The Council, having set a Budget at the start of the financial year, needs to ensure the delivery of this Budget is achieved. Consequently there is a requirement to regularly monitor progress so corrective action can be taken when required which is enhanced with the regular reporting of the financial position.

5.0 Alternate Options Considered
5.1 No alternatives were considered for this report as a decision is not required.

6.0 Report Detail

6.1 A summary of income and expenditure for all the Council's services is shown below:

SUMMARY OF INCOME AND EXPENDITURE APRIL TO JUNE 2019

Approved Budget at June '19	Year End Forecast	Year End Variance*
£'000	£'000	£'000

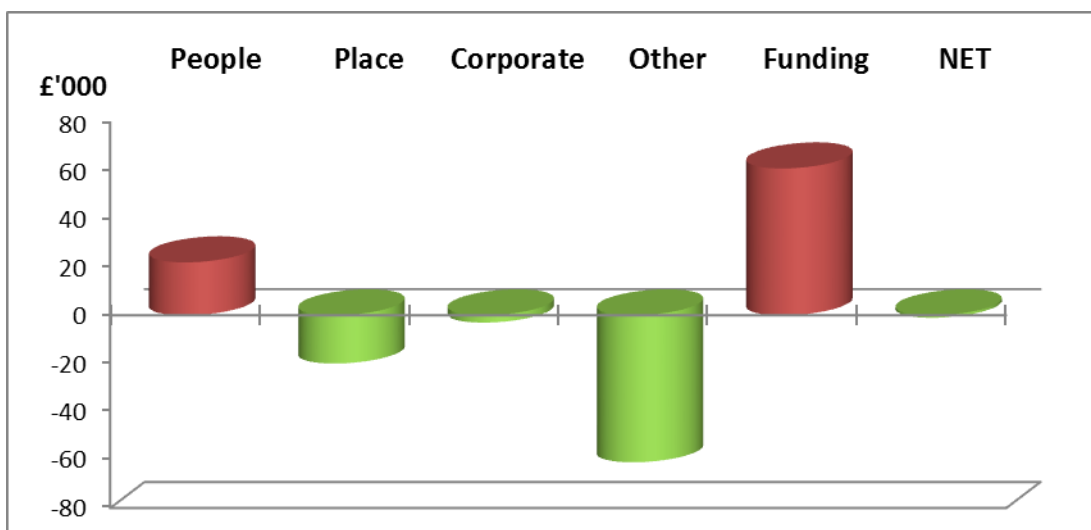
GENERAL FUND			
Portfolio:			
People	1,312	1,334	22
Place	3,660	3,640	(20)
Corporate Priorities	1,103	1,100	(3)
Total Service Cost - All Portfolios	6,075	6,074	(1)
Other Expenses	(1,014)	(1,075)	(61)
Net Expenditure Requiring Funding	5,061	4,999	(62)
Funded by:			
Ctax, NNDR, NHB and General Grants	(4,781)	(4,781)	0
Corporate Reserves**	(280)	(219)	61
NET UNDER/OVERSPENDING*	0	(1)	(1)

SPECIAL EXPENSES			
Melton Mowbray	520	520	0
Sproxtton	6	6	0
Frisby	6	6	0
Total Special Expenses	532	532	0
Funded by:			
Council Tax	(539)	(539)	0
Reserves**	7	7	0
NET UNDER/OVERSPENDING*	0	0	0

* Underspending (-), Overspending (+)

** Use of Reserves (-) Contribution to Reserves (+)

Over/Under Spending by Category



6.2 The main variances within these figures are as follows:

People Portfolio:

- Me and My Learning - there is a potential write-off of income due from Working Links as a result of them going into administration which could result in a £30k overspend.

Place Portfolio:

- Building Control - Following a review of the service a revised staffing structure has been put in place with Blaby District Council providing management and oversight of the service which will result in a underspend of £36k on employee costs during the year.
- Economic Development – Staffing changes together with a vacant Strategic Housing Officer post, will result in an underspend of £28k over the year.
- Car Parks - a shortfall of £21k is forecast for the year based on current trends for Q1 being extrapolated, which indicate that the shortfall is primarily due to short stay parking. The income for quarter 1 this year is also £10k lower than at the same point in 2018/19.
- Development Control - Additional temporary staffing costs £13k have been incurred to help maintain service delivery whilst the planning review is undertaken.
- Industrial Estates - Due to a vacant unit, additional costs of £17k have been incurred on NNDR & Utility costs, along with the shortfall of rental income.

Corporate Priorities Portfolio:

- Insurance - there is an insurance saving of £14k following a review of the premiums for 2019/20, as there has been a reduction in the overall level of insured values required.
- There is a potential Ill Health pension strain claim of £68k which may not be covered through our insurance arrangements. This is currently being investigated with the insurance provider together with support from Pension Fund to ascertain with liability resides. This has not been taken into account in the forecast above.
- Elections - due to more wards being contested than previous elections and additional spending required to support the improvements to the count process, there was an overspend of £11k on the recent local elections.

Other Expenses:

- Due to a higher level of reserves than originally forecast and better interest rates being obtained, additional investment income of £61k is predicted. However, for any additional investment income generated it is proposed for it to be used to create a reserve to cover any future losses on Property Fund investments.

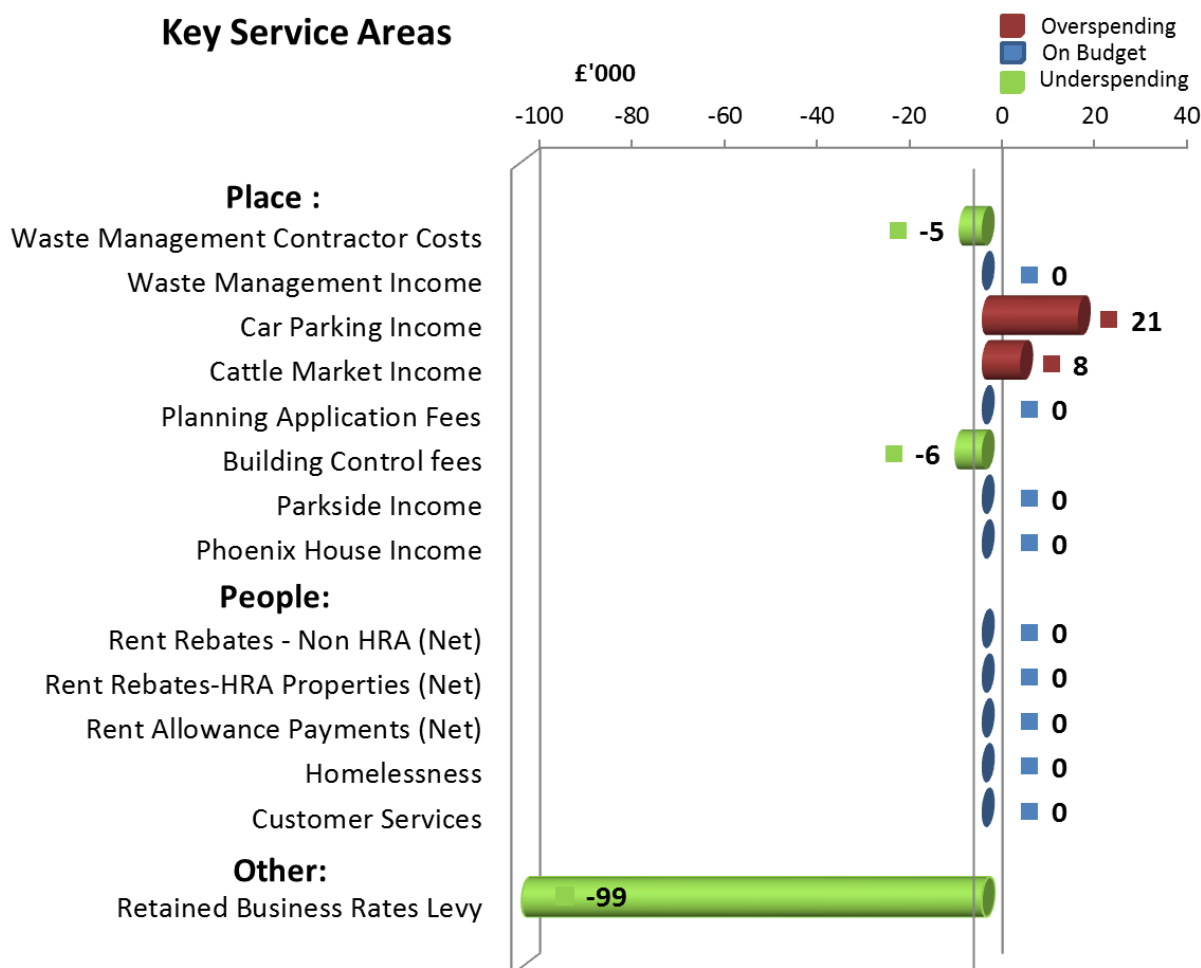
Other Risks:

- The 2019-20 People Directorate budget includes a structural savings target of £50k in 2019-20. These structural savings will be generated by Phase 2 of the Directorate restructuring. There has been a delay in implementing the restructuring, which raises the risk that the savings will not be achieved for the current year. However, the Directorate is confident that alternative one off savings will be made in the current year to meet the shortfall.
- The Strategic Sports and Leisure Development budget for 2019-20 includes an ambitious new income target of £33,620. By the end of Quarter 1 only £2,804 income had been generated, although it is likely that approximately £8k of additional commissioning money from LRS will be received over the original budgeted amount. The service is continuing to investigate new income sources

and hopes to cover any shortfall from savings elsewhere, however, there is a significant risk that a shortfall of approximately £15k will remain at the year end.

6.3 The Key Service Areas report as at the end of June 2019 for all services is attached at Appendix A. This report is presented to the Senior Leadership Team on a regular basis and highlights high risk budgets that were identified as part of the Council's budget protocols. These budgets are reviewed with budget holders monthly. Those budgets which are more complex in nature are supported by more detailed analysis of the service usage that drives the costs. The Key Service Areas are summarised below:

Key Service Areas



7.0 Consultation and Feedback (including Scrutiny Committee)

7.1 Consultation has been undertaken with the Portfolio Holder regarding the position for the 2019-20 financial year.

8.0 Next Steps

8.1 The Council's budget position will continue to be monitored at future Strategic Leadership Team meetings and further reports will be presented to Cabinet each quarter.

9.0 Financial Implications

9.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2019-20. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to

Cabinet, the financial position is reported regularly at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

10.0 Legal and Governance Implications:

10.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

11.0 Equality and Safeguarding Implications:

11.1 There are no direct equality or safeguarding issues arising from this report.

12.0 Community Safety Implications:

12.1 There are no direct links to community safety arising from this report.

13.0 Other Implications (HR, Data Protection, Climate Change, etc)

13.1 No other implications have been identified

14.0 Risk & Mitigation:

14.1 The possible failure to deliver the Revenue Budget is being mitigated by:

- Senior Leadership / Directorate Teams reviewing the financial position.
- Availability of General Fund Balances.

Background Papers:

- Oracle Reports
- Budget Holder reports
- 2019/20 Budget Report and Budget Book

Appendices

Appendix A – Key Service Areas

Report Timeline:

Equalities Check & Challenge	
SLT Sign off	
Previously Considered by Cabinet	
Director Approval	18.08.19
Chief Finance Officer Sign Off	18.08.19
Monitoring Officer Sign Off	19.08.19
Chief Executive Sign Off	27.08.19

Exempt Reports


N/A

Date of Review to make public	
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N.A

Report Author

Dawn Garton- Director for Corporate Resources

 : 01664 504201
