

# Cabinet

27 November 2019

Report of:

**Portfolio Holder Corporate  
Finance and Resources**

## BUDGET MONITORING 2019-20 QUARTER 2 - APRIL TO SEPTEMBER

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

<b>2.0 Summary:</b>						
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.						
2.2 As at 30th September budget holders are predicting the following forecast outturn position against their 2019/20 budgets:						
<table border="0"> <tr> <td>General Fund</td> <td>£36,000</td> <td>Overspend</td> </tr> <tr> <td>Special Expenses</td> <td>£31,000</td> <td>Underspend</td> </tr> </table> <p>On the general fund there is a £36k overspend forecast across all services. This excludes a prediction of £61k from investment income which may be proposed to create a reserve to cover any future losses on Property Fund investments as outlined in section 6.2.</p>	General Fund	£36,000	Overspend	Special Expenses	£31,000	Underspend
General Fund	£36,000	Overspend				
Special Expenses	£31,000	Underspend				
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.						

<b>3.0 Recommendations</b>
3.1 <b>That the year end forecast and financial position for the General Fund and Special Expenses at 30th September 2019 be noted.</b>

<b>4.0 Reason for Recommendation:</b>
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.

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

## 6.0 Report Detail

6.1

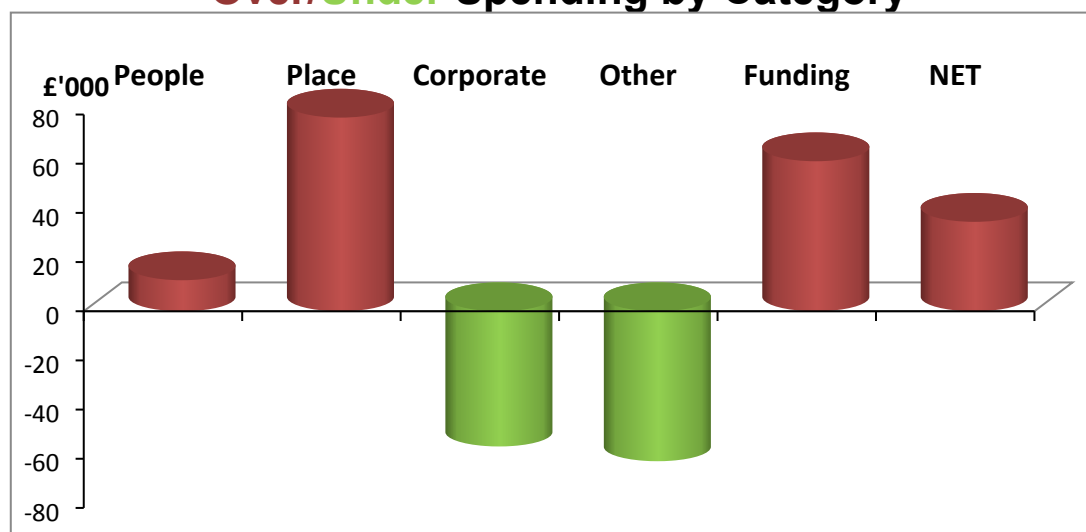
### SUMMARY OF INCOME AND EXPENDITURE APRIL TO SEPTEMBER 2019

	Approved Budget at Sept '19 £'000	Year End Forecast £'000	Year End Variance* £'000
<b>GENERAL FUND</b>			
<b>Portfolio:</b>			
People	1,268	1,281	13
Place	3,662	3,740	79
Corporate Priorities	1,129	1,074	(55)
<b>Total Service Cost - All Portfolios</b>	<b>6,059</b>	<b>6,095</b>	<b>36</b>
Other Expenses	(1,014)	(1,075)	(61)
<b>Net Expenditure Requiring Funding</b>	<b>5,045</b>	<b>5,020</b>	<b>(25)</b>
<b>Funded by:</b>			
Ctax, NNDR, NHB and General Grants	(4,781)	(4,781)	0
Corporate Reserves**	(264)	(203)	61
<b>NET UNDER/OVERSPENDING*</b>	<b>0</b>	<b>36</b>	<b>36</b>
<b>SPECIAL EXPENSES</b>			
Melton Mowbray	633	602	(31)
Sproxtton	6	6	0
Frisby	6	6	0
<b>Total Service Costs - Special Expenses</b>	<b>645</b>	<b>614</b>	<b>(31)</b>
<b>Other Expenses</b>			
Other Expenses	(106)	(106)	0
<b>Net Expenditure Requiring Funding</b>	<b>539</b>	<b>508</b>	<b>(31)</b>
<b>Funded by:</b>			
Council Tax	(539)	(539)	0
Carry forwards	(7)	(7)	0
Reserves**	7	7	0
Total Funding	(539)	(539)	0
<b>NET UNDER/OVERSPENDING*</b>	<b>(0)</b>	<b>(31)</b>	<b>(31)</b>

\* 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:

- Rent Rebates – Subsidy % predicted in the mid year estimate is slightly higher than budget.
- Sports and Leisure – the budget for 2019-20 included an ambitious new income target which is now deemed unachievable. The service is continuing to investigate new income sources, however, a shortfall of approximately £15k is expected.
- People Directorate – Income Recovery Officer post not included within the budget. However, partly offset through savings from the vacant Voids Completion Officer post. Also salary bandings included in the original budget not sufficient due to recruitment for new posts at higher bands than initially anticipated.

### Place Portfolio:

- Car Parking - Shortfall in income is predicted based on year to date actuals assuming similar patterns to previous years. The current levels of income have been projected forward, which indicate that shortfall is primarily due to short stay parking. Some of the predicted shortfall is offset by additional income from increased sales of season Tickets.
- Christmas Lighting – Additional works were required in order to ensure that compliance, with legislation and health and safety, on the Christmas Lights infrastructure was achieved.
- Cattle Market – The primary reason for the expected shortfall is loss of income on the car boot arrangement, now known as the Sunday market, which is currently £11k less compared to the same period last year.
- Development Control - Additional temporary staffing costs £13k have been incurred to help maintain service delivery during the planning review. Also expected shortfall in e-enquiries income.
- Building Control – income is performing better than budget. This has been extrapolated forward to an expectation of a surplus. The additional income is primarily attributed to building notices.
- Industrial Estates - Due to a vacant unit, additional costs have been incurred on NNDR & Utility costs, along with the shortfall of rental income
- Economic Development – Staffing changes, i.e. new starters on a lower band than budgeted for, will result in an underspend.

**Corporate Priorities Portfolio:**

- NNDR Collection – levy surplus account from 2018/19 has been credited to NNDR collection in 2019/20 on receipt. Also adjustment on the 2017/18 Section 31 grant not completed in year. Business Rates Retention New Burdens funding has also been received with no associated expenditure expected.
- Communications – the in house legal team now established has allowed for work to be carried out internally and therefore less requirement for external professional HR support.
- 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 but the latest position is positive that it will be covered by insurance. This has not been taken into account in the forecast above.

**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 which is not reflected in the £36k overspend above. 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 as outlined in the Treasury Management Mid-Year review report which is elsewhere on this agenda.

**Special Expenses:**

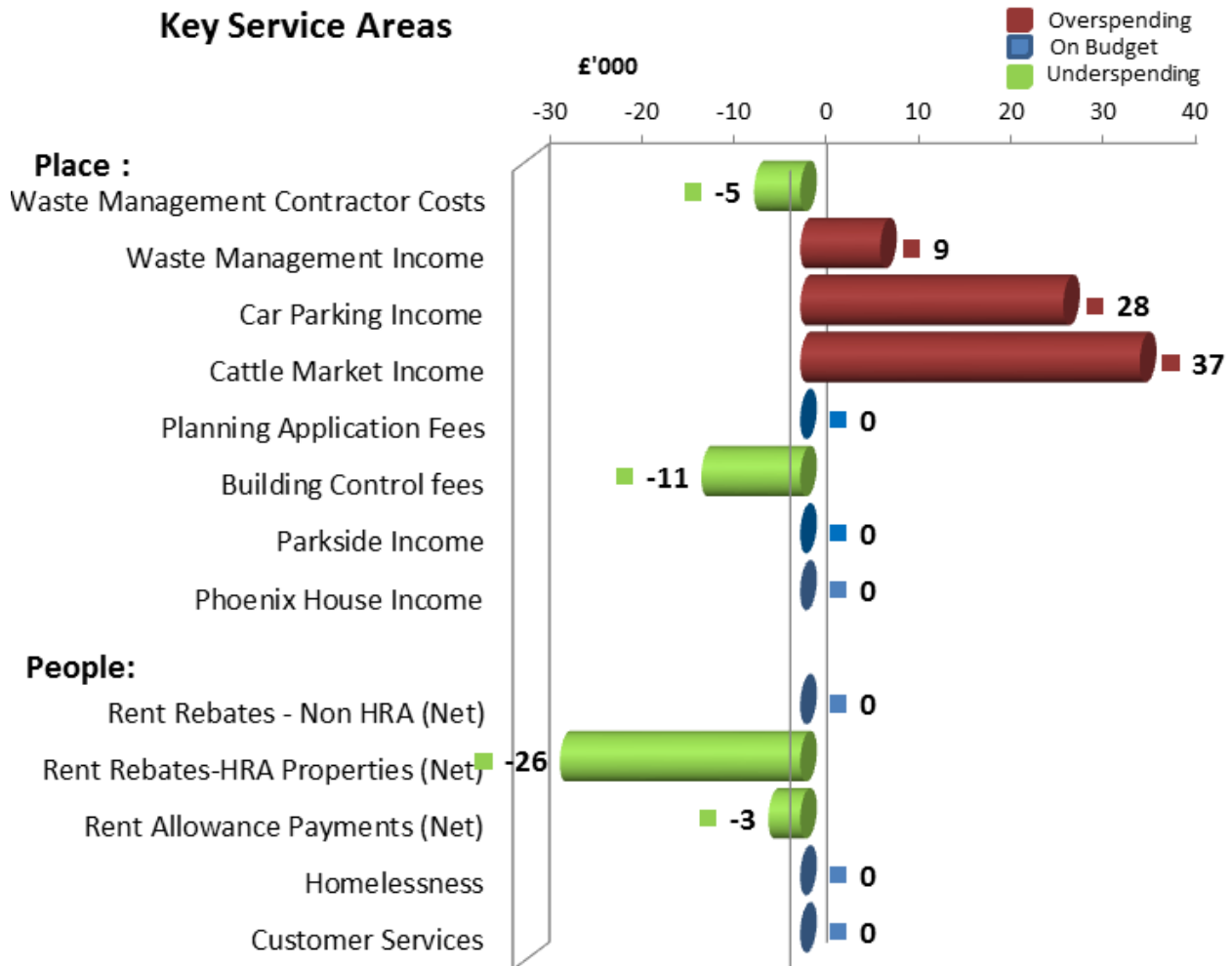
- Income from Childrens Centres higher as all three centres are being managed until May 2020 whereas budget assumed only one centre.

**Other Risks:**

- No other risks have been highlighted by budget holders at this stage.

6.3 The Key Service Areas report as at the end of September 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 2 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:**

- 2019/20 Budget Report and Budget Book
- 2019/20 Quarter One Budget monitoring report

**Appendices**

Appendix A – Key Service Areas

**Report Timeline:**

**Date of Sign-off**

<b>Equalities Check &amp; Challenge</b>	N/A
<b>SLT Sign off</b>	N/A
<b>Previously Considered by Cabinet</b>	N/A
<b>Director Approval</b>	06.11.2019
<b>Legal Approval</b>	15.11.2019
<b>Chief Finance Officer Sign Off</b>	06.11.2019
<b>Monitoring Officer Sign Off</b>	15.11.2019
<b>Chief Executive Sign Off</b>	18.11.2019

**Exempt Reports**

N/A

**Date of Review to make public**

N/A

**Report Author**

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