

CABINET

4th September 2019

Finance Monitoring Quarter 1 2019/20

Relevant Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance and Enabling Services
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

1. Purpose and Summary

- 1.1 To report to Cabinet on the Council's financial position for Revenue and Capital for the period April 2019 – June 2019.

2. Recommendations

That Cabinet is asked to resolve

- 2.1 That Cabinet note the current financial position in relation to revenue and capital budgets for the period April – June 2019 as detailed in the report.

That Cabinet recommend to Council

- 2.2 Approval of an increase in the 2019-20 Capital Programme of **£80k** (as detailed at 6.1) for CCTV Cameras funded by releasing funds allocated in 2020-21 £40k and 2021-21 £40k to increase the existing budget already approved in 2019-20.

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 – June 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 aims to focus on the key variances from budgets to ensure that these are addressed appropriately during the year.

- 3.3 The £11.837m original budget as included in the table below is made up of the budget approved in February 2019 of £11.676m, which is then adjusted to reflect the approved transfers from reserves of £159k held in Corporate Financing.
- 3.4 In addition the Latest Budget 2019-20 of £12.215m includes transfers to/from reserves of £356k which is shown in appendix 1 and use of balances of £22k.

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

Please note figures have been rounded

Strategic Purpose	Original Budget 2019/20	Revised budget 2019/20	Budget to date 2019/20	Actuals to date 2019/20	Variance to date 2019/20
	£'000	£'000	£'000	£'000	£'000
Keep my place safe and looking good	4,492	4,571	83	-89	-172
Help me run a successful business	-506	-506	79	56	-23
Help me be financially independent	231	239	97	103	6
Help me to live my life independently	-58	-58	-193	-196	-3
Help me find somewhere to live in my locality	677	889	296	293	-3
Provide Good things for me to see, do and visit	684	789	153	126	-27
Enable others to work/do what they need to do (to meet their purpose)	6,318	6,293	2,485	2,321	-164
Total	11,837	-12,215	3,000	2,614	-386
Corporate Financing	-11,837	-12,215	-10,238	-10,257	-18
Grand Total	0	0	-7,239	-7,643	-404

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 (£172k saving)

These budgets include those relating mainly to environmental services, planning, CCTV and other activities to deliver against the purpose ensuring an area is both safe and attractive for the community.

The variance position is explained as below:

- Within Core Waste services (trade and garden waste) there has been new business across the services and has boosted the quarter 1 income, in line with forecast income shown on budget for this financial year. Additional business may exceed this, and will be reported on as we generate new business throughout the rest of the year **£124k**.

Help me run a successful business (£23k under budget)

The budgets within the strategic purpose include economic development, car parking, all licenses and costs associated with the town and other centres within the District.

- There has been a saving in business rates on the car parks **£15k**, due to a change in the rateable value.

Help me be financially independent (£6k over budget)

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

- There are no individual variances in the quarter 1 to report.

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

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

- There are no individual variances in the quarter 1 to report.

Help me find somewhere to live in my locality (£3k saving)

The costs associated with homeless prevention, housing strategy and land charges are all included in the strategic purpose.

- There are no individual variances in the quarter 1 to report.

Provide Good things for me to see, do and visit (£27k saving)

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

- There is an underspend of **£12k** within Parks and Events on general supplies and services.
- Sports and Arts Development has a small underspend due to a staff vacancy which has now been filled **£11k**.

Enable others to work/do what they need to do (to meet their purpose) (£188k saving)

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

- There is saving within central overheads **£43k** due to a pension adjustment on paying the pension payment in advance.
- Central post opening has a slight overspend **£10k** due to postal costs for Neopost (franking

machine) and CFH (Docmail). This is higher than budget, due to not all departments having transferred to CFH/Docmail. We are continuing to move this out across the departments and therefore the costs should then decrease.

- Facilities Management has an underspend of **£25k** due to supplies and services budgets not yet spent in the first quarter.
- Human resources have an underspend on the training budget **£28k** but it is expected the training programme will have commenced well in to the second quarter of 2019/20
- There are other salary vacancies within CMT, Professional Legal advice & services, ICT and Transformation **£68k**. Whilst some will be filled in the new financial year the remaining savings will be offset against the vacancy management target.

It is worth noting that a vacancy management saving target has been included in the 2019/20 budgets to offset the impact of vacant posts during the year.

Corporate Financing (£18k saving)

- There is a variance in corporate financing due to borrowing costs not being as much as expected due to the spending profile of the capital programme in the first quarter of the year.

4. Savings Monitoring

- 4.1 The medium term financial plan included £332k of savings identified to be delivered during 2019/20 the breakdown of these savings is attached at appendix 2. £166k of these identified savings is in relation to a vacancy factor.

To quarter 1 £88k of the savings has been realised against the budgeted April to June savings £83k.

In addition officers have been required to find further savings throughout the financial year and to date they have identified a further £87k. These will be vired off the relevant services to be returned to working balances by quarter 2.

5. Cash Management

- 5.1 The financial position in relation to borrowing at the start and end of the financial are shown in the table below:

Date	£m	Position
As at 31 st March 2019 (Actual)	13.5	Borrowing
As at 30 th June 2019	10.0	Borrowing

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5.2 Borrowing

Outstanding as at the 30th June 2019 are £10.0m in short term borrowing with associated borrowing costs of £8.1k due to the flexible way debt is managed during the period.

An interest payable budget had been set of £133k for 2019/20 due to expenditure relating to current capital projects.

5.3 Investments

At 30th June 2019 there were £2m investments held.

6. Capital Budgets

Capital Budget summary Financial Year 2019/20 – Overall Council
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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
Keep my place safe and looking good	3,385	3,385	570	180	-390
Help me to live my life independently	950	950	434	384	-50
Provide good things for me to see, do and visit	170	1,116	867	833	-34
Enable others to work/do what they need to do (to meet their purpose)	10	10	2	0	-2
Totals	4,515	5,461	1,875	1,398	-477

Finance commentary:

- ***Please note capital carry forwards from 2018/19 are not included in the above figures – please see appendix 3 – these budgets now approved will be loaded for quarter 2 monitoring.***

Keep my place safe and looking good

- The main variances for this strategic purpose relate to the following projects;
 - Resurfacing works at the Bromsgrove depot – Design work planned to start in August with

a possible start on site in November 2019.

- Vehicle replacement budget - Meetings to be held with all service areas to see if their vehicles need to be replaced this year and has their specification requirements changed. Finance will be informed by the end of quarter 2 of all the vehicles planned to be rolled forward into future years. The procurement process for the remaining vehicles will start at the end of August.

Help me to live my life independently

- The small variance relates to Energy Efficiency Installation and Home Repairs Assistance projects. The energy advice service has been procured and is due to commence on July 1st 2019 until March 31st 2022. Discretionary home repairs assistance will hopefully begin uptake within the second quarter of 2019/20.

Provide Good things for me to see, do and visit

- The small underspend here relates to the s106 project re-landscaping of Recreation ground – this is currently going through the tender/procurement process and is likely to commence towards the last end of the quarter of 2019/20.

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

- The variance for this strategic purpose relates to the SAN (storage area network) capacity in ICT services which is expected to commence in the second quarter of 2019/20.

6.1 CCTV

The request for approval of an increased budget £80k at 2.2 is due to the funds to be allocated for the replacement of CCTV analogue cameras to digital cameras in 20/21 and 21/22 now. To release the £80K capital will avoid unnecessary expenditure on encoders and decoders.

The first part of the CCTV digital infrastructure project is to change transmission and telemetry to a digital signal, because the existing cameras are analogue there would be a requirement to purchase an “encoder” and “decoder” in order to make the analogue cameras work.

The cost of an encoder and decoder for each camera location will be around £350 but this equipment will become obsolete when the new digital replacement cameras are purchased 1 to 2 years later.

If Members would release the capital money for years 2 and 3 now this would save on the encoder/decoder costs in the region of £10k allowing us to buy a further 4 or 5 cameras.

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7. Earmarked Reserves

- 7.1 The position as at 30th June 2019/20 is shown in Appendix 1. This also details the planned use of the reserves for the future budget years 2020/21 and 2021/22.

8. General Fund Balances

- 8.1 The General Fund Balance as at the 31st March 2019 is £4.926m. 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 £946k towards the demolition of the Dolphin centre and implementation of associated car parking. The current level of balances will therefore reduce to £3.980m.

9. Legal Implications

- 9.1 No Legal implications have been identified.

10. Service/Operational Implications

- 10.1 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.

11. Risk Management

- 11.1 Effective budget monitoring supports any risks associated with the Council.

APPENDICES

Appendix 1 - Earmarked Reserves 2019/20
Appendix 2 - Savings Monitoring 2019/20
Appendix 3 – Capital Carry forwards 2018/19

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