

**Finance Monitoring Quarter 2 2019/20**

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

**1. Purpose and Summary**

- 1.1 To report to Cabinet on the Council's financial position for both Revenue and Capital for the period April 2019 – September 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 2019 – September 2019 as detailed in the report.

**That Cabinet recommend to Council**

- 2.2 Approval of an increase in the 2019-20 revenue budget of **£50k** for Development Management due to receipt of a planning enforcement grant from Ministry of Housing, Communities and Local Government. (3.5 below)
- 2.3 Approval of the reprofiling of the capital programme due to officers completing a full review of the Capital budget for 2019/20 – 2022/23. (Appendix 4)

**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 2019 – September 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 revised 2019-20 budget of £12.008m includes transfers to/from reserves of £374k which is shown in appendix 1, use of balances of £21k along with savings virements of £224k (total savings is £376k of which £152k is within corporate financing).

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

Please note figures have been rounded

<b>Strategic Purpose</b>	<b>Original Budget 2019/20</b>	<b>Revised budget 2019/20</b>	<b>Budget to date 2019/20</b>	<b>Actuals to date 2019/20</b>	<b>Variance to date 2019/20</b>	<b>Projected Outturn 2019/20</b>	<b>Projected Variance 2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Keep my place safe and looking good	4,492	4,404	1,334	1,127	-208	4,100	-304
Help me run a successful business	-506	-535	-240	-240	19	-510	14
Help me be financially independent	231	239	907	929	22	251	12
Help me to live my life independently	-58	-60	-160	-160	0	-67	-7
Help me find somewhere to live in my locality	677	880	506	497	-10	868	-12
Provide Good things for me to see, do and visit	684	755	364	391	28	713	-42
Enable others to work/do what they need to do (to meet their purpose)	6,318	6,324	3,686	3,528	-158	6,010	-314
<b>Total</b>	<b>11,837</b>	<b>12,008</b>	<b>6,378</b>	<b>6,072</b>	<b>-306</b>	<b>11,356</b>	<b>-654</b>
Corporate Financing	-11,837	-12,008	-9,980	-10,033	-52	-12,039	-30
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>-3,602</b>	<b>-3,961</b>	<b>-359</b>	<b>-684</b>	<b>-684</b>

**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 (£210k 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:

- There are savings within Building Control due to salary vacancies projected **£20k** by the end of the financial year 2019/20.
- Development Control has received a number of large applications during the first half of the financial year 2019/20. It is therefore projected that the budget will be exceeded **£98k**.
- The town centre development service has been in receipt of additional monies for prior years claims due to revisions into the claimable amounts **£152k**.
- Trees and woodland management also have salary savings while the service is under review to possible use the funding towards external providers **£72k**

**Help me run a successful business (£14k over 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 is a projected overspend within car parks **£36k**, due to increased cash collections being required.
- There is a slight underspend within Economic & Tourism Development due to savings on supplies and services budgets not being required **£16k**

**Help me be financially independent (£12k 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 material variances in the quarter 2 to report.

**Help me to live my life independently (£7k 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 material variances in the quarter 2 to report.

**Help me find somewhere to live in my locality (£12k saving)**

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

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

**Provide Good things for me to see, do and visit (£42k 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) ( £314k 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 currently a saving forecast within CMT due to salary savings. This is subject to change depending on the outcome of the review of the Senior Management Team **£85k**.
- Customer Service Centre, Democratic Services & Member Support, Financial Support and Professional Legal Advice & Services also have salary savings due to vacancies. Whilst some posts will be filled in the financial year the remaining savings will show as a projected underspend **£135k** for 2019/20.
- Facilities Management has underspends on supplies and services budgets not yet spent. This is forecast to have a projected saving by year end **£34k**.

**Corporate Financing (£30k 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 **£30k**

**3.5 Planning Enforcement Grant**

The Request for the approval of an increase in the 2019-20 revenue budget of **£50k** for Development Management is due to receipt of a planning enforcement grant from Ministry of Housing, Communities and Local Government.

The Ministry of Housing, Communities and Local Government has confirmed that payment will be made on 14 November 2019.

The monies are ring-fenced to Development Management. A monitoring report will need to be sent in to the Government Agency in due course that will detail how the monies have been spent in accordance with the bid terms and conditions.

**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 are in relation to a vacancy factor.

To quarter 2 £181k of the savings have been realised against the budgeted April 2019 to June 2019 savings of £166k.

In addition to the above officers have been required to find further savings throughout the financial year 2019/20. At quarter 1 savings were found of £542k, £166k of these were allocated to the vacancy factor target. The remainder £376k have therefore been returned to balances. At quarter 2 officers have found another £16k these will be also be vired off the relevant services to be returned to working balances by quarter 3.

**5. Cash Management**

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

<b>Date</b>	<b>£m</b>	<b>Position</b>
As at 31 <sup>st</sup> March 2019 (Actual)	13.5	Borrowing
As at 30 <sup>th</sup> September 2019	3.0	Borrowing

**5.2 Borrowing**

Outstanding as at the 30<sup>th</sup> September 2019 are £3.0m in short term borrowing with associated borrowing costs of £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 30<sup>th</sup> September 2019 there were £2m investments held.

**6. Capital Budgets**

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

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	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Keep my place safe and looking good	3,385	6,328	3,164	2,234	-929	4,473	-1,855
Help me run a successful business	0	300	150	150	0	300	0
Help me to live my life independently	950	1,333	838	795	-43	1,223	-110
Provide good things for me to see, do and visit	170	1,507	704	582	-122	1,437	-70
Enable others to work/do what they need to do (to meet their purpose)	10	479	240	131	-109	300	-179
<b>Totals</b>	<b>4,515</b>	<b>9,947</b>	<b>5,096</b>	<b>3,892</b>	<b>-1,203</b>	<b>7,733</b>	<b>-2,213</b>

**Finance commentary:**

**Keep my place safe and looking good**

- The main variances for this strategic purpose relate to the following projects;
  - The majority of projects have commenced and are projected to be completed by the end of the financial year 2019/20.
  - The Vehicle replacement programme, Cemetery Extension infrastructure at North Bromsgrove Cemetery Phase Two and Replacement parking machines have had a full review by officers and it has been requested that the budgets are reprofiled into future years. See appendix 4.

**Help me run a successful business**

- The project for this strategic purpose relates to the OLEV/ULEV Taxi infrastructure scheme which is expected to be completed by the end of the financial year.

**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 half 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 last quarter of 2019/20 and may possibly be requested to be reprofiled into the beginning of 2020/21.

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

- The variance for this strategic purpose relates to the New Finance Enterprise System in Financial services which has now commenced. The project is expected to be completed by September 2020 and a request may be made to reprofile some of the budget into the first quarter of 2020/21.

**7. Earmarked Reserves**

- 7.1 The position as at 30<sup>th</sup> 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 31<sup>st</sup> 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 building of associated car parking.

Due to the virement of savings at quarter 2 of £376k back to balances along with planned use, the current level of balances will therefore be £4.335m.

**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 reprofiling

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