

FINANCIAL MONITORING REPORT (based on Performance to October 2018)

1. INTRODUCTION

- 1.1 This report provides an update on the 2018/19 General Fund, Capital and Housing Revenue Account budgets, adjusting for any budget changes required, taking into account the performance of the Council since the previous monitoring report, and including new items up to the end of October.

2. BACKGROUND

- 2.1 The Council's financial strategy of a continuous review of activities and services to identify opportunities for savings in expenditure alongside opportunities to generate income has been successful in addressing the significant reductions in government funding whilst at the same time maintaining key service levels. Budget monitoring reports form an important part of this process and support the ongoing development of the Medium Term Financial Plan (MTFP).
- 2.2 Financial Monitoring Reports also act as a means of collating the financial implications applicable to the current financial year from other reporting that takes place within the Council.

3. GENERAL FUND REVISED PROJECTION

- 3.1 A General Fund budget of **£17.243m** for 2018/19 was agreed by Council in February 2018. Net positive variations reported to Cabinet in August amounted to £475,000 (£577,000 savings/income and £102,000 new requirements/income shortfalls) and rephasings reported totalled £606,000, funded from earmarked reserves set up in 2017/18. These previously reported variations resulted in an updated budget total for 2018/19 of £16.768m.
- 3.2 This report identifies new savings / additional income totalling £351,000, new requirements / income shortfalls of £50,000, and rephasings from future years of £240,000 (future budget provision being brought forward). These changes result in an updated General Fund budget of **£16.707m**. Table 1 provides an overview of the variations and full details are provided in sections 3.4 to 3.5.

| Table 1 | Para. | Savings £'000 | New Req. £'000 | Rephasing £'000 | Total £'000 |
|--------------------------------------|--------------|--------------------------|---------------------------|----------------------------|------------------------|
| Original Budget April 2018/19 | | | | | 17,243 |
| Variations agreed in August | 3.1 | -577 | 102 | 606 | 131 |
| Transfer from Reserves in August | 3.1 | 0 | 0 | -606 | -606 |
| Updated Budget August 2018/19 | | -577 | 102 | 0 | 16,768 |
| Portfolio / Committee Items | 3.4 | -297 | 50 | 240 | -7 |
| AMG / Asset Replacement | 3.5 | -54 | 0 | 0 | -54 |
| Business Development / Third Party | | 0 | 0 | 0 | 0 |
| | | -351 | 50 | 240 | 16,707 |
| Transfer from Reserves | | | | | 0 |
| Updated Budget October 2018 | | -928 | 152 | 240 | 16,707 |

3.3 The overall net level of savings identified across this report and the previous monitoring report (August Cabinet) now totals £776k (-£928k + £152k). This figure consolidates nicely with the £720k saving that has been allowed for in the MTFP for 2019/20, although the make-up of the reported variations in the current year doesn't necessarily correlate exactly to the MTFP savings.

3.4 PORTFOLIO ITEMS

Savings; £297k

- £133k – The Council has received a positive outcome to a review of the rateable values on a few of its Car Parks, resulting in a saving on bills to 2018/19 of £133,000. There is also an expectation that a one-off refund will be received, but as this will also have an impact the Councils collection fund, it will need to be considered in the round when received, and so isn't being reported as a Portfolio variation at this time (P&I)
- £65k – The contributions from CIL receipts that the Council can use to offset its admin costs has exceeded the budget by £65k (P&I)
- £40k – Savings have occurred in the Council's Civic Facilities Team due to a Vacancy. In order to ensure appropriate levels of project delivery, Project management support is currently being procured, but these costs will be charged and covered by the relevant project budgets, and not the central business unit (F,CS&I)
- £34k – A review of budgets across the corporate cost centres within Finance, Corporate Services and Improvement has identified savings of £34,000 (F,CS&I)
- £25k – Further savings have accrued within the Streetscene budgets as a result of vacancies and fuel savings (ENV & REG)

New Requirements; £50k

- £50k – Land Charges income is expected to be below the budget by a further £50,000, resulting in a total variation for the year of £100,000, equivalent to 24% of the original budget (P&I)

Rephasings; £240k

- £240k – Budgets allowed for in 2019/20 and 2020/21 for the replacement of ICT have been brought forward to enable the accelerated roll out of hybrid devices, as the Council prepares for Smarter Working (F,CS&I)

3.5 ASSET MAINTENANCE & REPLACEMENT

Savings; £54k

- £54k – The AMR programme has been reviewed and savings are forecast at £54,000 (All)

4. CAPITAL EXPENDITURE (General Fund and Housing Revenue Account)

- 4.1 The Capital Programme agreed in February amounted to **£26.225m**. This was increased to a revised capital budget of £27.985m in August to reflect rephasings from 2017/18 of £1.760m.
- 4.2 This report identifies rephasings into future years of £2.855m (transferred to earmarked reserves). These changes result in an updated capital budget of **£25.130m**. Table 2 provides an overview of the variations and full details are provided in section 4.2.

| Table 2 | Savings £'000 | New Req. £'000 | Rephasing £'000 Para. 4.2 | Total £'000 |
|--------------------------------------|------------------|-------------------|---------------------------------|----------------|
| Original Budget April 2018/19 | | | | 26,225 |
| Previously Reported | | | | |
| Public Sector Housing (HRA) | 0 | 0 | 1,564 | 1,564 |
| Other Services (General Fund) | 0 | 0 | 196 | 196 |
| Updated Budget August 2018 | 0 | 0 | 1,760 | 27,985 |
| New Variations | | | | |
| Public Sector Housing (HRA) | 0 | 0 | -815 | -815 |
| Other Services (General Fund) | 0 | 0 | -2,040 | -2,040 |
| Total New Variations | 0 | 0 | -2,855 | -2,855 |
| Updated Budget November 2018 | 0 | 0 | -1,095 | 25,130 |

4.2 Rephasings; £2.855m

- £815k – Some delay has occurred in setting out the contractual requirements and working arrangements for the procurement of new 4 year Frameworks, namely Roofing, Bathrooms and Windows. These have now recently been awarded and are due to start imminently. The door replacement contract includes for the provision of fire doors, which are under national fire house testing reviews forming part of the Grenfell enquiry. The Council is currently awaiting testing certificates to enable the procurement, manufacture and installation to proceed. The budget for 2019/20 will be enhanced to include this value of works originally intended for 2018/19. (HRA)
- £2.040m – Feasibility and design works are well underway on the Hardly Depot project, but it is now highly unlikely that any significant expenditure will be incurred during the current financial year. The majority of the budgets therefore will be rephased. (F,CS&I and LE,P&I)

5. HOUSING REVENUE ACCOUNT

5.1 A break-even HRA budget for 2018/19 was agreed in February 2018. A variation of £250k was reported at August. New variations now being reported totalling £847k are shown within table 3 and are explained within the narrative at 5.2.

| Table 3 | Original Budget | Previously Reported Variations | New Variations (Para. 5.2) |
|-------------------------------------|------------------------|---------------------------------------|-----------------------------------|
| | £'000 | £'000 | £'000 |
| Income | 27,667 | 0 | |
| Revenue Maintenance | 4,144 | -250 | |
| Supervision & Management | 5,391 | 0 | -32 |
| Rents, Rates, Taxes & Other Charges | 38 | 0 | |
| Provision for Bad Debt | 150 | 0 | |
| Capital Financing Costs | 8,528 | 0 | |
| Contribution to Capital | 9,416 | 0 | -815 |
| | 27,667 | -250 | -847 |

5.2 The minor variation of £32k is in relation to the review of the Asset Maintenance and Replacement programme and the element of the net savings being apportionable to the HRA. The £815k is a direct replication of the variation as reported within the Capital section, as the Revenue Account funds this particular element of the Capital programme.

6. CRIME AND DISORDER / EQUALITY AND DIVERSITY/ENVIRONMENTAL IMPLICATIONS

6.1 There are no Crime & Disorder, Equality & Diversity or Environmental implications arising directly from this report.

7. PORTFOLIO HOLDER COMMENTS

- 7.1 As we move past the mid point in this financial year we are on target to deliver on our financial strategy.

8. RECOMMENDATIONS

- 8.1 It is recommended that Cabinet notes the latest budget forecasts of the General Fund (para 3.2), Capital (para 4.1) and HRA (para 5.1)

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