

TITLE: FINANCE REPORT

Committee: Finance & Assets Committee

Date: 6th February 2020

Author: Finance Manager

[U174]

1. ISSUE

1.1 This report provides Members with budget monitoring information for services under the Finance & Assets Committee and then, as part of its corporate remit, for the Council as a whole.

2. RECOMMENDATION (S)

2.1 Members are requested to note:

- This Committee has a projected yearend underspend of £626,500 when compared to its approved revenue budget of £5,181,667.
- That overall the Council has a projected yearend underspend of £627,505 when compared to its approved revenue budget of £13,445,801.
- That the overall position for the Council on Capital is a projected outturn of £3,673,185, which is an underspend of £7,462,620 when compared to its revised budget.

3. BACKGROUND / OPTIONS

3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.

3.2 This is the third report for the 2019-20 financial year and details actual expenditure incurred as at 31st December 2019 and projections as to the yearend position at this time.

3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then, the position for the Operational Services Committee shown in summary.

3.4 The detailed revenue budget position for the Operational Services Committee is shown in appendix 2. A report explaining the variances for this Committee

was presented to the Operational Services Committee on the 20th January 2020.

- 3.5 In summary however, at this point, there are five outturn forecast variances being projected within Operational Services Committee. Two relate to forecast overspends, these in relation to Planning, where as a result of the volume and type of applications being received, two agency workers are being employed to ensure the level of customer service continues and that target deadlines for dealing with applications and any subsequent appeals are being met, and in Customer Services caused by the pay review (budgeted for within F&A Committee (see Miscellaneous Finance below)). There are three forecast underspends, in Homelessness as a consequence of the District not being required to put anybody up in hotel accommodation during the first nine months of the year and more prevention costs now being matched against grant received from Government. Staff savings on Performance Management and an excess of income and staff savings in Street Numbering.
- 3.6 With regard to Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of December 2019, where no variance is forecast for yearend, are detailed below:

Service	Variance £	Explanation
Museums – Old Gaol House / Office Accommodation	£40,751 £57,222	Premises Asset Management funding will be matched against expenditure at year end.
Local Plans	(£85,001)	The main reason for the underspend is because we have still to pay the final invoice for the inspection. This invoice for £40,000 is still being disputed. We have also received £25,000 of income from DCLG to support the development of Neighbourhood Plans.
Parks & Gardens General Gang	(£127,428) (£15,783)	The quarter 3 invoice to ECTC to recover the cost of seconded staff was only raised at the start of quarter 4.

3.7 Explanations for the forecast yearend variances reported for this Committee are detailed in the below table:

Service	Variance £	Explanation
Economic Development	(£27,000)	This relates to an increase in the rental income for E-space North. With the short-term nature of many of the leases at the Council's business centre, it is difficult to determine whether this will continue, and so we have based our yearend forecast on the additional income received in the first three quarters of the year.
Financial Services	(£25,000)	Underspend on staff.
Housing Benefit	(£83,000)	The Housing Benefit budget was built using information as at August 2018, the most up-to-date information available at the time. However, more up-to-date information is now available and the outturn forecast has been corrected to reflect this information.
Housing Strategic	(£40,000)	Additional CIL admin grant will be allocated to this service at yearend.
Legal	(£15,000)	There was an underspend on the staff budget in the first half of 2019/20 while there were vacancies within the Team. There is now a full complement of staff, but the underspend previously gained will benefit the yearend position.
Management Team	(£100,000)	This relates to income generated from the secondment of senior staff at the Council to the Combined Authority.
Member and Committee Support	£17,000	This relates to an increase in Members special responsibility allowances as agreed at Full Council in October 2019.
Miscellaneous Properties	£8,000	With the delay in determining plans for the on-going use of Mepal Outdoor Centre, the Council has been required to pick up costs for the site, including Business Rates and security.

Miscellaneous Finance	(£340,000)	<p>It is now expected that no external borrowing will be required during the current financial year, resulting in a saving on the external interest budget.</p> <p>The amount of Minimum Revenue Provision (MRP) contribution has also been reduced as more CIL was allocated to the Leisure Centre in 2018/19 than originally planned, reducing the amount of borrowing required and also MRP is now being paid over 25 years on the Centre, rather than 20 years, as detailed in the Treasury Management Report.</p> <p>A contingency for the additional costs of the pay review was built into this cost centre, with the review having now been implemented, any additional costs have been charged to appropriate cost centres and so this provision can be declared surplus.</p>
Out of hours call out Service	(£10,000)	There has been a saving on this budget in this year. The budget for 2020/21 has been reduced to reflect this.
Parking of Vehicles	(£20,000)	An increase in income over that budgeted for the commuter car park in Ely during the first nine months of the year allows us to forecast a £20,000 underspend at year.
Payroll	£10,000	An overspend on salary costs has occurred as a result of the pay review.
Public conveniences	£18,000	An overspend on salary costs has occurred as a result of the pay review.
Registration of Elections	(£3,500)	Savings have been made on printing and stationary in this budget.
Sports & Recreation	(£16,000)	Grants have been allocated but not to the full value of the budget.

Capital

- 3.9 The Council's capital programme for 2019/20 (appendix 3) has now had the slippage from 2018/19 applied, and we have also been notified of the value of Disabled Facilities Grant for this year. These two changes result in the total capital programme value for 2019/20 being £11,135,805.
- 3.10 It is currently expected that the Council will underspend its revised budget by £7,462,620. This mainly relates to the Soham Eastern Gateway project, where the County Council has decided that it no longer wishes to apply for the Housing Infrastructure Fund funding for the development in Soham. And, further the Trading Company is not now expected to require the remaining

£380,000 available from its original loan agreement with the Council. Indeed ECTC repaid the Council an initial £1.7 million of the original loan in December 2019.

- 3.11 There is also an underspend on Operational Services capital, as a consequence of delays with the improvements to the Depot at Littleport as further costings are obtained to ensure that best value for money is achieved.

Reserves

- 3.13 The Council's forecast movements in Reserves for the year are detailed in appendix 4, this shows that the General Fund will be increased to remain at the 10% of the net budget as agreed at Council. Other Earmarked Reserves (excluding CIL) reduce by £924,014, which is mainly a consequence of the planned use of the Surplus Savings Reserve less the underspend now being reported for the year.

ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £12,818,296 in 2019/20. This equates to an underspend of £627,505 when compared to the Council's approved budget.
- 4.2 The projected Capital outturn for the Council stands at £3,673,185. This reflects an under spend of £7,462,620 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a revenue underspend of £627,505 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at yearend.
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – December 2019
Appendix 2 – Operational Services Budget Monitoring – December 2019
Appendix 3 – Capital Budget Monitoring – December 2019
Appendix 4 – Reserve Accounts – December 2019

Background Documents

Location

Contact Officer

Council Budget as approved by
Council on the 21st February
2019

Room 104
The Grange
Ely

Ian Smith
Finance Manager
Tel: (01353) 616470
E-mail: ian.smith@eastcambs.gov.uk