

TITLE: FINANCE REPORT

Committee: Resources and Finance Committee

Date: 26th July 2018

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[T66]

1. ISSUE

1.1 This report provides Members with budget monitoring information for services under the Resources and Finance 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 overspend of £18,000 compared to its approved revenue budget of £5,344,176.
- That overall the Council has a projected yearend underspend of £42,000 compared to its approved revenue budget of £13,099,778.
- That this Committee currently has three capital projects linked to it, each of which is forecast to come in on budget at this time.
- That the overall position for the Council on Capital is a projected outturn of £11,983,305, which is an overspend of £402,595.

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 first report for the 2018-19 financial year and details actual expenditure incurred as at 30th June 2018 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 other committees shown in summary.

- 3.4 The detailed revenue budget position for the other committees – namely the Regulatory Services and the Community Services – are shown in appendices 2 and 3. Reports explaining these variances in more detail have been / will be presented to these committees. Papers for Regulatory Committee were presented on the 23rd July and papers for Community Services Committee will be presented on the 12th September.
- 3.5 In summary however, the Regulatory Services Committee is currently predicting a yearend underspend of £60,000. This is made up of two items, the most significant being a forecast underspend on Planning of £50,000, as a consequence of increased income from fees over the first three months of the year, in part as a result of the increase in fees introduced by Government in January 2018. We are currently taking a prudent view of this, not expecting it to increase further in year, we will re-evaluate this in the September reports.
- 3.6 With regard to Resources and Finance Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of June 2018 are detailed below:

Service	Explanation
Economic Development	There is an underspend on staff costs during the first three months of the year as a result of vacancies and changes in personal. We are however projecting a full spend at yearend as costs will be incurred on project work during the year.
Strategic Housing	There is an underspend on the consultants budgets, which simply reflects the timing of payments to our consultant. It remains the expectation that at yearend the actual expenditure will match that agreed with the consultant.
Asset Management	While this budget is held and controlled centrally, costs are charged to the relevant budget area, with then the budget moved to match expenditure at the end of the year.

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

Service	Variance £	Explanation
IT	30,000	As a consequence of the upgrade to Windows 10 we will need to replace 8 scanners across the Council where the previous version is no longer compatible with the up-graded software. This was unforeseen and therefore, no budget provision was made and will therefore result in IT overspending during 2018-19.
Housing Benefits	(12,000)	The budget for Housing Benefits was built using information as at August 2017, the most up to date information at the time. Since then further information has become available and we now expect to achieve a small saving on this budget.

Capital

- 3.9 The Council's capital programme for 2018-19 has now had the slippage from 2017-18 applied, resulting in the total capital programme value of £11,580,710.
- 3.10 It is currently expected that the Council will overspend this revised budget by £402,595. This relates to the Community Services budget and specifically to the Leisure Centre.
- 3.11 The overspend on the Leisure Centre is mainly as a consequence of delays with a third party getting utilities onto the site. Members will be aware that early on in the build project we had issues with the ground works, which meant that the contingency built in for the project was spent before the major part of the build started. This was therefore a risk. We are currently attempting to recover the additional costs caused by the utility delay from the third party.
- 3.12 Members should note that this overspend will be funded by the use of additional CIL contributions, so it will put no additional burden on the Council's budget. When preparing the original business case for the Leisure Centre, only guaranteed CIL contributions were included, but it was always intended to support the budget with any additional contributions that were achieved during the build stage.
- 3.13 The overspend on the equipment fit out will be charged onto the operator as part of the management fee, so again will not impact on the Council's budget position.

4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £13,057,778 in 2018/19. This would give an underspend of £42,000 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £11,983,305. This reflects an overspend of £402,595 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a revenue underspend of £42,000 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

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – June 2018
Appendix 2 – Regulatory Services Budget Monitoring – June 2018
Appendix 3 – Community Services Budget Monitoring – June 2018
Appendix 4 – Summary Capital Programme – June 2018

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Council Budget as approved by Council 22 nd February 2018	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk