

TITLE: FINANCE REPORT

Committee: Finance & Assets Committee

Date: 25th July 2019

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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 £253,000 when compared to its approved revenue budget of £5,181,667.
- That overall the Council has a projected yearend underspend of £203,000 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 £4,805,805, which is an underspend of £6,330,000 when compared to its revised budget.

2.2 Members are asked to approve an increase of £15,278 in the Disability Facilities Grant budget, this to reflect the additional grant received over the amount originally budgeted.

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 2019-20 financial year and details actual expenditure incurred as at 30th June 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 in more detail will be presented to the Operational Services Committee on the 9th September.
- 3.5 In summary however, at this point there is only one outturn forecast variance being projected within Operational Services Committee, that being in relation to Planning, where an overspend is forecast as a result of the volume and type of applications being received, two agency workers have been employed to ensure the level of customer service continues and that target deadlines for dealing with applications and any subsequent appeals is being met.
- 3.6 With regard to Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of June 2019, where no variance is forecast for yearend, are detailed below:

Service	Variance £	Explanation
Financial Services	(30,564)	There is an outstanding accrual for work on the statutory accounts for 2018/19. This should be paid in the next quarter
Local Plans	(40,040)	There is an outstanding accrual for work in 2018/19. This should be paid in the next quarter
Parks & Gardens	63,193	Section 106 income will be used to fund some of the expenditure on this costs centre at yearend
Register of Electors	(32,868)	This relates to income received in advance for individual electoral registration

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

Service	Variance £	Explanation
Economic Development	(20,000)	This relates to an increase in the rental income during the first quarter. However, because of the short-term nature of many of the leases at the Council's business centres, it is difficult to determine whether this will continue and a prudent estimate is therefore quoted for the yearend position.
Housing Benefit	(100,000)	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 adjusted to reflect this.
Legal	(13,000)	There has been an underspend on the staff budget in the first quarter. However, there is now a full complement of staff within the Legal Team, so no further underspend is expected during the remainder of the year.
Management Team	(100,000)	The Council's budget will benefit from charging the Combined Authority for management support during 2019/20.
Mepal Outdoor Centre	30,000	When the budget was constructed it was expected that a contractor would be taking over the management of the centre. Unfortunately this has not happened and ECDC are therefore currently having to pick up the utility and insurance costs for the site.
Miscellaneous Finance	(50,000)	The Council remained in a cash surplus position at the end of the 2018/19 financial year, which meant that no external borrowing was needed. It is now expected that external borrowing will not be required until, at the earliest, late 2019, resulting in a saving on the external interest budget.

Capital

3.8 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 that we will be receiving this year. These two changes result in the total capital programme value for 2019/20 being £11,135,805.

- 3.9 When building the budget for 2019/20 the amount of Disabled Facilities Grant we were due to receive in 2019/20 had not been announced by Government and so an estimated figure was included in the budget. We have now been informed and indeed received £526,577; this is £15,278 more than the estimate included in the budget. Committee is asked to approve the use of this additional grant on disabled facilities.
- 3.10 As agreed at the previous meeting of Committee, £854,158 of funding has been carried forward into 2019/20 in relation to underspends in 2018/19, where the funding is still required to complete the project in this or future years. The main areas of carry forward relate to disabled facilities grant, where there is a time delay between funding being allocated to schemes and the actual work being done, resulting in a number of schemes being completed in the following year, and in relation to the purchase of the Riverside Moorings, from the Environment Agency, where it is expected that the purchase will take place later this year.
- 3.11 It is currently expected that the Council will underspend its revised budget by £6,330,000. This relates to the Soham Eastern Gateway project, where the County Council have decided that they no longer wish to apply for the Housing Infrastructure Fund funding for the development in Soham.

Reserves

- 3.12 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 £1,582,349, which is mainly a consequence of the planned use of the Surplus Savings Reserve in 2019/20.

4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £13,242,801 in 2019/20. This would give an underspend of £203,000 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £4,805,805. This reflects an underspend of £6,330,000 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a revenue underspend of £203,000 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 2019
Appendix 2 – Operational Services Budget Monitoring – June 2019
Appendix 3 – Capital Budget Monitoring – June 2019
Appendix 4 – Reserve Accounts – June 2019

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Council Budget as approved by Council on the 21 st February 2019	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk