

Revenue Monitoring Report 2019/20 – Quarter 1 (to 30 June 2019)

REPORT TO EXECUTIVE



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PORTFOLIO	Resources and Performance Management
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PURPOSE

1. To report the forecast outturn position for the year as at 31 March 2020 based upon actual spending and income to 30 June 2019.
2. **This report introduces a new format of presenting the net budget forecast and the achievement of the savings targets.** Last year's 2018/19 in-year budget monitoring reports showed an assumed year-end break-even position from the beginning of the year based on the assumptions that savings would be identified due to the number of vacant posts and in year-savings predicted. This new report format adopts a different approach and shows the current forecast outturn position based upon the forecast savings identified within the current reporting period. As in previous years, it is expected that as the year progresses, further in-year savings will be identified and reported at each quarter, reducing the forecast overspend position. However, as overall budgets reduce, it is inevitable that it is becoming increasingly difficult to achieve and identify further savings. The current in-year savings target of £400k will be reviewed going forward in light of the reduction in budgets.

RECOMMENDATION

3. The Executive is asked to:
 - a. Note the projected revenue budget forecast position of an overspend of £248k, as summarised in table 1 and detailed in Appendix 1. Also note the position as at the end of the quarter on the achievement of salary and non-salary savings targets and the balances yet to be found, as can be seen in Table 2.

The Executive is also asked to seek approval from Full Council for:

- b. The latest revised net budget of **£15.815m** as shown in Table 1, and
- c. The net transfers to earmarked reserves of **£1.385m** as shown in Appendix 2.

REASONS FOR RECOMMENDATION

4. To give consideration to the level of revenue spending and income in 2019/20 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position.

SUMMARY OF KEY POINTS

5. Revenue Budget Monitoring Process

All budget holders are required to review their budgets on a monthly basis. Three in-year reports on revenue budget monitoring are presented to the Executive and Scrutiny Committee during the course of the financial year. This is the first in-year report for 2019/20. In addition to these three reports there is a final report for revenue to consider the actual spending at the end of the financial year compared with the revised revenue budget. Under the scheme of delegation each budget area is delegated to a Head of Service who remains accountable for the effective discharge of financial management as an integral part of achieving strategic objectives and in turn meeting service delivery priorities.

All Heads of Service have been asked to consider their budgets and provide information and details of any actual or anticipated significant variations between spending / income and budgets.

6. Budget Changes

Since the budget was approved, the following proposed budget changes have been made and are shown in Appendix 1:

- Virements approved by Heads of Service and Management Team.
- Decisions confirming additional awards of grant and contributions up to £50k approved by Heads of Service and Management Team.
- Executive Member for Resources and Performance Management decisions confirming additional awards of grant and contribution over £50k.
- Decisions made by the Executive.
- Transfers to/from Earmarked Reserves in respect of grants/contributions and also approved carry forwards from 2018/19 (Appendix 2).

Members are asked to approve the latest revised net budget of £15.815m as shown in Table 1.

7. Revenue Budget Summary

Table 1 shows a summary by service area of the revised budget for the year along with the current forecast as at the end of Q1 and the anticipated variance.

As at the end of Q1 the net forecast is currently £248k over budget. Incorporated into the budget is a savings target of £400k of which £152k of potential savings have been identified as at the end of Q1, leaving a balance of £248k yet to be found (see para 7). This is in comparison to £254k savings identified during the same period of the 2018/19 financial year.

Based upon previous years it is expected that further savings will emerge as the year progresses.

Table 1: Revenue Budget Forecast Position 2019/20

	Reconciliation of Approved Budget & Funding		Forecast position as at Quarter 1		
	Net Budget 2019/20 £000s	Funding 2019/20 £000s	Revised Budget £000s	Forecast Q1 £000s	Variance Q1 £000s
a	1,007		1,007	974	(34)
b	429		429	429	0
c	340		340	340	0
d	617		617	617	0
e	865		865	827	(38)
f	3,122		3,122	3,082	(39)
g	294		294	294	0
h	3,603		3,603	3,603	0
i	540		540	569	29
j	(1,332)		(1,332)	(1,332)	0
k	1,000		1,000	973	(27)
l	218		218	215	(3)
m	153		153	112	(41)
	(400)		(400)	0	400
NET SERVICE BUDGET	10,455		10,455	10,703	248
Pensions	1,831		1,831	1,831	0
Provisions (<i>Balance to be determined at year end</i>)	0		0	0	0
Impairments (<i>Provisions for Bad Debt</i>)	10		10	10	0
Parish Precepts (<i>Disbursement to Parishes</i>)	154		154	154	0
Treasury (<i>Investment Income & Expenditure</i>)	767		767	767	0
Capital Financing	1,368		1,368	1,368	0
Earmarked Reserves (to / (from))	1,702		1,702	1,702	0
Strategic Reserves (to / (from))	(317)		(317)	(317)	0
NET CORPORATE ITEMS	5,513		5,513	5,513	0
Council Tax		(6,962)	(6,962)	(6,962)	0
Parish Precepts (<i>Receipts from Council Tax Payers</i>)	(154)	0	(154)	(154)	0
Business Rates: Retained Income		(7,057)	(7,057)	(7,057)	0
Business Rates: S31 Grants		(1,219)	(1,219)	(1,219)	0
Prior Year Collection Fund (Surplus)/Deficit		32	32	32	0
New Homes Bonus		(607)	(607)	(607)	0
Other Government Grants		0	0	0	0
FUNDING	(154)	(15,815)	(15,968)	(15,968)	0
BUDGET BALANCE	15,815	(15,815)	0	248	248

8. SAVINGS TARGETS

In setting the budget it was assumed that two savings targets would be achieved: £150k salary savings from not filling posts immediately and £250k in year savings/additional income target. A summary of the position in achieving these targets as at the end of Q1 can be seen in Table 2 below:

Savings	Revised Budget	Savings Forecast Q1	Balance of Savings yet to be Identified
	£000	£000	£000
Salary Savings	(150)	123	(27)
Non-Salary Savings	(250)	29	(221)
TOTAL	(400)	152	(248)

Salary Savings Target

The position at the end of Q1 is that £123k of salary savings have been secured to date as can be seen in Table 2 above, leaving a shortfall of £27k to identify throughout the remainder of the year.

Non-Salary Savings Target

The latest position is that £29k of non-salary savings have been secured to date as can be seen in Table 2 above, leaving a shortfall of £221k to identify during the remainder of the year.

9. SERVICE REPORTS

9.1 Departmental budgets and current forecast for each service area can be found in Appendix 1. Summarised below by service area are narratives explaining any movements in the projected forecast along with any issues or concerns to be highlighted.

a. Economy and Growth

Forecast Variance: (£34k) net underspend

Salary savings in respect of the Town Centre Management post (£28k) and the Business Support post (£6k).

b. Policy and Engagement

Forecast Variance: £0

There are no variances or issues of concern to report in this quarter.

c. Management Team

Forecast Variance: £0

There are no variances or issues of concern to report in this quarter.

d. Sport and Culture Leisure Client

Forecast Variance: £0

There are no variances or issues of concern to report in this quarter.

e. **Green Spaces and Amenities**

Forecast Variance: (£38k) net underspend

Salary savings in respect of a vacant Guide Attendant post (£18k) and a reduction in the casual employee budget (£20k).

f. **Street Scene**

Forecast Variance: (£39k) net underspend

Salary savings to date in respect of a vacant Community Safety Manager post (£35k) and one employee not subscribing to the superannuation scheme (£4k).

g. **Housing and Development Control**

Forecast Variance: £0

There are no variances or issues of concern to report in this quarter.

h. **Strategic Partnership**

Forecast Variance: £0k

There are no variances or issues of concern to report in this quarter.

i. **Finance and Property**

Forecast Variance: £29k net overspend

Salary savings of (£4k) due to a v-time reduction in hours worked along with salary increments budgeted for from April not due until August. Also purchase of additional annual leave. Offset by a forecast reduction in property rental income of £33k.

The forecast reduction in rental income is in part due to the due to current market conditions impacting upon the retail sector, and also vacant properties within Charter Walk. Income will be closely monitored throughout the year.

j. **Revenues and Benefits Client**

Forecast Variance: £0

There are no variances or issues of concern to report in this quarter.

k. **Legal and Democratic Services**

Forecast Variance: (£27k) net underspend

Reduction in insurance costs payable (£31k) offset by a forecast reduction in land charges income of £10k, plus salary saving costs of (£6k) due to maternity leave.

l. **People and Development**

Forecast Variance: (£3k) net underspend

Salary savings costs to date due to a vacant post and a reduction in hours regarding another post.

m. **Central Budgets**

Forecast Variance: (£41k) net underspend

Refund of surface water drainage costs dating back to 2011 relating to a previously demolished site (£38k) plus other nominal items (£3k).

10. EARMARKED RESERVES

The council holds a number of earmarked reserves, details of which can be seen in Appendix 2 which shows the opening balance at the start of the year and any in quarter movements.

A summary of the reserves can be seen in Table 3 below:

	Transformation Reserve	Growth Reserve	Other Earmarked Reserves	TOTAL
	£000	£000	£000	£000
Balance as at 01/04/19	(1,327)	(2,209)	(3,709)	(7,246)
Drawn down in Q1	78	240	(1,702)	(1,385)
Balance as at 30/06/19	(1,250)	(1,970)	(5,412)	(8,631)

There is no proposed use of reserves in 2019/20 to support revenue expenditure. However, any shortfall in meeting the in-year savings targets within 2019/20 will need to be met from reserves.

Additionally, any savings proposals for 2020/21 that are subsequently adopted and include proposed reductions in posts, will require the cost of any redundancies to be met in the current financial year. These costs will be met from the Transformation Reserve in 2019/20, unless there is an overall surplus outturn position at year end, in which case some or all of these costs will be funded from net underspends.

11. CAPITAL FINANCING

11.1 Within the capital financing total of £1.368m, as can be seen in table 1, is a revenue contribution to capital outlay (RCCO) of £465k. This is where revenue funds are used to finance capital schemes. The contribution of £465k relates to vehicle and machinery replacement (£113k), Pioneer Place (£190k), Lower St James St (£50k), CCTV infrastructure works (£10k) and building infrastructure works (£102k).

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

12. As shown in the body of the report.

POLICY IMPLICATIONS

13. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.

DETAILS OF CONSULTATION

14. None

BACKGROUND PAPERS

15. None

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO

Amy Johnson – Principal Accountant