



**Policy, Finance and  
Development  
Committee**

**Tuesday, 27  
November 2018**

**Matter for  
Information**

**Report Title: Financial Outturn Report (Q2 2018/19)**

**Report Author(s): Chris Raymakers (Head of Finance, Revenues and Benefits)**

<b>Purpose of Report:</b>	This report gives a summary of the overall Council position for the financial year 2018/19 after the second quarter.
<b>Report Summary:</b>	This is the second budget monitoring report of this financial year and covers the period to 30 September. The Council faces significant challenges and funding pressures brought about by the impact of the government's austerity programme, but is making significant progress in transforming key services in order to deal with these pressures. In order to support and demonstrate the progress of transformation, the budget has been restated to reflect the key service departments. The forecast position for the year is for £370,000 to be made in savings and efficiencies to drive the Council towards a balanced outturn.
<b>Recommendation(s):</b>	<b>That the contents of the report and appendix be noted.</b>
<b>Responsible Strategic Director, Head of Service and Officer Contact(s):</b>	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 <a href="mailto:stephen.hinds@oadby-wigston.gov.uk">stephen.hinds@oadby-wigston.gov.uk</a>  Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 <a href="mailto:chris.raymakers@oadby-wigston.gov.uk">chris.raymakers@oadby-wigston.gov.uk</a>
<b>Corporate Priorities:</b>	An Inclusive and Engaged Borough (CP1) Effective Service Provision (CP2) Balanced Economic Development (CP3) Green & Safe Places (CP4) Wellbeing for All (CP5)
<b>Vision and Values:</b>	"A Strong Borough Together" (Vision)
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Reputation Damage (CR4) Economy/Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.

Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Deputy Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<a href="#">Report entitled 'Medium Term Financial Strategy 2018/19 and 2019/20' to Full Council, 22 February 2018</a> <a href="#">Report entitled 'Medium Term Financial Strategy Update' to the Policy Finance and Development Committee, 17 July 2018</a>
<b>Appendices:</b>	<b>1.</b> Capital Programme 2018/19

## 1. Introduction

- 1.1 In February 2018, the Council approved a General Fund Budget for 2018/19 of £6,399,000. This would leave a Balance of £615,000 in the General Fund Reserve which is slightly under the minimum level recommended in the Council's Medium Term Financial Strategy (MTFS) of 10% of the budget.

## 2. General Fund

- 2.1 A summary of the overall General Fund Budget is outlined in the table below. This includes Budgets from 2017/18 approved to be carried forward by this Committee on 17 July 2018.
- 2.2 As reported to Council, the set budget contained £232,500 of contingency items to be made in year 2018/19 and £202,000 of funding from the use of reserves. In the first quarter, there was considerable progress made in meeting these savings and reducing the amount needed from reserves. This has continued in the second quarter with the garden waste scheme continuing to be successful and the salaries budget continuing to provide savings through more efficient working.

Service	Budget 2018/19	Actual 30 September	Revised Forecast 2018/19	Variance + / (-)
Finance Revenues and Benefits	710,500	361,771	670,500	(40,000)
People and Performance	282,600	174,429	295,600	13,000
Customer Services and Transformation	1,242,400	634,220	1,242,400	0
Planning, Regeneration and Development	1,328,100	658,617	1,328,100	0
Operations and Street Scene	1,475,600	387,017	1,240,600	(235,000)
Leisure and Well Being	290,400	161,990	272,400	(18,000)
Law and Governance	724,900	342,613	724,900	0
Senior Management Team	423,800	192,647	333,800	(90,000)
Recharges to HRA	(497,400)	(248,700)	(497,400)	0
Contingency	(232,500)	0		232,500
Net Cost of Services	5,748,400	2,664,604	5,610,900	(137,500)
Capital Financing Charges	852,600	213,150	852,600	0
	6,601,000	2,877,754	6,463,500	(137,500)
Use of Earmarked Reserves	(202,000)	0	(64,500)	137,500
Net Expenditure	6,399,000	2,877,754	6,399,000	0

- 2.3 The first quarter of the financial year continues to predict a revised forecast position of £6,399,000: however, this is after the contingent savings have been met and a reduced allocation reserves needed. An explanation of the principal variations is given below.

### **3. Main Variances**

#### **3.1 Operations and Street Scene (saving £235,000)**

- 3.1.□1 The garden waste collection service is still attracting customers with a prospective income for 2018/19 service being around £375,000 against the original target for 2017/18 of £238,000. The Council has in fact reached its year two income target in the first year of the service.
- 3.1.□2 There has been considerable progression made in transforming the way in which these all depot-based services are delivered. The staffing of the Grounds Maintenance Service has been reviewed giving savings of £100,000.

#### **3.2 Senior Management Team (SMT) (saving £90,000)**

- 3.2.□1 The Senior Management Team are still operating without a Director of Services which gives a saving for this year only of approximately £90,000.

#### **3.3 Finance, Revenues and Benefits (saving 40,000)**

- 3.3.1 Debt collection with the Finance, Revenues and Benefits Sections has produced steady results again in 2018/19 and, as a result, it can be expected to save on provisions for bad debt relating to overpayment of housing benefit. The current bad debt provision relating to overpayments is £340,000 but with debt in this area not increasing at present, it is unlikely that the provision will need to be increased significantly.

#### **3.4 Leisure and Well Being (saving £18,000)**

- 3.4.1 The Council has been successful in its appeal to have Oadby Pool taken off the valuation list and the building is now longer subject to Non-Domestic Rates. This applies to all years going forward.

#### **3.5 People and Performance (increase £13,000)**

- 3.5.1 The Council's corporate training budget was underspent in 2017/18 and this amount has been carried forward to 2018/19 to meet the training requirements set out in the People Strategy.

### **4. Capital Programme**

- 4.1 At the first quarter review, a capital program totalling £5.85 million was reported to committee consisting of £1.88 million for the Housing Revenue Account and £3.97million with the General Fund Services.

There have been two amendments to the schemes since that review:

- Quotes from the County Council relating to the mounting for the CCTV cameras around the Borough totalled £20,500; and
- The Horwell Lane pavilion project has had a further budget approved bringing the total scheme costs to £1,373,000.

4.2 The complete programme for 2018/19 split between General Fund and HRA is as follows:

Service	Original Budget £	c/f from 2017/18 £	Additional Allocations £	Total Programme £
General Fund	344,900	2,721,906	1,312,894	4,379,700
HRA	1,273,000	609,000	0	1,882,000
<b>Total</b>	<b>1,617,900</b>	<b>3,330,906</b>	<b>1,312,894</b>	<b>6,261,700</b>

4.3 A breakdown of the capital programme with expenditure to 30 September at **Appendix 1**.

## 5. Housing Revenue Account (HRA)

5.1 The Council's Housing Revenue Account budget was set in February 2018 with the view of breaking even during the year. This meant that the minimum balance of £300,000 which the business plan dictates would continue to be kept.

	Original Budget 202018/19 £	c/f budgets from 2017/18 £	Increases/Decreases in Budgets £	Estimated Outturn 2018/19 £
Net Costs of Services on the HRA	(625,600)	8,500		(617,100)
Capital Charges	573,500			573,500
Revenue Contributions to Capital	0		335,000	335,000
Appropriation to Earmarked HRA reserve	52,100	(8,500)		43,600
Increase in Year	0	0	335,000	335,000
Actual Balance b/f on Housing Revenue Account	(635,000)			(635,000)
Budgeted Deficit in Year	0	0	335,000	335,000
Balance c/f on Housing Revenue Account	(635,000)	0	335,000	(300,000)

5.2 However, the final outturn for the year showed an improved position leaving £635,000 in the HRA reserve. It is likely that this extra surplus can be utilised to save on borrowing to fund the carried forward capital projects from 2017/18. There are currently no further revisions to the HRA budget for 2018/19.