



Policy, Finance and Development Committee	Tuesday, 05 February 2019	Matter for Information
--	----------------------------------	-------------------------------

Report Title: **Financial Outturn Report (Q3 2018/19)**

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

Purpose of Report:	This report gives a summary of the overall Council position for the financial year 2018/19 after the third quarter.
Report Summary:	<p>This is the third budget monitoring report of this financial year and covers the period to 31 December. The Council has continued to meet significant challenges and funding pressures bought about by the impact of the government's austerity programme and has made significant progress during the financial year in transforming key services in order to deal with these pressures.</p> <p>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 £360,000 to be made in savings and efficiencies from the original budget which will reduce the need to use reserves.</p>
Recommendation(s):	That the contents of the report and appendix be noted.
Responsible Strategic Director, Head of Service and Officer Contact(s):	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk
Corporate Priorities:	An Inclusive and Engaged Borough (CP1) Effective Service Provision (CP2) Balanced Economic Development (CP3) Green & Safe Places (CP4) Wellbeing for All (CP5)
Vision and Values:	"A Strong Borough Together" (Vision)
Report Implications:-	
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.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Deputy Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	Report entitled 'Medium Term Financial Strategy 2018/19 and 2019/20' to Full Council, 22 February 2018 Report entitled 'Medium Term Financial Strategy Update' to the Policy Finance and Development Committee, 17 July 2018 Report entitled 'Medium Term Financial Strategy Update' to the Policy Finance and Development Committee, 5 February 2019
Appendices:	1. 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. Throughout the year there has been considerable progress made in meeting these savings and reducing the amount needed from reserves. The garden waste scheme has been successful and the salaries budget continuing to provide savings through more efficient working. The salary savings, and overspends, that have accrued have now been pulled out of the vacancy provision and credited to the relevant services.

Service	Budget 2018/19	Actual 31 December	Revised Forecast 2018/19	Variance +/(-)
Finance Revenues and Benefits	1,168,500	804,261	1,114,900	(53,622)
People and Performance	358,200	318,956	419,600	61,400
Customer Services and Transformation	1,242,400	955,952	1,172,900	(69,500)
Planning, Regeneration and Development	1,322,500	612,985	1,337,500	15,000
Operations and Street Scene	1,650,200	874,091	1,403,600	(246,600)
Leisure and Well Being	192,400	109,600	120,700	(71,700)

Law and Governance	733,900	451,489	839,700	105,800
Senior Management Team	423,800	243,385	331,700	(92,100)
Recharges to HRA	(953,000)	(714,750)	(930,000)	23,000
Salaries Vacancy Provision	(158,000)	(27,000)	(27,000)	131,000
Contingency	(232,500)	0	0	232,500
Net Cost of Services	5,748,400	3,628,969	5,783,600	35,200
Capital Financing Charges	852,600	558,000	745,600	(107,000)
	6,601,000	4,186,969	6,529,200	(71,800)
Use of Earmarked Reserves	(202,000)	0	(72,100)	129,900
Use of HPDG Reserve	0	0	(58,100)	(58,100)
Net Expenditure	6,399,000	4,186,969	6,399,000	0

- 2.3 The third 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 £246,000)

- 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 Clean and Grounds Maintenance Service has been reviewed giving savings of £100,000.

3.2 Senior Management Team (SMT) (saving £92,000)

- 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 £54,000)

- 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 £72,000)

- 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. As the Leisure Centre contract progresses and is index linked to inflation the amounts coming back to the Council to repay the money borrowed have increased.

3.5 People and Performance (increase £61,000)

- 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 to be set out in the emerging People Strategy.

3.6 Law and Governance (increase £106,000)

- 3.5.2 This area has had considerable difficulties with staff absence during the financial year and as a result relied heavily on hired staff to cover for sickness. There has also been the need to set a budget for legal fees this year which previously were not funded in advance of need.

3.7 Customer Service and Transformation (saving £69,500)

3.7.1 Efficiencies have been in the establishment which have saved around £39,000. Also there are £40,000 savings on the ICT contract now that all the savings made on the new contract have started to come through.

4. Capital Programme

- 4.1 At the second quarter review, a capital program totalling £6.05 million was reported to committee consisting of £1.88 million for the Housing Revenue Account and £4.17 million with the General Fund Services.
- 4.2 The complete programme for 2018/19 split between General Fund and HRA is as follows:

Service	Approved	Spend to	Anticipated	Variance
	Budget	date	Outturn	
	£	£	£	£
General Fund	4,170,400	2,301,721	2,892,464	(1,277,936)
HRA	1,882,000	570,525	1,111,618	(770,382)
Total	6,052,400	2,872,247	4,004,082	(2,048,318)

- 4.3 A breakdown of the capital programme with expenditure to 31 December 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.

(Continued overleaf)

	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	<u>(635,000)</u>	<u>0</u>	<u>335,000</u>	<u>(300,000)</u>

- 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.