



**Policy, Finance and
Development
Committee**

**Tuesday, 10
September 2019**

**Matter for
Information and
Decision**

Report Title: Financial Outturn Report (Q1 2019/20)

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 2019/20 at the end of the first quarter for both Revenue and Capital Expenditure.
Report Summary:	The Council has completed quarter one of the financial year 2019/20. There are no significant variations to report at this stage. A full capital programme is available at Appendix 1 which includes both new schemes for 2019/20 and schemes from the 2018/19 programme which are still to complete.
Recommendation(s):	A. That the Contents of the report be noted; and B. That the additional capital expenditure outlined in section 3 of the report be approved.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Stephen Hinds (Deputy Chief Executive) (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 Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out at paragraphs 2 to 4 of this report
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> Report entitled 'Medium Term Financial Strategy and Budget (2019/20)' to Full Council 21 February 2019
Appendices:	1. Capital Programme 2019/20

1. Introduction

In February 2019, the Council approved a General Fund Budget for 2019/20 of £6,312,000. This would leave the general fund balance remaining at £615,000 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 Position

2.1 In February 2019 the Medium Term Financial Strategy recognised that the scale of funding cuts and the increased pressures on local authorities meant that significant financial savings are required. Although a considerable amount of work has already been carried out to mitigate these pressures further significant work needs to be undertaken to ensure the Authority has a balanced budget, given the continual financial uncertainty of Local Government Funding. To that end review of the middle and senior management structure was undertaken to both streamline services and create efficiencies. By the end of the first quarter this structure was still bedding in, the full effect of this will start to become apparent during quarter three of this year. As a result there is no major change to the forecast outturn for the year.

2.2 A summary of the overall General Fund Budget is outlined in the table below:

Service	Original Budget	Actual Spend 30 June	Forecast	Variance
	£	£	£	£
Planning, Development & Regeneration	1,249,250	237,937	1,257,730	8,480
Customer Service & Business Transformation	1,184,260	289,578	1,184,260	0
Finance, Revenues & Benefits	1,678,300	431,519	1,678,300	0
Leisure & Wellbeing	(52,100)	11,421	(52,100)	0
Law & Governance	835,900	188,474	835,900	0
Operational Services & Street Scene	1,594,900	153,808	1,594,900	0
People & Performance	373,000	124,653	373,000	0
Senior Management Team	586,785	136,482	586,785	0
Recharge to HRA	(1,150,000)	(287,500)	(1,150,000)	0
Salaries Vacancy Provision	(287,000)		(287,000)	0
Further Savings provisions	(438,000)		(438,000)	0
Net Service Expenditure	5,575,295	1,286,372	5,583,775	8,480
Capital Financing	880,000	220,000	880,000	0
Total Expenditure	6,455,295	1,506,372	6,463,775	8,480
Use of Ear Marked Reserves	(143,600)		(153,600)	(10,000)
	6,311,695	1,506,372	6,310,175	(1,520)

2.3 Main Variances

Planning Development and Regeneration (£8,480)

At the end of 2018/19 the Council received £10,000 to help improve its parks and open spaces. Due to the lateness of receipt this was carried forward into 2019/20 and has now been spent. The grant was placed in a reserve at the end of 2018/19 and has been allocated above.

3. **Capital Programme**

- 3.1 The 2019/20 Capital programme was set at Full Council on 21 February 2019, after year end schemes from 2018/19 which had not completed were added to the programme. The only addition to these schemes is an allocation of £750,000 to allow the Council to purchase suitable properties for additional Council housing. This includes right of first refusal on former Council houses which come back on to the market. Two properties have been bought so far this year and a further three have been identified as possible purchases. This is in line with Members' wishes to increase Council stock and fulfils the authority's commitment to spend its 1-4-1 receipts.

3.2

Fund	Original Budget	c/f 2018/19	Additional Allocation	Total Capital Programme	Spend to date	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	1,750	1,440		3,190	1,204	(1,986)
Housing Revenue Account	1,500	1,022	750	3,272	1,200	(2,072)
	3,250	2,462	750	6,462	2,404	(4,058)

- 3.3 The financial year 2018/19 saw a large number of committed schemes remain unfinished; these budgets have been carried forward and in the first quarter of the new year the scheme of programmes from 2018/19 has been largely caught up.

4. **Housing Revenue account**

The Housing Revenue Account ended 2018/19 with a balance on its main reserve of £1,084,000. In 2019/20 the account had been budgeted to have a small deficit of around £91,000. The Council has been able to do this despite government legislation to reduce rents over the last four years. Some of this substantial balance has been earmarked to continue funding the capital schemes bought forward from previous years but this has still left the account in a reasonably stable position given the prospect of increasing rents gradually over the next five years.

The position on the account at the end of quarter one is as follows:

	Original Budget 2019/20	Budgets c/f 2018/19	Additions /(Savings)	Forecast 2019/20
	£'000	£'000	£'000	£'000
Net Cost of Services on the HRA	(459)	0	0	(459)
Capital Charges	550	0	0	550
Revenue Contributions to Capital	0	335	165	500
Appropriations to Earmarked Reserves	0	0	0	0
Deficit in Year	91	335	165	591
Actual Balance b/f HRA Ac	(1,084)			(1,084)
Budget Deficit in the Year	91	335	165	591
Balance c/f HRA Ac	(993)	335	165	(493)

There is no change to the levels of revenue expenditure at the end of the quarter, however the balance brought forward is partially used to fund the capital programme. This still however leaves a closing balance on the HRA of around £0.5million which is comfortably above the lower limit of £0.3m set in the original business plan.