



<b>Policy, Finance and Development Committee</b>	<b>Tuesday, 26 November 2019</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **Financial Outturn Report (Q2 2019/20)**

**Report Author(s):** **Chris Raymakers (Financial Services Manager)**

<b>Purpose of Report:</b>	This report gives a summary of the overall Council position for the financial year 2019/20 at the end of the second quarter for both Revenue and Capital Expenditure.
<b>Report Summary:</b>	The Council has completed quarter two of the financial year 2019/20. In respect of: <ul style="list-style-type: none"> <li>• General Fund Revenue, there is a forecast overspend of £91k (1.4% over budget)</li> <li>• Capital, there is now a forecast underspend of £601K (10.4% over/under budget).</li> <li>• Housing Revenue Account, there is a forecast deficit of £61k (32% under budget).</li> </ul>
<b>Recommendation(s):</b>	<b>That the Contents of the report be noted.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Clive Mason (Chief Financial Officer) (0116) 257 2736 <a href="mailto:clive.mason@oadby-wigston.gov.uk">clive.mason@oadby-wigston.gov.uk</a>  Chris Raymakers (Financial Services Manager) (0116) 257 2891 <a href="mailto:chris.raymakers@oadby-wigston.gov.uk">chris.raymakers@oadby-wigston.gov.uk</a>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	"A Stronger Borough Together" (Vision) Accountability (V1)
<b>Report Implications:-</b>	
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.
<b>Statutory Officers' Comments:-</b>	

Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>Report entitled '<a href="#">Medium Term Financial Strategy and Budget (2019/20)</a>' to Full Council 21 February 2019</li> </ul>
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>Detailed Analysis of Variances 2019/20</li> <li>Capital Programme 2019/20</li> </ol>

## 1. Introduction

In February 2019, the Council approved a General Fund Budget for 2019/20 of £6.3m. This would leave the general fund balance remaining at £615k 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 the Council also introduced two significant savings programmes that enabled the Council to set a balanced budget; namely:
- **Facing the Future**, a £438k savings programme that included changes in establishment, service efficiency & effectiveness measures and new income streams.
  - **Salary Vacancy Provision**, a £287k savings programme that will be met from delays in recruitment and vacant posts.
- 2.2 On a departmental basis, the Council is currently forecasting an overspend of £195k (3.5%). However this overspend is negated by the two items noted below which gives a revised forecast overspend of £91k; this will be financed by a contribution from reserves.
- Additional NDR receipts from the LLEP Pilot of £90k. The Council's approved budget originally included LLEP Pilot NDR receipts of £153k; this is now expected to be £243k.
  - Brexit grant funding of £35k. The Council's senior management has undertaken considerable Brexit activity over the past year; this includes regular attendance and liaising with organisational groups and working parties at local, regional and national levels. It is therefore fair to apply this funding to this year's business activity.
- 2.3 A summary of the overall General Fund Budget and Forecast Outturn is outlined in the **Table 1** below with the detailed analysis of variances shown in **Appendix 1**.

<b>Table 1</b>	Budget 2019/20	Actual Spend to 30 September	Forecast Outturn 2019/20	Variance
	£	£	£	£
Planning Development and Regeneration	1,191,348	188,584	1,083,300	(108,048)
Customer Service and Business Transformation	1,086,742	741,330	1,016,100	(70,642)
Finance Revenues and Benefits	1,608,257	1,012,268	1,664,150	55,893
Leisure and Wellbeing	(46,337)	(10,000)	(6,100)	40,237
Law and Governance	719,465	387,842	717,000	(2,465)
Operational Services and Street Scene	1,454,016	598,669	1,522,500	68,484
People and Performance	346,537	219,319	349,900	3,363
Senior Management	410,867	251,398	573,600	162,733
Recharge to the HRA	(1,195,600)		(1,150,000)	45,600
<b>Net Service Expenditure</b>	<b>5,575,295</b>	<b>3,389,410</b>	<b>5,770,450</b>	<b>195,155</b>
Capital Financing	880,000		916,300	162,733
<b>Total Expenditure</b>	<b>6,455,295</b>	<b>3,389,410</b>	<b>6,686,750</b>	<b>357,888</b>
Use of EarMarked Reserves	(143,600)		(153,752)	(10,152)
<b>Net Budget</b>	<b>6,311,695</b>		<b>6,532,998</b>	<b>221,303</b>
Funding	(6,311,695)		(6,442,182)	(130,487)
Use of Reserves	0		90,816	90,816

### 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. A full capital programme is available at **Appendix 2** which includes both new schemes for 2019/20 and schemes from the 2018/19 programme which are still to complete.

#### 3.2 Progress Summary

Table 2							
Fund	Original Budget £'000	c/f 2018/19 £'000	Additional Allocation £'000	Total Capital Budget £'000	Spend to date £'000	Forecast Outturn £'000	Variance £'000
General Fund	1,750	1,440	(686)	2,504	1,237	2,241	(226)
Housing Revenue Account	1,500	1,022	750	3,272	1,325	2,934	(338)
	3,250	2,462	64	5,776	2,562	2,562	(564)

3.3 The General Fund Programme has reduced by £686K since the last report as the Council's contribution to the 3G Sports Pitch will take the form of a £150K grant with the rest of the funding going direct to Beauchamp College

### 4. Housing Revenue Account

The Housing Revenue Account ended 2018/19 with a balance on its main reserve of £1.1m. In 2019/20 the account had been budgeted to have a small deficit of around £91k. The Council has been able to do this despite government legislation to reduce rents over the last four years. Some of this 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 2 is shown in **Table 3** below:

	Original Budget 2019/20 £'000	Forecast Outturn 2019/20 £'000
<b>Table 3</b>		
HRA Balance b/f	(1,084)	(1,084)
Net Cost of Services on HRA	(459)	(489)
Capital Charges	550	550
<b>Deficit in Year</b>	<b>91</b>	<b>61</b>
Balance before Appropriations	(993)	(1,023)
Appropriation to Capital	0	500
<b>Balance on Reserve</b>	<b>(993)</b>	<b>(523)</b>

There has been a small variation to the revenue expenditure in Quarter 2 which relates to a reduction in the provision for bad debts required this year. Although rent arrears have increased in the first half of the year this should stabilise during Q3 and reduce in Q4. It is therefore not anticipated that all of the allowance for bad debts put into the budget will be required and so £30K has been returned to the Reserve. The Capital programme has been progressing well in the year so it is still anticipated that the Revenue Contribution to Capital outlined in the Q1 report will be required as shown in **Table 3** above. This still leaves a closing balance on the HRA Reserve of around £0.5m which is above the lower limit of £0.3m set in the original business plan.