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| Policy, Finance and Development Committee | Tuesday, 11 February 2020 | Matter for Information |
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Report Title: Financial Outturn Report (Q3 2019/20)

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

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| Purpose of Report: | This report gives a summary of the overall Council position for the financial year 2019/20 at the end of the third quarter for both Revenue and Capital Expenditure. |
| Report Summary: | The Council has completed quarter three of the financial year 2019/20 in respect of: <ul style="list-style-type: none"> • General Fund Revenue, there is a forecast overspend of £52K (0.8% over budget); • Capital, there is now a forecast underspend of £534K(9.2%) over/under budget; and • Housing Revenue Account (HRA), there is a forecast deficit for the year of £369K. |
| Recommendation(s): | That the contents of the report be noted. |
| Senior Leadership, Head of Service, Manager, Officer and Other Contact(s): | Clive Mason (Chief Financial Officer / Section 151 Officer) (0116) 257 2736 clive.mason@oadby-wigston.gov.uk Chris Raymakers (Financial Services Manager) (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 1 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 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:- | |

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| Head of Paid Service: | The report is satisfactory. |
| Chief Finance Officer: | The report is satisfactory. |
| Monitoring Officer: | The report is satisfactory. |
| Consultees: | Senior Leadership Team and Heads of Service |
| 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: | <ol style="list-style-type: none"> 1. Budget Outturn Variance Report (Q3 2019/20) 2. Capital Programme (2019/20) |

1. Introduction

- 1.1. 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. In order to ensure that a realistic and balanced budget was set the Council also introduced two significant savings programmes, 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.

Both these programmes have been apportioned out across the Services as appropriate.

- 2.2 On a departmental basis, the Council is currently forecasting an overspend of £153k (2.7%). However after applying increases in funding relating to the Business Rates Retention Pilot and grant to cover the costs relating to Brexit the overall deficit for the year is forecast to be around £52k; this deficit, should it remain, will be financed by a contribution from reserves however, officers are continuously working to mitigate this further.
- 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**.

(Continued overleaf)

| Table 1 | Budget 2019/20 | Committed to 31 December | Forecast 2019/20 | Variance |
|---|---------------------------|---|-----------------------------|-----------------|
| Law & Governance | 744,891 | 524,909 | 701,900 | (42,991) |
| Community & Wellbeing (inc Depot) | 1,407,679 | 1,017,495 | 1,500,600 | 92,921 |
| Customer Service & Business Transformation | 588,631 | 439,398 | 525,700 | (62,931) |
| Senior Leadership Team | 452,163 | 352,204 | 493,600 | 41,437 |
| Built Environment | 803,944 | 550,066 | 722,587 | (81,357) |
| Finance & Resources | 2,773,587 | 2,226,592 | 2,933,740 | 160,153 |
| HRA Recharge | (1,195,600) | (862,500) | (1,150,000) | 45,600 |
| Service Expenditure | 5,575,295 | 4,248,164 | 5,728,127 | 152,832 |
| Capital Financing | 880,000.00 | | 905,500 | 25,500 |
| Total Expenditure | 6,455,295 | 4,248,164 | 6,633,627 | 178,332 |
| Use of Earmarked Reserves | (143,600) | | (138,978) | 4,622 |
| Total Net Expenditure | 6,311,695 | 4,248,164 | 6,494,649 | 182,954 |
| Total Funding | (6,311,695) | | (6,442,182) | (130,487) |
| Amount taken from Reserves | 0 | | 52,467 | 52,467 |

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 were still to complete.

| Table 2 | Budget 2019/20 | Committed to 31 December 2019 | Forecast 2019/20 | Variance |
|-------------------------|---------------------------|--|-----------------------------|------------------|
| Fund | £ | £ | £ | £ |
| Housing Revenue Account | 3,272,200 | 2,112,986 | 2,837,402 | (434,798) |
| General Fund | 2,506,800 | 1,867,955 | 2,407,443 | (99,357) |
| Total | 5,779,000 | 3,980,940 | 5,244,845 | (534,155) |

4. Housing Revenue Account (HRA)

- 4.1 The Housing Revenue Account ended the financial year 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. A revised position which includes revenue contributions to capital of £500K for the year shows an in year deficit of £369K with the Housing Revenue Account having a year end balance of £714K. **Table 3** below shows the movement.

(Continued overleaf)

| Table 3 | Budget 2019/20 | Committed to 31 December | Revised Forecast 2019/20 | Variance |
|--|---------------------------|---|---|------------------|
| | £ | £ | £ | £ |
| Expenditure | | | | |
| Supervision and Management | 1,757,100 | 1,311,181 | 1,751,280 | (5,820) |
| Repairs and Maintenance | 1,255,800 | 761,156 | 1,058,313 | (197,487) |
| Council Tax on Void Properties | 15,000 | 2,281 | 5,000 | (10,000) |
| Debt Management Charges | 10,000 | | 10,000 | 0 |
| Depreciation | 1,305,000 | | 1,305,000 | 0 |
| Provision for Bad Debts | 109,000 | | 79,000 | (30,000) |
| Total Expenditure | 4,451,900 | 2,074,618 | 4,208,593 | (243,307) |
| Income | (4,910,000) | (3,612,264) | (4,887,000) | 23,000 |
| Net Expenditure | (458,100) | (1,537,646) | (678,407) | (220,307) |
| Capital Charges and Appropriations | 550,000 | | 1,047,300 | 497,300 |
| Deficit/(Surplus) in the year | 91,900 | (1,537,646) | 368,893 | 276,993 |
| Balance on the HRA Reserve 1 April 19 | (1,083,000) | | (1,083,000) | |
| Deficit/(Surplus) in Year | 91,900 | | 368,893 | |
| Balance on the HRA Reserve 31 March 20 | (991,100) | 0 | (714,107) | |

4.2. The principal reasons for this are shown in **Table 4** below.

| TABLE 4 | | | |
|---|----------------|-----------|---|
| MAJOR VARIANCES FOR THE HOUSING REVENUE ACCOUNT Q3 2019/20 | | | |
| Cost Centre | £ | £ | Narrative |
| | (197,000) | | |
| <u>Repairs and Maintenance</u> | 0) | | |
| Salaries | | (25,000) | Vacant posts |
| Responsive Repairs | | 20,000 | Increased demand in responsive requests |
| Void Repairs | | (100,000) | Major void works being capitalised |
| Planned Maintenance | | (100,000) | Planned maintenance not completed |
| <u>Housing Revenue Account</u> | (7,000) | | |
| Bad Debt Provision | | (30,000) | Reduced level of provision not required this year |
| Income | | 23,000 | Shop on Brabazon Rd Empty for part of the year. Review of Recharges policy required |
| Revenue Contributions to Capital | 500,000 | | |
| | | 500,000 | Funding of schemes from 2018/19 |