

BUDGET MONITORING REPORT FOR PERIOD 6 ENDING 30 SEPTEMBER 2018

Cabinet Member: Councillor David Watson

Wards Affected: All

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PROPOSED DECISION

- (i) That Cabinet consider the forecast outturn position for the financial year 2018/19 as at end of September 2018;
- (ii) Approve the revenue virements as detailed in paragraph 5; and
- (iii) Approve the revised capital programme for 2018/19 as set out in paragraph 16 table 1 and virements as detailed in paragraph 20.

Reason for Decision

The Cabinet approves a budget each year within the context of a Medium Term Financial Strategy (MTFS) to achieve the Council's priorities. This report updates Cabinet members on the 2018/19 forecast position as at Period 6.

Corporate Implications

1. The financial implications are set out in the report.
2. Under the Local Government Act 2003, the Chief Financial Officer is required to report on the robustness of the budget. This monitoring report is part of the Council's financial framework which supports this wider responsibility.
3. The main budgetary risks to the Council have been reviewed as part of this report.

Executive Summary

4. This report sets out the Council's financial position as at Period 6 2018/19 (30 September 2018). The Cabinet report reflects what has been reported to Senior Management Board.
5. There have been changes to the Personal Assistant and Business Support service which has now been consolidated within the Democratic, Policy & Legal service area. These changes are reflected in the outturn position reported in table under paragraph 9 and the virement for the same is summarised below for approval.

	Description	Reason	Amount £000
From	Community	Restructure of Personal Assistant and Business Support services	-18
From	Environment		-19
From	Finance		-72
From	Planning		-18
To	Democratic, Legal & Policy		127

6. As at period 6, the revenue position is forecasting a favourable variance of £84k as detailed in table under paragraph 9.

7. The capital programme has been re-profiled further by £16.802m reducing the current year programme to £24.877m. Further details are provided in paragraphs 16 to 20.
8. The forecast financial position is summarised in the main body of the report supported by further details in following appendices:
 - a. The progress in achieving the 2018/19 Efficiency Plan savings Appendix A;
 - b. The Capital Programme Appendix B CAP 1(Part II);
 - c. Scheme Re-profiling Appendix B CAP 2(Part II); and
 - d. Capital Receipt Appendix B CAP 3(Part II)

General Fund Revenue position

9. The net revenue forecast position at Period 6 (30 September 2018) is showing a favourable variance of £84k as summarised in the table below.

	YTD Budget £000s	YTD Actuals £000s	YTD Variance £000s	FY Budget £000s	FY Outturn £000s	Variance £000s
Community	1,554	1,556	2	2,980	2,999	19
Economic Development & Regeneration	(2,292)	(3,069)	(777)	(4,240)	(4,233)	6
Environment	3,285	3,029	(255)	6,495	6,640	145
Finance	1,185	133	(1,052)	2,349	2,518	169
Housing	158	34	(124)	2,567	2,434	(133)
HR, Digital Development & Customer Services	766	132	(634)	630	583	(46)
Democratic, Legal & Policy	1,307	1,235	(72)	2,755	2,690	(65)
Planning & Sustainability	1,547	1,432	(115)	3,416	3,472	56
Young People	39	0	(39)	78	43	(35)
Net Cost of Service	7,549	4,484	(3,065)	17,030	17,146	116
Interest Receipt				(539)	(739)	(200)
Capital Financing Charges				(2,193)	(2,193)	0
Net movement to/from Earmarked Reserves				(587)	(587)	0
Revenue Contribution to Capital				685	685	0
Payment to Parishes				94	94	0
Total Budget Requirement				14,490	14,406	(84)

10. The Cost of Services is anticipating a net overspend of £116k and significant variances are summarised below:-
 - a. **Community** – The adverse variance of £19k is mainly due to withdrawal of Prevent project grant (£100k) offset by additional income on CCTV and vacancy management across the service.
 - b. **Economic Development and Regeneration** – The overall position is a minor adverse variance of £6k.
 - c. **Environment** – This area is forecasting an overspend of £145k mainly due to the reduction in car parking income of £136k resulting from Penalty Charge Notice (£100k) and lower season ticket sales. In addition to this there is an increase in vandalism costs of £86k due to theft on car parking machines and additional security costs which is offset by £54k savings on Agency staff. There are other minor variances across the service.
 - d. **Finance** – The projected outturn is an adverse variance of £162k resulting mainly from staffing cost of £106k due to additional agency resource to

support the capital programme and vacancies being filled by interim staff pending finance restructure. This is offset by favourable variance on Housing Benefit staffing cost due to remote processing. The Housing Benefit remote processing is estimating an adverse variance of £177k which is funded by additional grant income and savings on salary cost.

- e. **Housing Benefit Payments** – The mid-year forecast is projecting reduced payment by £1,873k offset by reduction in Grant. This is mainly due to reduction in claimants compared to the number of claimants used for budgeting.
 - f. **Housing** – The service is forecasting a net underspend of £133k resulting from homeless prevention work funded by grant. This has resulted in reduction in the use of Bed & Breakfast accommodation delivering a net saving of £80k. The service is also forecasting underspend on staffing cost of £63k due to vacancy management.
 - g. **HR, Digital Development & Customer Services** – The estimated underspend is resulting from vacancy management and below budget apprentice levy.
 - h. **Democratic, Legal, Policy & Communication** – The anticipated outturn position is a favourable variance of £65k resulting mainly from vacancy management, unbudgeted Individual Electoral Registration grant (£36k) and savings on supplies and services. This is offset by overspend on members allowance due to insufficient budget provision for increase.
 - i. **Planning & Sustainability** – This service is forecasting an adverse variance of £56k resulting from staffing costs and supplies and services.
 - j. **Young People** – The estimated underspend is £35k due to late set up of youth project.
11. The overspend of £116k on Net Cost of Service is offset by Treasury Management activity which is mainly interest earned on cash balances. This is projecting a favourable variance of £200k due to better returns than budgeted and the cash balance higher than expected due to delays in spend on the Capital Programme.
12. The total approved contingency budget was £540k. As at period 6 £225k has been drawn down for Feasibility work and to correct baseline budget for capital financing cost. A further £10k has been committed for a small project. It is assumed the remaining contingency budget of £305k will be required to cover risks and mitigate unfavourable variances on some of the income streams which are volatile to economic conditions. If the contingency is not required then the forecast position would be a favourable variance of £389k.

Efficiency Plan Savings

13. A five year efficiency plan was considered by Cabinet on 11th July 2016 and approved by the Council on 18th July 2016 as part of the condition for the four year Local Government Finance Settlement. This plan was updated and reported to Cabinet in March 2017. The forecast position as at period 6 for achieving savings against the updated plan is attached at Appendix A. Targeted Savings were £535k and actual savings are £434k. The adverse position of £101k is mainly due to the delays in couple of schemes which has had an impact on the

rental income and savings. The efficiency plan forecast is incorporated within the overall outturn position.

Repairs & Renewals Programme

14. The total allocated budget for the programme is £617k which includes approved programme of £525k, carry forward commitments from 17/18 of £49k and new allocations of £43k. The forecast spend for the year is £377k. Due to the nature of the projects, which involves risks and delays any unspent budget will be considered for carry forwards at year end.
15. The condition survey has started and the completion of the surveys are expected in November 2018. The results of the survey will be used to plan future medium term programme for repairs and renewals.

Capital Programme

16. The revised Capital Programme, totalling £157m, is set out in **Table 1** below. The schemes have been reviewed by officers in detail and a further £16.802m of slippage is now being reported reducing the 2018/19 budget to £24.877m. Reasons for slippage are given in **Appendix B Cap2**.

Table 1

Capital Plan Summary
2018/19 - 2022/23

All figures in
£'000

Area	Budget 2018/2019 Q1	Q2 Additions	18/19 Slippage Q2	Revised Budget 2018 / 2019	2018/19 Projected Outturn	2018/19 Outturn Var	Draft Prog 2019 / 2020	Draft Prog 2020/2021	Draft Prog 2021/2022	Draft Prog 2022/2023	Total Budget 2018/19 - 2023/24	2018/19 to Project End Var
Community	1,373		(690)	683	830	147	2,889	280	280	140	4,575	-
Econ. Devt and Regen.	22,978		(9,586)	13,392	13,596	204	18,565	2,000	2,000	2,000	37,957	207
Housing	3,356		(1,124)	2,232	2,232	-	5,364	4,165	800	800	13,361	-
CIL, s106 & other ext. funding	12,083	170	(5,402)	6,851	6,815	(36)	8,366	11,545	17,261	7,288	51,311	(75)
Planning & Sustainability	153			153	127	(26)	15,000	15,000	15,000	-	45,153	-
HR, ICT & Customer Services	795			795	795	-	919	210	100	225	2,249	-
Leader	463			463	460	(3)	400	-	-	-	863	-
Capitalisation of Staff Costs	308			308	308	-	308	308	308	308	1,540	-
Grand Total	41,509	170	(16,802)	24,877	25,163	286	51,811	33,508	35,749	10,761	157,009	132

17. The forecast overspend of £286k relates primarily to Des Box scheme which has incurred unforeseen groundworks issues. Changes to the scheme are under review to try and bring it back within budget.
18. The update on the Capital Receipt is provided at **Appendix B CAP 3**

19. The following virements are proposed for approval

Table 2

	Cost Centre	Description	Reason	Amount £k
From	EDBD05	Kingsmead Netball & SCP	Realignment of Budgets within Regeneration Schemes	(83)
From	EDBD02	Eastern Quarter Feasibility		(89)
To	EDBC92	Ashwells		83
To	EDBD01	Bassetbury Allotments		3
To	EDBC51	Bellfield - Housing		86
From	EDBC69	Handy X New Sports Centre	Correct prior year costs incorrectly coded to marketing budget	(109)
To	EXXX02	Handy X Hub Phase 3/4 Fees(Marketing and Branding)		109
From	EDBC69	Handy X New Sports Centre	Funding for Pocket Park	(28)
To	EDBB04	Handy X Hub Nursery		28
From	EDBC44	Baker St Public Realm	Public works Realm	(109)
To	EDBB04	Baker St Aldi		109

20. The detailed revised programme is set out in **Appendix B CAP 1** by scheme.

Sustainable Community Strategy / Council Priorities - Implications

21. This report supports delivery of sustainable community strategy and council priorities.

Background Papers

Revenue Budget and Council Tax setting 2018-19 to February 2018 Cabinet and Capital Programme to February 2018 Cabinet