

Report For:	Cabinet
Date of Meeting:	Cabinet 4 February 2019
Part:	Part 1 - Open Report with Part 2 Appendices
If Part 2, reason:	Para 3 - Information about the financial or business affairs of any particular person (including the authority holding that information).

SUMMARY	
Title of Report:	BUDGET MONITORING REPORT FOR PERIOD 9 ENDING 31 DECEMBER 2018
Cabinet Member: Officer Contact: Direct Dial: Email:	Councillor David Watson David Skinner 01494 421322 David.Skinner@wycombe.gov.uk
Wards affected:	All
Reason for the 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 9.
Proposed Decision:	That: <ul style="list-style-type: none"> (i) the forecast outturn position for the financial year 2018/19 as at end of December 2018 be considered; (ii) the transfers to earmarked reserves detailed in paragraph 2.4 be approved; and (iii) the amendments to the capital programme for 2018/19 as set out in paragraph 5.1 table 2 and virements as detailed in paragraph 5.5 table 4 be approved.
Sustainable Community Strategy/Council Priorities - Implications	Risk: Contained within the main body of the report. Equalities: N/A Health & Safety: N/A
Monitoring Officer/ S.151 Officer Comments	Monitoring Officer: This report contributes to the legal and best practice requirements in relation to budget setting and financial monitoring. S.151 Officer: Financial implications are set out within the report.
Consultees:	N/A
Options:	N/A

Next Steps:	N/A
Background Papers:	Revenue Budget and Council Tax setting 2018-19 to February 2018 Cabinet and Capital Programme to February 2018 Cabinet
Abbreviations:	HMO: House in Multiple Occupation MLG: Modernising Local Government QVR: Queen Victoria Road SLA: Service Level Agreement CIL: Community Infrastructure Levy

Appendices to this report are as follows:

- A. Appendix A - Efficiency Plan savings
- B. Exempt Appendix B - The Capital Receipts Appendix B (Part II)
- C. Exempt Appendix C - The Capital Programme (Part II)

1. Executive Summary

- 1.1. This report sets out the Council's financial position as at Period 9 2018/19 (31 December 2018). The Cabinet report reflects what has been reported to Senior Management Board.
- 1.2. As at period 9, the revenue position is forecasting a favourable variance of £104k as detailed in table 1 under paragraph 2.1.
- 1.3. The capital programme has been re-profiled further by £3.888m reducing the current year programme to £21.495m. Further details are provided in paragraph 5.
- 1.4. 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 Receipts Appendix B (Part II); and
 - c) The Capital Programme B CAP 2(Part II)

2. General Fund Revenue position

- 2.1 The net revenue forecast position at Period 9 (31 December 2018) is showing a favourable variance of £104k as summarised in table 1 below.

Table 1 Revenue Forecast 2018/19

	YTD Budget £000s	YTD Actuals £000s	Sum of YTD Variance	FY Budget £000s	FY Outturn £000s	Variance £000s
Community	1,521	1,571	49	2,029	2,113	84
Economic Development and Regeneration	(3,660)	(3,700)	(40)	(4,880)	(4,959)	(79)
Environment	4,104	4,212	108	5,473	5,588	115
Finance and Resources	1,661	2,820	1,159	2,215	2,218	3
Housing	1,423	1,155	(269)	1,898	1,647	(251)
Digital Development and Customer Service	4,022	3,822	(200)	5,364	5,234	(130)
Strategy and Communications	2,378	2,213	(165)	3,231	3,112	(119)
Planning	1,119	584	(535)	1,492	1,495	3
Youth	38	0	(38)	78	43	(35)
NET COST OF SERVICES	12,607	12,676	69	16,899	16,490	(409)
Interest Receipt				(539)	(784)	(245)
Capital Financing Charges				(2,018)	(2,018)	0
Net movement to/from Earmarked Reserves				(587)	(587)	0
Revenue Contribution to Capital				685	685	0
Payment to Parishes				94	94	0
Transfer to Earmarked Reserves (see paragraph 2.4)				0	550	550
TOTAL BUDGET REQUIREMENT				14,534	13,880	(104)

- 2.2 The Cost of Services is anticipating a net underspend of £409k and significant variances are summarised below:-

A. Community – The adverse variance of £84k is mainly due overspend on the new Athletics Centre of £108k including pre-contract interim costs (£30k) and potentially rates bill (£78k). £40k cost pressure on Supplies and Services across the portfolio including the service charge for running the Athletics Centre. Offset by vacancy management across the department (£27k) and income in the CCTV service (£38k).

- B. Economic Development and Regeneration** – The favourable variance of £79k is mainly due to additional rental income following rent reviews and new income streams including Aldi Baker Street.
- C. Environment** – This portfolio is forecasting an overspend of £115k mainly due to the reduction in car parking income (£168k) resulting from Penalty Charge Notice (£100k) and lower season ticket sales (£36k). In addition to this there is an increase in vandalism costs of £70k due to theft on car parking machines. This is offset by £54k savings on agency staff and vacancy management. Additional unbudgeted £67k income on parking enforcement at Handy X Hub.
- D. Finance** – The treasury management activity executed by finance is delivering a higher return of £245k compared to the budget of £539k. The other areas within Finance are forecasting a net adverse variance of £3k resulting mainly from staffing cost of £126k due to additional agency resource to support the capital programme and vacancies being filled by interim staff pending finance restructure. Recharge policy review resulting in a £70k cost pressure. There is a £30k cost pressure on Court Fee income due to the Council taking less cases to court. £28k pressure on mandatory software upgrade costs in Revenue and Benefits. £20k increased cost of postages in Revenue and Benefits following increased notification letters regarding Universal Credit and single persons discount review. £15k cost pressure on credit card charge income due to new central government regulation. £25k small overspends across the portfolio. Offset by £315k unused contingency fund.
- 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 £251k. This has resulted in reduction in the use of temporary accommodation due to prevention work delivering a saving of £280k. Additional Homelessness Prevention grant (£162k) and second home ownership grant (£114k). Additional income of £31k from HMO licences. The service is also forecasting underspend on staffing cost of £122k due to vacancy management. This is offset by unbudgeted employee expenses of £268k funded by Homelessness Prevention grant income. Reduction in temporary accommodation income of £125k due to less usage. Additional expenditure on Homelessness Prevention of £44k and rental deposit payments of £20k.
- G. Digital Development & Customer Services** – The anticipated outturn is a favourable variance of £130k resulting from £37k lower Business Rates on the QVR office following a revaluation. £28k underspend on Websense contract, £20k reduction in CSC contract costs anticipated in the final two months of the financial year. £15k reduction in HR software upgrade costs following the MLG decision. £10k underspend on Planned Maintenance and £8k underspend on electricity. The remaining £12k is spread across numerous minor budgets.
- H. Democratic, Legal, Policy & Communication** – The anticipated outturn position is a favourable variance of £119k resulting from unbudgeted burdens grant within policy (£51k) and unbudgeted Individual Electoral Registration grant (£36k), vacancy management across the service (£58k) and savings on supplies and services (£79k). This is offset by overspend (£8k) on members allowance due to insufficient budget provision for increase and budgeted

capitalisation on legal salary expenses no longer going ahead (£54k). Potential pressure on Legal costs income which is currently under investigation (£44k).

I. Planning – This service is forecasting an unfavourable variance of £3k resulting from £12k pressure on Red Kite SLA income and £11k Neighbourhood Planning income. There is currently a £41k pressure on employee's expenses due to Building Control using agency staff to cover vacancies and apprentice costs. There is also budgeted capitalisation on salary expenses no longer going ahead (£50k). This is offset by £81k additional CIL admin income, £40k additional non-statutory advice income.

J. Young People – The estimated underspend is £35k due to the setup of youth project taking place later than originally planned.

2.3 Treasury Management activity which is mainly interest earned on cash balances is projecting a favourable variance of £245k due to better returns than budgeted and the cash balance higher than expected due to delays in spend on the Capital Programme.

2.4 Transfer to Reserve : Following transfers to earmarked reserves are proposed:-

2.4.1 £235k for Digital First programme; and

2.4.2 £315k for Street Wardens.

3. Efficiency Plan Savings : 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 9 for achieving savings against the updated plan is attached at Appendix A. Targeted Savings were £535km 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.

4. Repairs & Renewals Programme

4.1 The total allocated budget for the programme is £574k which includes approved programme of £525k, carry forward commitments from 17/18 of £49k. The forecast spend for the year is £463k. Due to the nature of the projects, which involves risks and delays any unspent budget will be considered for carry forwards at year end.

4.2 The condition survey has started and the completion of the surveys are expected in March 2019. The results of the survey will be used to plan future medium term programme for repairs and renewals.

5. Capital Programme

5.1 The Capital Budget for 2018/19 has now reduced from the £25.4m reported to Cabinet in December 2018 to £21.5m after allowing for slippage of £3.5m and adjustments of £0.4m as set out in Table 2 on the next page. The forecast of £21.5m gives rise to a projected small underspend of £57k.

Table 2 Capital Plan 2018

Portfolio	Budget 2018 / 2019 Dec Cabinet	Slippage Q3	Revised Budget 2018 / 2019	2018/19 Projected Outturn	2018/19 Outturn Var
Community	2,288	-	2,288	2,289	1
Housing	2,232	-	2,232	2,232	-
Econ. Devt and Regen.	15,052	(2,330)	12,722	12,702	(20)
Planning	4,113	(767)	3,346	3,346	-
Finance and Resources	308	-	308	308	-
Digital Devt. & Cust. Services	1,008	(352)	656	618	(38)
Grand Total	25,001	(3,449)	21,552	21,495	(57)

Funding:					
Grants & Contributions	(7,961)	747	(7,214)	(7,214)	-
Capital Receipts			-	-	-
Revenue Financing	(17,040)	2,702	(14,338)	(14,281)	(57)
Total	(25,001)	3,449	(21,552)	(21,495)	(57)

5.2 The forecast underspend of £57k relates primarily to Baker Street phase 1- Aldi scheme and hardware costs in Digital Development & Customer Services.

5.3 Details of schemes with reasons for slippage are given in table 3.

Table 3 Reasons for slippage

Portfolio	Cost Centre	Description	Slippage Q3 £k	Reason for slippage
Econ. Devt and Regen.	EDBC92	Ashwells	(400)	Waiting on Planning spend slipped into 2019/2020
	EDBB02	Frogmoor (Chiltern Shopping Centre)	(250)	New options are being considered as part of a wider review of the frogmoor area spend moved to 2019/2020
	EDBD01	Bassetbury Allotments	(1,000)	Preparing to market the site.
	EDBC52	Bellfield - Hqube Phase 1 and 2	(400)	HQube has been re-designed. Re-costing awaited.
	EDBC39	Hughenden Quarter	70	Budget b/f - Ongoing road works/construction to fund Upper site access road.
	EDBC96	WAP Road Construction	(350)	Slippage due to project delays, majority of slippage to be spent in 19/20.
Econ. Devt and Regen. Total			(2,330)	
Planning	EDFA03	HWTC Enhanced Maint. & Access	(20)	Budget reprofiled with a more accurate timeframe
	EDFA70	Abbey Barn Lane Realignment	(80)	Budget reprofiled with a more accurate timeframe
	EDFA80	HW TCMP future phases / Public Realm Improvts	(430)	BCC are administering the scheme on behalf of WDC. Programme has slipped. Expected Q1 2019/20.
	EDFA02	HW to Bourne End Pedestrian / Cycle Route	31	Budget reprofiled with a more accurate timeframe provided by BCC.
	EDBC40	HW TCMP - Alternative Route	(150)	BCC administering the scheme and have advised of slippage to the programme. Expected Q1 2019/20.
	EDFA12	Pastures Church: Design Community Building	5	Budget reprofiled with a more accurate timeframe
	EDFA41	Phoenix Trail to PR Stn Pedestrian/Cycle Link	(15)	Budget reprofiled with a more accurate timeframe
	EDFA20	Spittal Street, Marlow	(108)	Awaiting completion certificate from the contractor/BCC before payment can be made. Expected Q1 2019/20.
Planning Total			(767)	
Digital Devt. & Cust. Service	EHAA09	Digital First	(352)	Slipped to 19/20. Profile of spend now includes only 20% of commitments such as the contract award payments.
Grand Total			(3,449)	

5.4 The update on the Capital Receipt is provided at **Appendix B**

5.5 The following virements are proposed for approval

Table 4: Capital Virements

	Cost Centre	Description	Reason	Amount
				£'000
From	EDBB96	30 and 34 Oxford Road	Underspend on refurbishment works on Commarket to fund additional refurb works on Oxford Rd	80
To	EDBD04	4-5 Commarket - Acquisition		(80)

5.6 The detailed revised programme is set out in **Appendix C** by scheme.