



WYCOMBE
DISTRICT COUNCIL

Report For:	Cabinet
Date of Meeting:	Cabinet 3 February 2020
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:	REVENUE AND CAPITAL BUDGET MONITORING REPORT FOR PERIOD 9 / QUARTER 3 ENDING 31 DECEMBER 2019
Cabinet Member:	Councillor David Watson
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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 2019/20 forecast position for Quarter 3.
Proposed Decision:	That Cabinet consider the forecast outturn position for the financial year 2019/20 as at end of December 2019.
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: The Local Government Act 2003, section 25 requires the council's Section 151 officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations. S.151 Officer: This is a Section 151 Officer report and all the financial implications are included in the report.
Consultees:	N/A
Options:	N/A

Next Steps:	N/A
Background Papers:	<ol style="list-style-type: none"> 1. Revenue Budget and Council Tax setting 2019-20 to February 2019 Cabinet 2. Capital Plan approved Cabinet February 2019 3. Capital Refresh Cabinet September 2019
Abbreviations:	BCC: Buckinghamshire County Council

Appendices to this report are as follows:

Revenue:

Appendix A – Savings Tracker

Capital:

Appendix B – Confidential – Scheme Forecast detail

1. Executive Summary

1.1. This report sets out the Council's Revenue projection for the year based on the position at 31 December 2019. The report reflects what was reported to Senior Management Board.

2. General Fund Revenue position

2.1. The net revenue forecast position shows a balanced budget as summarised in Table 1 below.

Table 1 Revenue Projection by Portfolio 2019/20

Portfolio	Actuals	Budget	Variance	Forecast	Budget	
	Year to	Year to	Year to	Outturn	Full Year	Variance
	Date	Date	Date	2019/20		
	£k	£k	£k	£k	£k	£k
Community	1,052	1,612	(558)	1,980	2,149	(169)
Environment	3,574	3,590	(16)	5,680	4,787	893
Economic Development & Regen	(3,497)	(3,390)	(108)	(4,435)	(4,520)	85
Planning	1,119	932	187	1,632	1,244	388
Digital Development and Customer	3,845	4,004	(161)	5,174	5,340	(166)
Housing	2,679	1,671	1,008	2,117	2,230	(113)
Strategy and Communications	2,232	3,426	(1,196)	4,371	4,568	(197)
Young People	67	58	9	78	78	-
Finance	1,376	4,465	(3,086)	5,095	5,953	(858)
TOTAL	12,447	16,368	(3,921)	21,692	21,829	(137)
Corporate items						
Interest receipt				(978)	(928)	(50)
Capital financing charges				(2,017)	(2,017)	-
Movement to/from Earmarked reserves				(2,395)	(2,582)	187
Revenue Contribution to Capital Outlay				660	660	-
Budget Requirement				16,962	16,962	-

Significant variances are summarised below:-

- **Community** – Underspend of £169k. £64k vacancy savings; £45k over recovery of management recharges; £105k underspend on Repairs & Renewals; £69k one-off surplus on Crematorium income; £125k loss on Court Garden Leisure Centre income from refurbishment programme.
- **Environment** - Overspend of £893k. Parking accounts for £721k of the overspend, £558k of which is from parking income due to lower usage and season ticket activity; £141k net pressure on operating budgets from delayed installation of new car park equipment. Additional pressure £63k in Parking from increased bank charges from change by provider to 'cost per transaction' from 'costs per banding volume' in line with its competitors] and £16k from increased security costs in MSCPs. £49k underspend in Repairs & Renewals [see note at Para 5 below]. £223k pressure on Joint Waste contract, in relation to property growth, extension of contract prior to new contract in September, and joint client costs. Vacancy savings £69k on Regulatory services.
- **Economic Development and Regeneration** – Overspend of £85k. £109k staffing pressures in Property Development from senior agency cover. £61k rental income pressure. £75k reduction in Repairs and Renewals spend due to contract delays.

- **Planning and Sustainability** – Overspend of £388k. £325k pressure on pre-planning and planning application income, £82k pressure on Building Control income. £47k Staffing overspend is matched by unitary income. £100k pressure reported on Local Plan legal challenges which could be reduced to nil following outcome of judgement expected by end of January 2020. The movement from Quarter two of £223k mainly from £185k increase in Planning income pressure, a request to carry forward feasibility underspend £134k and a reduction in the staffing overspend £114k.
- **Digital Development & Customer Services** – Underspend of £166k. £96k saving in Repairs and Renewals spend on the Council Offices. £47k pressure on ICT licences, and £46k savings on Capita contract. £71k net vacancy, training and miscellaneous savings in HR and Processing.
- **Housing** – Underspend of £113k. £160k net underspend on Bed and Breakfast from Homelessness Prevention activity by placing households in private accommodation. £44k pressure on WDC licensed properties relating to void costs on temporary accommodation properties. The position assumes £134k underspend on Homelessness Prevention Grant is carried forward into 2020/21 to maintain current level of service delivery and associated Bed and Breakfast savings up to August 2020. Movement from Quarter two relates in the main to the carry forward request.
- **Strategy and Communications** – £197k underspend. £111k grant income for Elections and Individual Electoral Registration (IER), with associated offsetting staffing and supplier costs. £197k net staffing pressure includes £248k on new County legal service, wholly funded by fee recharge; and vacancy savings which include the Chief Executive and PA.
- **Young People** – Nil variance and no risks to report.
- **Finance** – £858k underspend. £163k pressure on staffing due to agency staff, offset by £547k saving on contingency budget and £428k underspend on Housing Benefit Bad Debt provision.

3. Savings and New Income Tracker – Appendix A

The 2019/20 budget has a savings target of £853k and new income target of £2,444k. This in total represents 15.7% of the net cost of service budget. Overall, most of the savings and income are on track to achieve budgeted target, notable exceptions are for Parking operations where both the savings and new income targets are facing challenges as summarised below:-

- Service review in Parking Operations - £250k Pressure due to the delayed implementation of new Parking system
- Reduced Operating Fees - £90k Pressure due to increased costs from banking charges and security patrols in MSCPs.
- New income from increase parking tariffs - £558k pressure from reduced activity

The above pressures are contained within the overall monitoring position.

Pressure on PPA Planning income of £42k reported above impacts on the 'Fit for Competition' target of £450k due to a slowdown in the Housing Market, plus a potential £50k pressure on internal income.

4. Council Revenue Summary – by Subjective

Portfolio Subjective	Actuals	Budget	Variance	Forecast	Budget	
	Year to	Year to	Year to	Outturn	Full Year	Variance
	Date	Date	Date	2019/20		
	£k	£k	£k	£k	£k	£k
TOTAL Income						
Fees & Charges	(3,872)	(4,691)	819	(6,960)	(6,254)	(706)
Rental Income	(5,171)	(5,556)	386	(7,322)	(7,408)	86
Car Parking Income	(2,460)	(2,940)	480	(3,362)	(3,920)	558
Planning Income	(1,121)	(1,347)	226	(1,471)	(1,796)	325
Government Grants	(27,183)	(33,742)	6,560	(38,603)	(44,990)	6,387
Income Total	(39,807)	(48,276)	8,471	(57,718)	(64,368)	6,650
TOTAL Expenditure						
Employee Costs	11,420	11,070	349	15,340	14,763	577
Premises Related Expenses	2,731	3,216	(486)	4,043	4,289	(246)
Supplies and Services	12,514	16,109	(3,595)	21,514	21,479	35
HB Payments	25,576	32,201	(6,624)	35,782	42,934	(7,152)
Capital Financing	13	2,048	(2,036)	2,731	2,732	(1)
Expenditure Total	52,254	64,644	(12,392)	79,410	86,197	(6,787)
TOTAL	12,447	16,368	(3,921)	21,692	21,829	(137)

Significant variances are summarised below:-

Fees & Charges – Increased income £706k. Significant variances are within Strategy & Communications £299k for the Joint Legal Service fee recharge to Bucks CC and offsets employee costs. Environment £320k; of which £248k although falls within the subjective of income relates to the drawdown of the Waste Reserve being used to fund the project costs of the Waste Contract retendering and £54k Parking income for the Handy X Hub parking patrols. Community £105k; £70k from the one off income receipt from the joint crematorium service and £55k from Parks management fee to Higginson Park.

Car parking income – Pressure £558k. From lower usage and season ticket activity.

Planning income – Pressure £325k. From reduced projections of planning applications for the year. Pressure £82k Building Control due to activity levels remaining stable against a budgeted increase in activity, this is reflected regionally in an average 10% drop in income.

Government grants (in Income) & HB Payments (in Expenditure) – These variances offset to a large extent; they relate to payments to HB claimants and significant variance is due to claimants transferring to Universal Credits.

Employees – Pressure £577k. Key overspends in Planning £47k, Economic Development & Regen £109k, Housing £24k, Environment £63k, Digital Development & Customer Services £40k and Finance £197k. The main reasons for variance are agency staff used to fill permanent vacancies and also for project work. Community is underspent by £64k. Strategy & Communications shows overspend £197k but relates to the unbudgeted new joint legal service with Bucks CC which is fully funded by a fee recharge.

Premises – Underspend £246k. £298k relates to Repairs and Renewal from delayed projects and unused contingency budgets.

Supplies and Services – Pressure £35k. Key net overspends in Planning £22k from Development management consultants, Community £122k relating to the cost to the Council of income lost during refurbishment works at Court Garden Leisure Centre (Higginson Park), Environment £596k; includes £223k pressure from the joint waste contract due to an increase in properties, £192k waste contract retendering project costs, £140k Parking operational costs due to increases in bank charges and security patrol charges. Economic Development & Regen £23k relating to the service charge payable at Wycombe Air Park which is funded by rental income and Strategy & Communications £7k. Underspends in Digital Development & Customer services £72k; include £35k savings on HR software and £47k reduction in Council office operational costs, Housing £46k; being the net impact of the saving of £290k in B&B payments due to decreased demand and the £154k additional costs of Homelessness Prevention and Finance £617k of which £547k relates to the contingency budget.

5. Repairs & Renewals Programme

The total allocated budget for the programme is £733k, including £100k supplementary budget for car park resurfacing. The forecast spend for the year is £435k. The saving of £298k derives from delayed projects including Rookery Garden Wall £98k, Car Park works £87k and unallocated contingency budgets. Due to the nature of these projects, subject to risks and delays, any unspent commitments will be considered for carry forward at year end.

6. Capital position

6.1 Background

In February 2019 Council agreed a Capital programme for 2019/20 of £51.745m. Amendments to the programme which included Carry forwards from 2018/19 of £5.927m, additions £2.587m, forward funding £0.979m and reprofiling of £34.996m was approved at September 2019 Cabinet.

6.2 Quarter 3 position

Cabinet is requested to approve additional re-profiling of 2019/20 schemes totalling £5.546m into later years. A forecast outturn of £21.574 is reported at Quarter 3, an under spend of £0.590m on the revised budget of £22.164. Table 1 below shows the summary of the position for 2019/20 at Quarter 3.

Table 1 Capital Outturn 2019/20**Capital Plan Summary 2019/20**

Portfolio	Original Budget Feb 2019 Cabinet	Revised 19/20 Budget	Reprofile Q3	Revised Budget February 2020 Cabinet	Forecast Q3	Variation Q3
	£m	£m	£m	£m	£m	£m
Community	3.825	4,087	(523)	3,564	3,536	(28)
Environment	2.130	2,130	(1,452)	678	678	-
Housing	7.300	4,898	(1,285)	3,613	3,570	(43)
Econ. Devt and Regen.	25.245	8,850	(1,260)	7,590	7,254	(336)
Planning	11.266	6,049	(591)	5,458	5,303	(155)
Finance and Resources	0.308	308	-	308	280	(28)
Digital Devt. & Cust. Services	1.671	1,388	(435)	953	953	-
Grand Total	51.745	27,710	(5,546)	22,164	21,574	(590)

Please refer to **Appendix B** for the detailed outturn by scheme.

6.3 Key Variances

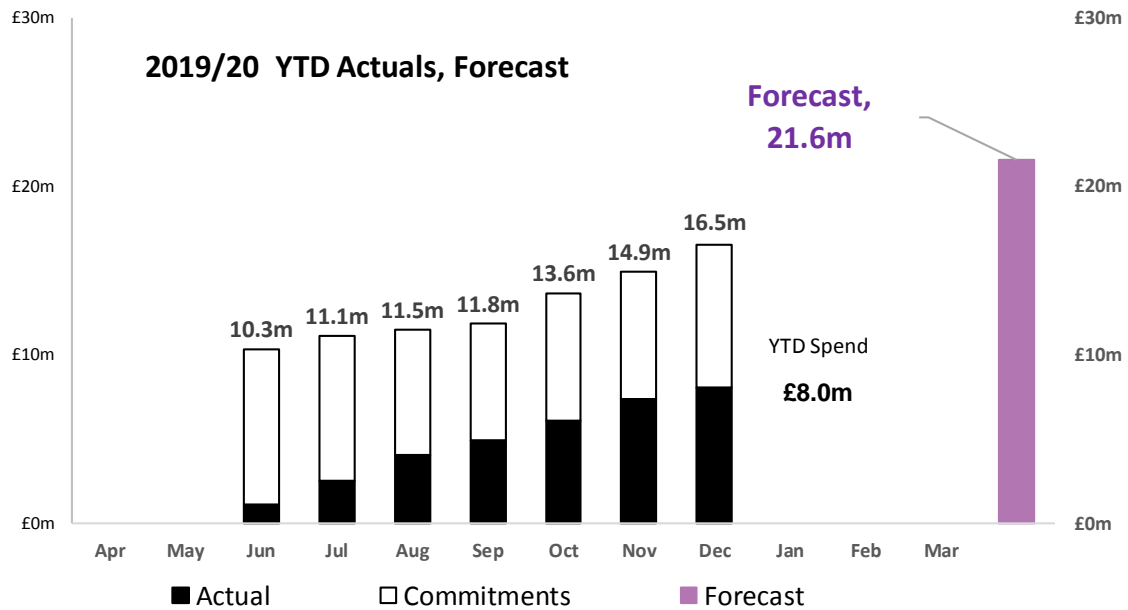
The underspend of £0.6m reported at Quarter 3 relates in the main to;

- £0.2m net underspends on the Baker St projects
- £0.1m savings on Westbourne Street
- £0.1m Wycombe Community hub/surgery is covered by the CIL funded scheme Adaptions to GP surgeries scheme.
- £0.2m costs of the Handy X – Phase 3 scheme can be charged against the sale proceeds rather than capitalised.

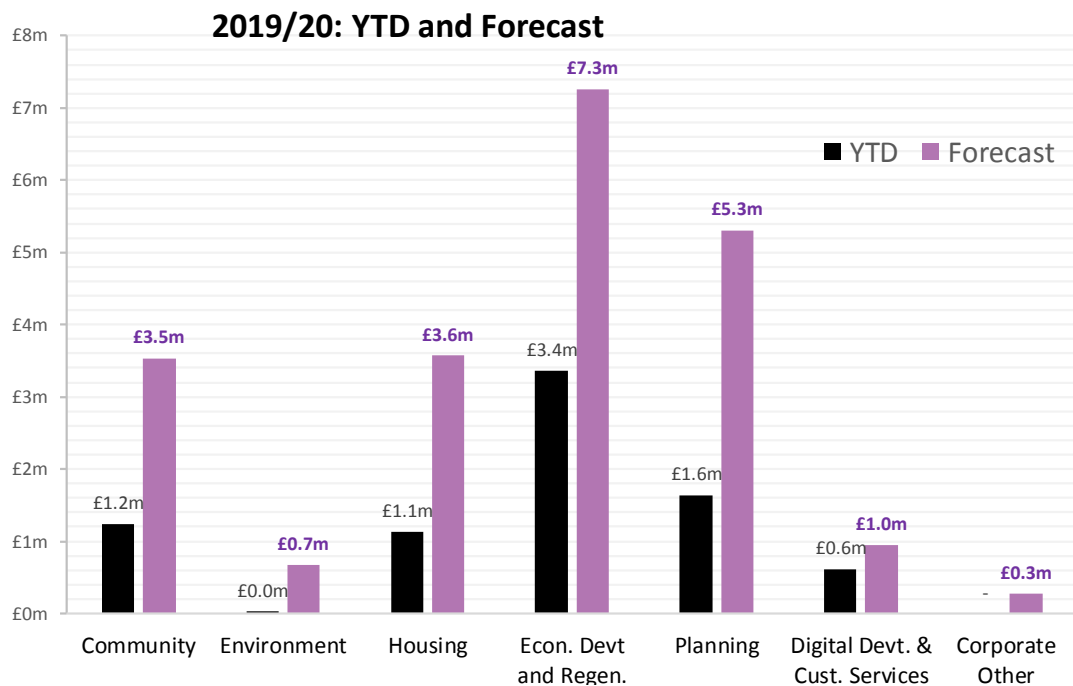
6.4 Actual spend

The 2019/20 forecast outturn of £21.574m still contains a degree of uncertainty. The forecast estimates are provided by the scheme project managers. Responsibility for the accuracy of the forecast ultimately sits with the scheme budget holder who will also report to the relevant Programme Board.

The graph below gives an overview of the year to date (YTD) spend profile, and total forecast. The £16.5m YTD figure comprises actual spend of £8m and open commitments of £8.5m.



This graph shows the year to date spend and outturn forecasts by Portfolio.



The forecasts include significant spend on the following schemes in Quarter 4:

- £1.2m - Court Garden Leisure Complex Refurbishment (Community)
- £1.1m - WAP Road Construction & Southside (Econ Dev and Regen)
- £0.8m - Affordable Housing
- £0.7m - Holmer Green Senior School 2fe Expansion (Planning)

6.6 Funding

All capital expenditure is funded from Capital receipts, CIL/S106 funding and grants.

In 2019/20 £9m income has been received:

- £3.97m - Bassetbury Allotments
- £3.25m - Handy X Hub Phase 3B
- £1.8m - Right to Buy.

6.7 Virement

The following virement is proposed:

Ref	Project	Project Code	£m	Reason for virement
1	Baker St HQube	EDBC37	0.100	Additional requirements arising during the HQube planning process require £100k additional budget. Budget being vired from forecast underpends on related schemes (Capital House and Hughenden Qtr Access Rd)
2	Baker St Capital House Phase 3	EDBC42	(0.050)	
3	Hughenden Qtr Access Rd	EDFB04	(0.050)	

The revised budget profiles for the schemes are as follows:

Project	2019/20 original £m	2019/20 Virement £m	2019/20 Adjusted £m	2020/21 £m	Total Adjusted Budget £m
Baker St HQube	0.712	0.100	0.812	1.750	2.562
Baker St Capital House Phase 3	0.050	(0.050)	-	0.391	0.341
Hughenden Qtr Access Rd	0.100	(0.050)	0.050	0.552	0.602