

Cabinet Report



Listening Learning Leading

Report of Head of Finance

Author: Richard Spraggett

Telephone: 01235 422505

Textphone: 18001 01235 422505

E-mail: Richard.spraggett@southandvale.gov.uk

Wards affected: All

Cabinet member responsible: David Turner

Tel: 01865 891169

E-mail: David.turner@southoxon.gov.uk

To: CABINET

Date: 5 December 2019

Budget monitoring April – August 2019

Recommendations

Cabinet is recommended to note the contents of the report

Purpose of Report

1. To report the revenue and capital expenditure against budget for the period April to August 2019.

Corporate Objectives

1. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The budget monitoring report shows how these resources have been during the first five months of the financial year.

Background

2. This report reviews the council's revenue and capital expenditure performance against budget to the end of month five (August).

Revenue budget monitoring

3. On 14 February 2019, Council agreed a net revenue budget for 2019/20 of £16.809 million. This has subsequently increased to £21.016 million due to the carry forward of unspent one-off project budgets from 2018/19.
4. In reviewing in-year financial performance, the focus is on two things:

- Comparing expenditure and income for the year to date (in the case of this report for April to August 2019), against the “profiled” working¹ budget for the year to date. The profiled working budget is the proportion of the budget that would have been expected to have been incurred at the end of August 2019
- Reviewing the outturn forecast of expenditure and income at year end compared to the working budget for the whole year.

5. Appendix 1 is a summary, by service, of both of these. Whilst budget managers review and manage all lines and variances, for the purposes of reporting heads of service provide commentary on the reasons for variances of over £50,000. This would be for variances in either net expenditure to date against profiled working budget, or in forecast net expenditure against whole year budget. The appendix is forecasting a year end outturn of £18.977 million, £2.039 million below budget.

6. This outturn projection includes the expected carry forward of budgets for a number of previously agreed one-off projects. These include:

Community Services	£218,000
Berinsfield co-location project	
Development and Regeneration	
Didcot Garden Town	£480,000
Berinsfield	£954,000
Housing and Environment	
Public realm team	£276,000
Partnership and Innovation	
Didcot Growth	£372,000
Planning	
Planning Policy	£220,000
Total	£2,520,000

Removing these expected carry forwards from the outturn projection indicates an overspend of £0.481 million.

7. There are a number overspends and savings across the council but the principal adverse variances behind the £0.481 million overspend after carry-forwards are:

¹ The working budget is the latest budget. It is the original budget agreed by Council, plus any additions such as carry forwards, in year supplementary estimates and externally funded expenditure

Finance

Additional costs in respect of revenues and benefits service, primarily due to reduction in net income for benefits overpayments £249,000

Legal Services

Additional anticipated spend on planning appeals £100,000

Planning

Reduction in development management income due to market slowdown £200,000

All services

Additional spend on premises costs across all council properties £173,000

Net balance of other (under) and over spends (£241,000)

Total £481,000

8. Overall, the forecast may be too pessimistic. Officers will continue to refine the year end forecast position ahead of the next formal budget monitoring period at the end of November.

Capital budget monitoring

9. On 14 February 2019, Council agreed a capital programme for 2019/20 as follows:

- Approved programme - £5.186 million
- Provisional programme (including Cabinet growth proposals) - £9.811 million.

10. At the end of August 2019, the approved programme had increased to £8.109 million. This reflects the approved capital programme as approved by Council, plus slippage from the previous financial year, additions and deletions, and transfers from the provisional capital programme.

11. As shown in appendix 2, spend against the latest approved capital programme² was £743,000. At this stage a year end underspend of £186,000 against this budget has been forecast.

Financial, legal and any other implications

12. The financial implications are as set out in the body of the report. There are no other implications of this report.

Conclusion

13. At this stage of the financial year, for revenue an overall underspend is forecast, but this changes to an on overspend once the projected carry forward of one-off budgets is taken account of. In capital, although little has been spent to date, it is forecast that

² The latest approved capital programme is referred to as “Working budget full year” in appendix 2

most of capital budget will be spent by year end. Both of these scenarios will continue to be closely monitored by the accountancy team.

Appendices

- 1) Revenue budget monitoring
- 2) Capital budget monitoring

Background Papers

- Budget papers for 2019/20