

Cabinet Report



Listening Learning Leading

Report of Head of Finance
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Budget monitoring April – November 2019

Recommendation

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 November 2019 and the latest year end outturns forecast by Heads of Service.

Corporate Objectives

2. 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 allocated during the first eight months of the financial year.

Background

3. This report reviews the council's revenue and capital expenditure performance against budget to the end of month eight (November). Year end outturn forecasts were worked on during December and early January and are based on Heads on Service's best knowledge at this time. The information has been used in preparing the 2020/21 budget.

Revenue budget monitoring

4. On 14 February 2019, Council agreed a net revenue budget for 2019/20 of £16.809 million. This has subsequently increased to £21.013 million due to the carry forward of unspent one-off project budgets from 2018/19.
5. 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 November 2019), against the “profiled” working¹ budget for the year to date. The profiled working budget is the proportion of the budget expected to have been incurred by the end of November 2019
 - Reviewing the outturn forecast of expenditure and income at year end compared to the working budget for the whole year
6. A summary by service is shown in Appendix 1. 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 shows a year end outturn of £17.813 million, £3.201 million below budget.
7. Of the £3.201 million variance, £3.418 million reflects underspend on previously agreed one-off projects, the budgets for which are planned to be carried forward into the next financial year. These are:

Community Services

Berinsfield co-location project on hold pending decision on South Oxfordshire Local Plan.	£218,000
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Corporate Services

Commercialisation Budget not yet spent	£150,000
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Development and Regeneration

Didcot Garden Town project unspent funding on hold pending government decision on South Oxfordshire Local Plan.	£691,000
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£954,000

Berinsfield project on hold pending government decision on South Oxfordshire Local Plan.
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Housing and Environment

Public realm team (team now operational and prior year delay in recruitment/set up meant 2018/19 budget was carried forward and three-year project end date moved forward one year).	£331,000
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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

Housing needs (unbudgeted receipt of homelessness grants received one year in advance of spend).	£93,000
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Partnership and Insight

Didcot Garden Town project unspent funding for Local Plan on hold pending government decision.	£281,000
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Planning

Planning Policy Local Plan	£540,000
Neighbourhood planning	£160,000

Total	£3,418,000
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Once these planned carry forwards are taken into account, the outturn projection indicates an overspend of £217,000.

8. There are a number overspends and savings across the council but the principal variances behind the £217,000 overspend after carry-forwards are:

Corporate Services

Settlement of prior year redundancy costs	£150,000
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Commercialisation budget not yet spent	(£154,000)
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Housing & Environment

Volume of licence fee income more than budgeted	(£177,000)
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Refuse collection (unbudgeted negative bonus from Biffa and release of 2017/18 accruals no longer needed)	(£114,000)
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Car parking (a number of savings across the car parks budget including additional income from volume and excess charges)	(£110,000)
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Finance

Unavoidable additional costs in respect of revenues and benefits service, primarily due to reduction in net income for benefits overpayments as previously reported.	£252,000
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Legal Services

Additional anticipated spend on planning and enforcement appeals requiring legal input.	£100,000
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Planning

Reduction in development management income due to market slowdown. This budget is demand led	£225,000
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All services

Additional spend on premises costs across all council properties as backlog of property activity is reduced.	£131,000
Net balance of other under-spends.	(£86,000)

Total **£217,000**

9. In line with the council's budget requirements, the Senior Management Team are attempting to manage the budget to a net zero variance after planned 'carry forwards'.

Capital Budget Monitoring

10. 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.

11. At the end of November 2019, the approved programme was £6.072 million. This reflects the approved capital programme as approved by Council, plus planned slippage from the previous financial year, additions and deletions, and transfers from the provisional capital programme.

12. As shown in appendix 2, spend against the latest approved capital programme was £1.273 million at the end of November. The forecast year end spend is £2.859 million, an underspend of £3.213 million against budget.

Financial, legal and any other implications

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

Conclusion

14. At this stage of the financial year, for in-year revenue an overall underspend is forecast, but this changes to an overspend of £260,000 once the planned carry forward of one-off budgets is taken account of. The planned carry forwards are monitored and have been previously reported. In capital, spend to November was below budget and forecast spend at year end is anticipated to be £3.2 million below budget.

Appendices

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