

POLICY & FINANCE COMMITTEE

29 NOVEMBER 2018

GENERAL FUND AND CAPITAL PROJECTED OUTTURN REPORT TO 31 MARCH 2019 AS AT 30 SEPTEMBER 2018

1.0 Purpose of Report

1.1 This report compares the Revised Budgets for the period ending 31 March 2019 with the Projected Outturn forecast for the period, based on meetings with Financial Services staff and the appropriate Business Manager. These are based on four months' performance information on the Council's revenue and capital budgets, including:-

- General Fund Revenue
- Capital Programme

1.2 To inform Committee of the individual contributions to, and withdrawals from, Usable Reserves.

2.0 Background Information

2.1 The Council's Constitution states that the Section 151 Officer shall present to the Policy & Finance Committee, at least twice in each financial year, budgetary control statements showing performance against the approved estimates of revenue expenditure and income. The appropriate Chief Officer will report on any major variances from planned budget performance.

2.2 Where it appears that the amount included under any head of the approved budget is likely to be exceeded or the budgeted amount of income under any head is unlikely to be reached then Business Managers are required to find savings elsewhere in their budget. In circumstances where savings cannot be identified it will be necessary to consult with the Section 151 Officer and ultimately take a report to the Policy & Finance Committee.

3.0 Proposals

Overview of General Fund Revenue Projected Outturn for 2018/19

3.1 The accounts show a projected favourable variance against the revised budget of £0.168m on Service budgets, with an overall favourable variance of £0.123m as shown in the table below:

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Economic Development	1.412	1.914	1.665	-0.249
Homes & Communities	2.903	3.257	3.235	-0.022
Leisure & Environment	4.331	4.567	4.440	-0.127
Policy & Finance	4.044	4.145	4.375	0.230
Net Cost of Services	12.690	13.883	13.715	-0.168
Other Operating Expenditure	0.000	1.752	1.836	0.084

Finance & Investment Inc & Exp	0.000	-0.369	-0.369	0.000
Taxation & Non Specific Grant Inc	-12.370	-14.645	-14.684	-0.039
Net Cost of Council Expenditure	0.320	0.621	0.498	-0.123
Transfer to/-from Usable Reserves	1.925	0.996	0.996	0.000
Transfer to/-from Unusable Reserves	-2.245	-1.617	-1.617	0.000
Transfer to/-from General Reserves	0.000	0.000	-0.123	-0.123

3.2 As can be seen from the table above there are variances projected in service areas and other budgets. Looking at the underlying trends, the detailed variances by Committee can be further summarised and these are shown at **Appendix A**.

3.3 The level of underspending on Service Budgets managed by the Business Managers is **£0.168m** and represents 1.21% of the total service budgets. The breakdown below of variances by type of income/expenditure (CIPFA classification), shows where outturn is projecting to be favourable or unfavourable, when compared to the revised budget figure.

Employees	£0.044m
Premises	£0.056m
Transport	(£0.166m)
Supplies	(£0.214m)
Income	£0.266m
Rent Allowances/HB	(£0.154m)
Total	(£0.168m)

3.4 Non-Service expenditure is expected to be overspent against the revised budget by **£0.045m**. This is due to the corporate savings target of £0.084m, which the Council's Commercial Project Team are looking to achieve. Any savings made are highlighted within the appropriate Committee area. The other £0.038m is additional grant income from Rural Services Delivery Grant which was not budgeted for.

3.5 There has been a positive variation of £0.216m from the outturn projected at 31 July 2018 for Service budgets. At that time, the outturn was an adverse projection to budget of £0.048m. As discussed above, this is now a favourable variance to budget of £0.168m. The primary reasons for this are:-

- Savings identified in the timing of payments to the Development Company: £0.093m
- Garden waste income and waste collection payments to NCC: £0.088m
- Cashless income from Newark car parks increase: £0.037m

3.6 Should this materialise it will not contravene the requirement within the Medium Term Financial Plan agreed at Policy & Finance Committee on 29 June 2017, which stated that the General Fund balance should be maintained at 15% of the net Budget Requirement, which for 2018/19 should be £1.707m.

Overview of Projected Capital Outturn 2018/19

3.7 The table below summarises the first six months position for the Capital Programme and is split between General Fund and Housing Revenue Account.

	Revised Approved Budget £'m	Revised budget updated for Approval £'m	Actual Spend to September 2018 £'m	Forecast Outturn £'m
General Fund	12.532	12.567	2.911	12.567
HRA	19.878	19.916	9.798	19.916
Total	32.410	32.482	12.709	32.482

3.8 The capital programme changes during the year as projects are developed and spending commitments are made. It is a requirement that Policy & Finance Committee approves all variations to the Capital Programme, for which the budget approved at 20 September 2018 meeting was £32.410m. The additions and amendments that now require approval are detailed in **Appendix B** as follows:

- Additions/Reductions **£0.053m**
- Re-profiles **£0.020m**
- **Total** **£0.073m**

3.9 If these variations are approved, then the revised budget will be increased to £32.482m. A more detailed breakdown of this, including some comments on projects progress, can be found at **Appendices C** (General Fund) **and D** (HRA).

Capital Programme Resources

3.10 The Capital resources available to the Council are not static. Capital receipts are generated throughout the year, additional grants and contributions are paid to the Council and borrowing may be increased to fund some projects.

3.11 In summary, the estimated outturn of £32.442m will be financed as follows, with every attempt to minimise the impact on the Council's revenue budget.

	General Fund	HRA	Total
• Borrowing	£2.334m	£5.333m	£7.667m
• External Grants & Contributions	£6.252m	£3.211m	£9.463m
• Capital Receipts	£3.165m	£2.385m	£5.550m
• Revenue Contributions	£0.816m	£8.986m	£9.802m
Total	<u>£12.567m</u>	<u>£19.915m</u>	<u>£32.482m</u>

Capital Receipts

3.12 The Council has been successful in securing a number of capital receipts for both general fund and HRA in previous years and continue to do so. The current level of capital receipts is detailed in the table below:

	General Fund	HRA Receipts	HRA 1-4-1 Receipts	Total
Balance at 1 April 2018	2.912	3.483	1.236	7.631
Received up to the end of July 2018	0.177	0.567	0.441	1.185
Use for financing	3.165	2.107	0.628	5.900
Estimated receipts for remainder of the financial year	0.350	0.119	0.092	0.561
Available Capital receipts balance at 31 March 2019	0.274	2.062	1.141	3.477
Estimated Receipts 2019/20 - 2021/22	0.350	1.833	0.786	2.969
Financing 2019/20 - 2021/22	0.593	3.821	0.743	5.157
Estimated Uncommitted Balance	<u>0.031</u>	<u>0.074</u>	<u>1.184</u>	<u>1.289</u>

3.13 The RTB receipts for Replacement Homes (known as 1-4-1 Receipts) are retained through a RTB agreement. Under the terms of that agreement, the RTB receipts have to be spent on new supply of affordable housing within 3 years of their arising, or have to be returned to Government with penalty interest applied. In addition to this, the receipts cannot be used where a scheme is funded wholly or in part by grant income. Those receipts used for Council new build supply can only be used to fund up to 30% of the cost of any scheme, with the Council required to fund the remaining 70% through the HRA.

4.0 Financial Implications (FIN18-19/1132)

4.1 All of the financial implications are set out in the body of the report.

4.2 With regard to the General Fund revenue outturn, the underspend of £0.168m represents a variance of 1.21% on the overall General Fund budget.

4.3 The Capital budget is monitored continuously throughout the year and any variations reported to this Committee. Any project slippage identified at the end of the financial year, will be reported and associated budget carried forward into the new financial year.

5.0 RECOMMENDATIONS that:

(a) the General Fund projected favourable outturn variance of £0.123m be noted;

(b) the variations to the Capital Programme at Appendix B totalling £0.073m be approved; and

(c) the Capital Programme projected outturn and financing of £32.482m be noted.

Reason for Recommendations

To advise Members of the projected outturn monitored against service budgets for the period ending 31 March 2019, as at 30 September 2018.

Background Papers

General Fund Monitoring Reports to 30 September 2018

Capital Financing Monitoring Reports to 30 September 2018

For further information please contact Jenna Norton on Extension 5327

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