

## **POLICY & FINANCE COMMITTEE**

**26 SEPTEMBER 2019**

### **GENERAL FUND & CAPITAL PROJECTED OUTTURN REPORT TO 31 MARCH 2020 AS AT 30 JUNE 2019**

#### **1.0 Purpose of Report**

1.1 This report compares the Revised Budgets for the period ending 31 March 2020 with the Projected Outturn forecast for the period, based on meetings with Financial Services staff and the appropriate Business Manager. These are based on three 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 2019/20**

3.1 The accounts show a projected unfavourable variance against the revised budget of £0.147m on Service budgets, with an overall unfavourable variance of £0.161m as shown in the table below:

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Dir - Communities & Environment	5.963	6.067	6.101	0.034
Dir - Governance & Occ Dev	2.632	2.595	2.548	-0.047
Dir - Growth & Regen	2.817	2.851	2.731	-0.120
Dir - Resources & DCE	2.074	2.160	2.440	0.280
<b>Net Cost of Services</b>	<b>13.486</b>	<b>13.673</b>	<b>13.820</b>	<b>0.147</b>
Other Operating Expenditure	3.421	3.586	3.836	0.250

Finance & Investment Inc & Exp	0.768	0.568	0.518	-0.050
Taxation & Non Specific Grant Inc	-18.330	-18.344	-18.544	-0.200
<b>Net Cost of Council Expenditure</b>	<b>-0.655</b>	<b>-0.517</b>	<b>-0.370</b>	<b>0.147</b>
Transfer to/-from Usable Reserves	2.483	2.371	2.395	0.024
Transfer to/-from Unusable Reserves	-1.828	-1.854	-1.864	-0.010
Transfer to/-from General Reserves	0.00	0.00	0.161	0.161

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 overspending on Service Budgets managed by the Business Managers is **£0.147m** and represents 1.08% 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.

	<b>£'m</b>
Employees	£0.202
Premises	£0.036
Transport	-£0.003
Supplies	£0.089
Income	-£0.455
Rent Allowances/HB	£0.278
<b>Total</b>	<b>£0.147</b>

3.4 Non-Service expenditure is expected to be overspent against the revised budget by **£0.014m**.

3.5 The variance relating to Other Operating Expenditure relates to the Commercial savings target. The current forecast general fund saving is £0.110m sits within Service budgets rather than within Other Operating Expenditure. The Council's cash position has meant that it hasn't currently needed to take borrowing in relation to the General Fund and hence this has reduced the forecast interest expenditure resulting in a forecast saving of £0.050m. A forecast of £0.200m has been made in relation to income from the Nottinghamshire Business Rates pool which was not budgeted for.

3.6 Should this materialise it would reduce the General Fund Working balance below the £1.5m total set within the Medium Term Financial Plan as approved at Council on 7 March 2019, should the deficit be funded by that reserve.

### **Overview of Projected Capital Outturn 2019/20**

3.7 The table below summarises the position for the Capital Programme up to the end of June 2019, and is split between General Fund and Housing Revenue Account.

	Revised Approved Budget £'m	Revised budget updated for Approval £'m	Actual Spend to June 2019 £'m	Forecast Outturn £'m
General Fund	16.326	18.237	2.454	18.237
HRA	22.093	19.106	7.267	19.106
Total	<b>38.419</b>	<b>37.343</b>	<b>9.721</b>	<b>37.343</b>

- 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 the 27 June 2019 meeting was £38.419m. The additions and amendments that now require approval are detailed in **Appendix B** as follows:

Additions/Reductions	<b>£1.539</b>
Reprofiles	<b>-£2.615</b>
<b>Total</b>	<b>-£1.076</b>

- 3.9 If these variations are approved, then the revised budget will be reduced to £37.343m. These changes are due to a review of the budget available and more accurate estimate of profiling and additions approved during the financial year. A more detailed breakdown at scheme level, including some comments on projects progress, can be found at **Appendix 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 £37.343m will be financed as follows, with every attempt to minimise the impact on the Council's revenue budget

	General Fund	HRA	Total
Borrowing	£2.281	£3.000	£5.281
External Grants & Contributions	£4.532	£2.551	£7.083
Capital Receipts	£1.887	£5.490	£7.377
Revenue Contributions	£9.537	£8.065	£17.602
<b>Total</b>	<b><u>£18.237</u></b>	<b><u>£19.106</u></b>	<b><u>£37.343</u></b>

#### 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 £'m	HRA Receipts £'m	HRA 1-4-1 Receipts £'m	Total £'m
<b>Balance at 1st April 2019</b>	<b>2.039</b>	<b>3.828</b>	<b>1.873</b>	<b>7.740</b>
Received up to the end of June 2019	0.000	0.051	0.191	<b>0.242</b>
Approved to use for financing	1.887	4.146	1.344	<b>7.377</b>
Estimated receipts for remainder of the financial year	0.350	0.267	0.527	<b>1.144</b>
<b>Available Capital receipts balance at 31 March 2020</b>	<b>0.502</b>	<b>0.000</b>	<b>1.247</b>	<b>1.749</b>
Estimated Receipts 2020/21 - 2022/23	0.000	2.022	2.434	<b>4.456</b>
Approved for Financing 2020/21 - 2022/23	0.449	2.022	3.681	<b>6.152</b>
<b>Estimated Uncommitted Balance</b>	<b>0.053</b>	<b>0.000</b>	<b>0.000</b>	<b>0.053</b>

- 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 (FIN19-20/7098)**

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

With regard to the General Fund revenue outturn, the overspend of £0.147m represents a variance of 1.08% on the overall General Fund budget.

With regard to capital, any savings on projects will be assessed and used to meet additional demands, or to fund the Council's Capital Programme in future years.

#### **5.0 RECOMMENDATIONS that:**

- (a) the General Fund projected unfavourable outturn variance of £0.161m be noted;
- (b) the variations to the Capital Programme at Appendix B be approved; and
- (c) the Capital Programme projected outturn and financing of £37.343m be noted;

#### **Reason for Recommendations**

**To update Members with the forecast outturn position for the 2019/20 financial year.**

#### **Background Papers**

General Fund Monitoring Reports to 30 June 2019  
Capital Financing Monitoring Reports to 30 June 2019

For further information please contact Jenna Norton on Ext 5327.

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