

Report to: Cabinet

Date of Meeting: 4 March 2020

Public Document: Yes

Exemption: None

Review date for release None



Subject: Financial Monitoring Report 2019/20 - Month 9 December 2019

Purpose of report: This report gives a summary of the Council's overall financial position for 2019/20 at the end of month nine (31 December 2019).

Current monitoring indicates that:

- The General Fund Balance is being maintained at or above the adopted level.
- The Housing Revenue Account Balance is being maintained at or above the adopted level.

Recommendation: The variances identified as part of the Revenue and Capital Monitoring process up to Month 9 be acknowledged.

Reason for recommendation: The report updates Members on the overall financial position of the Authority at set periods and includes recommendations where corrective action is required for the remainder of the financial year.

Officer: John Symes – Finance Manager, jsymes@eastdevon.gov.uk

Portfolio Holder: Portfolio Holder for Finance

Financial implications: Contained within the report

Legal implications: Any legal implications are identified in the report and no further comment is required.

Equalities impact: Low Impact

Climate change: Low Impact

Risk: Low Risk

Links to background information: .

Link to [Council Plan](#): Outstanding Council and Council Services

Report in full

1. Introduction

- 1.1 The purpose of this monitoring report is to update members of Cabinet on the overall financial position of the Authority following the end of month nine. The report considers expenditure to date and projections on year end spend to determine if the Council will maintain its spending within budget and maintain the General Fund Balance and the Housing Revenue Account Balance within the adopted ranges.

2. General Fund Position as at Month 9 December 2019

- 2.1 The following table shows the original budget set for the year and any supplementary estimates approved to date affecting the General Fund position. In year variances have been identified which are likely to alter the outturn position for the year as detailed below:

General Fund Position	£000
Original Budget Requirement (set 27/02/19)	12,330
Month 9 predicted over / (under) spend at year end detailed below	(122)
Predicted Outturn Position 31/3/2020	12,208

A summary of the predicted over and under spends to the Year End is shown below:

Predicted over / (under) spends	Predicted Outturn Variation £000
<u>Environment Portfolio</u>	
Car Parks	
Income from fees above budget, really good summer.	(150)
Queens Drive higher works specification.	18
<u>Streetscene Portfolio</u>	
Recycling and Refuse	
Costs over and above refuse collection contract as indices higher than budgeted.	104
Recycling incomes - volatile recycling prices i.e. paper down, plastics up.	25
Other cost savings in service area (staff, supplies).	(43)
Coast & Flood Prevention	
Savings on contractors & support.	(37)
Cemeteries	
Burials Income lower than predicted. Budget was increased by £50k and has subsequently been reduced for 20/21.	89

<u>Economy Portfolio</u>	
Building Control Increase in application numbers, favourable income position of £25k, but ringfenced account so no effect on General Fund.	-
<u>Finance Portfolio</u>	
Financial Services Investment income higher than budgeted (£16k) and Capital Financing Requirement (CFR) charge to General Fund lower than budgeted (219k) following revised methodology to benefit council.	(235)
<u>Strategic Development & Partnership Services</u>	
Planning application fees lower than budgeted (£280k) however reduction in expenditure being used to mitigate overall reduction.	137
<u>Sustainable Homes & Communities Portfolio</u>	
Homeless Persons Implications on new legislation. To reduce Prevention Fund expenditure there has been an increase in Homelessness Rent Deposits bonds paid to recover Rent in Advance payments.	25
<u>Corporate Services Portfolio</u>	
EDDC Elections Increase of Royal Mail Pollsort postal service, 70% for postal vote postage and 100% for Poll Card postage. Increases in the electorate and increase payments to polling staff have also added to increased costs.	60
Staffing position across all services	
Overall savings on budget which includes an assumption that we would save £349k through vacancies in year. Savings are across a number of service areas.	(115)
Predicted Outturn Total Variations General Fund	(122)

- 2.2 These variations will have the following overall effect on the Council's General Fund Balance:

	£000
General Fund balance as at 1/4/2019	(3,938)
Use of General Fund Balance 2019/20	181
Predicted net over / (under) spend to year end	(122)
Predicted General Fund Balance 31/03/20	(3,879)

The Council has an adopted range for the General Fund Balance to be within £3m to £3.8m. The predicted balance is currently above this range and any required action can be taken at year end.

3. Housing Revenue Account Position

3.1 The following table shows the variation against the original budget which will affect the Housing Revenue Account year end position.

Predicted over / (under) spends	Predicted Outturn Variation £000
Income	134
Responsive Repairs	938
Programme Maintenance	(130)
Special Works	(245)
Supervision & Management	(236)
Other Expenditure	(69)
Major Repairs	(91)
Financing interest on Balances	44
Predicted Outturn Total Variations HRA	345

Notable items of budget variance are;

- Income lower driven by void levels being higher than predicted
- The implementation in the year of the new maintenance contract, the interim contract provided by Ian Williams to cover the shortfall of the previous contractors combined with the clean-up of the residual invoices relating to the old contract has caused a significant overspend. Savings on programme maintenance, Special works and on Supervision & Management has reduced the overall impact.

3.2 The following table shows the original budget surplus set for the year and the total variations as identified above, which are likely to affect the budget to give a revised budget deficit for the year.

HRA (Surplus)/Deficit	£000
Original Budget surplus (Council 27/2/19)	(1,154)
Month 9 predicted net (under)/overspend to year end	345
Predicted Budget (Surplus)/Deficit HRA	(809)

The original approved budget generates a surplus of £1.154m in 2019/20. This sum was to be used to help finance the purchase of properties, continuing with the £5m annual investment programme (£3.5m from reserves/surplus and £1.5m from RTB receipts).

3.3 The following table shows the effect on HRA Reserve:

	£000
HRA balance as at 1/4/2019	(3,100)
Predicted net over / (under) spend to year end	(809)
Predicted General Fund Balance 31/03/20	(3,909)

The HRA Balance is required to be maintained within the adopted range of £2.1m and £3.1m, it is currently being projected to be £3.909m at the end of 2019/20. Other reserves held by the HRA are contained in the detailed report to Housing Review Board.

4. Capital Programme Position up to Month 9

4.1 Below is the current position estimated for the capital programme which reflects a re-profiling of expenditure taking into account carried forward from the 2018/19 budget.

Capital Programme	£000	£000
Net Capital Programme Budget (Council 27/02/19)		9,819
2018/19 outturn position, budget slippage into 2019/20	6,198	
Revised 2019/20 budget		16,017
Capital Programme variations	-	-
Predicted Capital Budget Requirement Month 9		16,017

4.2 Details of the capital programme financing is given below:

Capital Programme Financing	£000
Predicted Capital Budget Requirement Month 9	16,017
HRA Financing	(4,846)
General Fund Capital Projects Reserve	(48)
New Homes Bonus	(2,323)
General Fund Capital Receipts	(8,644)
Net Internal/External Borrowing	156

4.3 The Council currently does not hold a general capital reserve and all funding needs to be found. The cash required to fund the expenditure of £0.156m can be met from internal cash balances or through raising loans, this decision is made in line with Council's Treasury Management Strategy. The revenue implications of funding this position has been factored into the revenue monitoring position.