

**Report to:** Cabinet  
**Date of Meeting:** 2 October 2019  
**Public Document:** Yes  
**Exemption:** None



**Subject:** **Financial Monitoring Report 2019/20 - Month 5 August 2019**

**Purpose of report:** This report gives a summary of the Council's overall financial position for 2019/20 at the end of month five (31 August 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 5 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.

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**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

**Risk:** Low Risk

In compiling this report we have looked at all large, high risk and volatile budget areas. Predicted spending patterns have been linked to operational activity and all material budgets have been subject to thorough risk assessments by operational managers and finance staff. Any continuing variances in spending patterns will then be considered as part of the Financial Plan.

**Links to background information:**

**Link to Council Plan:** Funding this outstanding place

## 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 five. The report considers expenditure to date and projections on year end spend to determine if the Council will maintain it's 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 5 August 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:

<b>General Fund Position</b>	<b>£000</b>
<b>Original Budget Requirement (set 27/02/19)</b>	<b>12,330</b>
Month 5 predicted over / (under) spend at year end detailed below	(174)
<b>Predicted Outturn Position 31/3/2020</b>	<b>12,156</b>

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

<b>Predicted over / (under) spends</b>	<b>Predicted Outturn Variation £000</b>
<b><u>Environment Portfolio</u></b>	
<b>Car Parks</b>	
Income from fees above budget, really good summer	(150)
Queens Drive higher works specification	18
<b>Licensing Section</b>	
Increase in the number of alcohol licences. 15% increase of temporary event notices & 26% increase for premises (pub and restaurant) licences	(36)
<b>Recycling and Refuse</b>	
Costs over and above refuse collection contract as indices higher than budgeted	110
Recycling incomes - volatile recycling prices i.e. paper down, plastics up	52
Other cost savings in service area (staff, supplies)	(23)
<b>Street Scene Support Services</b>	
Underspending on Employment costs	(30)
Non achievement of Events income	12

<b>Coast &amp; Flood Prevention</b>	
Savings on contractors	(35)
<b><u>Streetscene Portfolio</u></b>	
<b>Cemeteries</b>	
Burials income down on budget (following £50k increase in forecast for 2019)	84
<b><u>Finance Portfolio</u></b>	
<b>Financial Services</b>	
Investment income lower than budgeted (£28k) and Capital Financing Requirement (CFR) charge to General Fund lower than budgeted (219k) following revised methodology to benefit council.	(186)
<b><u>Strategic Development &amp; Partnership Services</u></b>	
<b>Development Management</b>	
Planning application fees lower than budgeted however reduction in expenditure being used to mitigate overall reduction.	13
<b><u>Sustainable Homes &amp; Communities Portfolio</u></b>	
<b>Homeless Persons</b>	
Implications on new legislation has led to a growing number of homeless situations and increasing approaches to service. Improvements in the two main areas, to reduce overall spending, concentrated on emergency accommodation and prevention fund expenditure.	37
<b><u>Corporate Services Portfolio</u></b>	
<b>Elections</b>	
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
<b>Staffing position across all services</b>	
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.	(100)
<b>Predicted Outturn Total Variations General Fund</b>	<b>(174)</b>

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

	<b>£000</b>
<b>General Fund balance as at 1/4/2019</b>	<b>(3,938)</b>
Predicted net over / (under) spend to year end	(174)
<b>Predicted General Fund Balance 31/03/20</b>	<b>(4,112)</b>

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	(32)
Responsive Repairs	840
Programme Maintenance	(9)
Special Works	(86)
Supervision & Management	(396)
Other Expenditure	(37)
Major Repairs	(174)
Movement in reserves	27
<b>Predicted Outturn Total Variations HRA</b>	<b>133</b>

Notable items of budget variance are;

- Income is materially in line with the budget both in year to date and forecast terms
- 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 challenge in forecasting. The above table has therefore been compiled to show a worst case scenario impacting the HRA with regards to projecting forward Day to Day repairs and voids. Significant savings are expected to crystallise in the second half of the year so this projection should be considered as a control to evaluate future data against.

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
<b>Original Budget surplus (Council 27/2/19)</b>	<b>(1,154)</b>
Month 5 predicted net (under)/overspend to year end	133
<b>Predicted Budget (Surplus)/Deficit HRA</b>	<b>(1,021)</b>

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:

	<b>£000</b>
<b>HRA balance as at 1/4/2019</b>	<b>(3,100)</b>
Predicted net over / (under) spend to year end	(1,021)
<b>Predicted General Fund Balance 31/03/20</b>	<b>(4,121)</b>

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 £4.121m at the end of 2019/20. Other reserves held by the HRA are contained in the detailed report to HRB.

#### 4. Capital Programme Position up to Month 5

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.

<b>Capital Programme</b>	<b>£000</b>	<b>£000</b>
<b>Net Capital Programme Budget (Council 27/02/19)</b>		<b>9,819</b>
2018/19 outturn position, budget slippage into 2019/20	6,258	
<b>Revised 2019/20 budget</b>		<b>16,077</b>
<b>Capital Programme variations</b>		
-	-	
<b>Predicted Capital Budget Requirement Month 5</b>		<b>16,077</b>

4.2 Details of the capital programme financing is given below:

Capital Programme Financing	<b>£000</b>
<b>Predicted Capital Budget Requirement Month 5</b>	<b>16,077</b>
HRA Financing	(4,906)
General Fund Capital Projects Reserve	(48)
New Homes Bonus	(2,144)
General Fund Capital Receipts	(8,330)
<b>Net Internal/External Borrowing</b>	<b>649</b>

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 £0.649m 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.