

Corporate Financial Monitoring

Report of the Finance Portfolio Holder

Recommended:

That the financial position for each Portfolio and the key revenue areas contained within the Annex to the report be noted.

SUMMARY:

- This report reviews the Council's revenue spending for the first six months of the 2019/20 financial year.
- It also examines the main differences between the original estimate for 2019/20 and actual spend to 30 September 2019 and provides explanations for significant variances.
- Overall, net expenditure to 30 September 2019 was £209,000 less than budgeted at this stage of the year. This favourable variance comprises additional income and savings of £110,000 due to service related expenditure and £99,000 additional income from the Council's investing and borrowing activities.

1 Introduction

- 1.1 As part of responsible financial stewardship, it is recommended that the financial performance of the Council should be reviewed regularly.
- 1.2 Revenue budget monitoring is carried out every month for all Services and presented to Cabinet regularly throughout the year.
- 1.3 This report examines the income and expenditure of each portfolio over the first six months of the year. The Annex shows the financial summaries of each portfolio to 30 September 2019 together with an explanation of any significant variances.
- 1.4 Several key areas of income and expenditure, not all apparent within individual portfolios have also been analysed and are also shown in the Annex.

2 Background

Profiling of Income and Expenditure

- 2.1 Not all income and expenditure is incurred equally over the year. For example, some costs (e.g. lease costs) are allocated at the end of the year, and others are stepped throughout the year (e.g. rental income is invoiced quarterly in advance). The manner that income or expenditure is received or incurred over the course of the year is referred to as its profile.

- 2.2 In order to make the analysis more relevant, the actual income and expenditure to 30 September is being compared against its profiled position at this time.

Analysis of income and expenditure

- 2.3 The Annex shows, by portfolio, an analysis of original budget, profiled budget to date, actual expenditure to date and the variance between profiled budget and actual income / expenditure.
- 2.4 The Annex also shows an analysis of key areas of income and expenditure within the budget that are traditionally subject to variations in the year.

3 Analysis of Financial Performance

3.1 Leader's Portfolio

The Leader's portfolio shows net expenditure to the end of September of £894,000 against a profiled budget of £877,000. This represents an adverse variance of £17,000 to date.

This is due to higher than budgeted employee costs as there are no vacancies, partially offset by an unbudgeted government grant.

3.2 Deputy Leader & Planning Portfolio

The Deputy Leader & Planning Portfolio shows net expenditure of £398,000 compared with a profiled net expenditure estimate of £99,000 – an adverse variance of £299,000.

This is due mainly to lower than estimated income from car parking, penalty charge notices, building control and planning application fees and unbudgeted planning appeal costs which are partly offset by savings on staff costs due to vacancies. The planning appeal costs will be monitored and may be met from contingencies if necessary.

3.3 Community & Leisure Portfolio

The Community & Leisure portfolio shows net expenditure to the end of September of £541,000 against a profiled estimate of £527,000. This is an adverse variance of £14,000.

This is mainly due to unbudgeted security costs for the temporary pool site, and lower than anticipated councillor ward grants. Ward grants are lower because the scheme was not open to applicants until the end of June due to the European elections and the requirements of purdah.

3.4 Corporate Portfolio

The Corporate portfolio shows net expenditure to the end of September of £2.386M against a profiled budget of £2.427M. This represents a favourable variance of £41,000 to date.

This is mainly due to lower than anticipated staffing costs to date and additional income from government grants.

3.5 Economic Development & Tourism Portfolio

The Economic Development & Tourism Portfolio shows net expenditure of £183,000 against a profiled estimate of £191,000, a favourable variance of £8,000.

3.6 Environmental Portfolio

The Environmental portfolio shows net expenditure of £1.769M against a profiled estimate to the end of September of £1.826M – a favourable variance of £57,000.

This is mainly due to savings in employee costs due to vacancies, additional income from shopping trolley returns and savings from bringing glass recycling collection in-house, which are partially offset by lower than expected income from mixed recycling.

3.7 Finance Portfolio

The Finance portfolio has generated net income of £2.536M against a profiled estimate of £2.288M to the end of September. This is a favourable variance of £248,000.

This is due mainly to lower than expected staffing costs to date and higher than expected rental income from the Council's investment property portfolio.

3.8 Housing & Environmental Health Portfolio

3.9 The Housing & Environmental Health portfolio shows expenditure of £872,000 compared with the profiled estimate of £959,000. This is a favourable variance of £87,000.

This is due to savings on staffing costs and income from an unbudgeted government grant which are partly offset by higher than anticipated expenditure on bed and breakfast.

3.10 Key areas of income and expenditure

The Annex also shows an analysis of significant items in the Council's budget. These can be spread across several Services or cost centres so may be included in more than one portfolio.

While not necessarily under the direct control of one budget manager it is important that these items are reviewed regularly in total as they provide a good indication of the overall variances within the budget.

3.11 Investment Funds and borrowing costs

Net investment income to 30 September 2019 was £368,000 compared with a profiled estimate of £269,000 – this represents a favourable variance of £99,000.

This is due mainly to the average portfolio in the year to date exceeding the estimate by £16M resulting in additional interest being received by the Council.

The Council has incurred £66,000 in external borrowing costs in the year to date. This is as estimated.

4 Risk Management

- 4.1 This report is for information purposes so the Council's Risk Management approach does not need to be applied.

5 Resource Implications

- 5.1 A favourable variance of £209,000 in the first six months of the year has been identified in this report. This has been achieved through a combination of additional income, reduced expenditure and one off savings.
- 5.2 Where there have been favourable variances in the year to date, Heads of Service have the authority to utilise these amounts up to the limits laid out in Financial Regulations.

6 Equality Issues

- 6.1 This report is for information purposes, so the Council's EQIA process does not need to be applied.

7 Other Issues

- 7.1 There are no other issues to consider.

8 Conclusion and reasons for recommendation

- 8.1 Overall, net expenditure is £209,000 lower than forecast at 30 September. There are a number of areas with large variances between the profiled budget and the actual income / expenditure to date.
- 8.2 The report does not make any recommendations for changes to budgets at this stage in the year and therefore the recommendation is that the current budget position be noted.

Background Papers (Local Government Act 1972 Section 100D)

None

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	1	File Ref:	N/A
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(Portfolio: Finance) Councillor M Flood

Officer:	Jenni Carter	Ext:	8236
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Report to:	Cabinet	Date:	6 November 2019
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