

# Corporate Financial Monitoring

Report of the Finance Portfolio Holder

## Recommended:

**That the financial position for each Portfolio and the key revenue areas contained in the Annex is noted.**

### SUMMARY:

- This report reviews the Council's revenue spending for the first six months of the 2018/19 financial year.
- It also examines the main differences between the original estimate for 2018/19 and actual spend to 30 September 2018 and provides explanations for significant variances.
- Overall, net expenditure to 30 September 2018 was £620,000 less than budgeted at this stage of the year. This favourable variance comprises additional income and savings of £553,000 due to service related expenditure and £67,000 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 2018 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 £754,000 against a profiled budget of £759,000. This represents a favourable variance of £5,000 to date.

#### 3.2 Deputy Leader & Planning Portfolio

The Deputy Leader & Planning Portfolio shows net income of £251,000 compared with a profiled net income estimate of £260,000 – an adverse variance of £9,000.

This is due mainly to lower than estimated income from car parking and penalty charge notices and unbudgeted planning appeal costs which are partly offset by higher than expected income from building control and planning application fees and 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 £709,000 against a profiled estimate of £669,000. This is an adverse variance of £40,000.

This is mainly due to lower than anticipated income from cemeteries and unbudgeted legal advice.

#### 3.4 Corporate Portfolio

The Corporate portfolio shows net expenditure to the end of September of £2.064M against a profiled budget of £2.215M. This represents a favourable variance of £151,000 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 £232,000 against a profiled estimate of the same, so there is no variance to report to the end of September.

### 3.6 Environmental Portfolio

The Environmental portfolio shows net expenditure of £1.521M against a profiled estimate to the end of September of £1.607M – a favourable variance of £86,000.

This is due to higher than expected income from the garden waste scheme, dried mixed recycling and shopping trolley returns, which is partly offset by additional staffing costs.

### 3.7 Finance Portfolio

The Finance portfolio has generated net income of £2.225M against a profiled estimate of £1.946M to the end of September. This is a favourable variance of £279,000.

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 £741,000 compared with the profiled estimate of £821,000. This is a favourable variance of £80,000.

This is due to savings on staffing costs and additional unbudgeted enabling fee income 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 2018 was £275,000 compared with a profiled estimate of £208,000 – this represents a favourable variance of £67,000.

This is due mainly to the average portfolio in the year to date exceeding the estimate by £7.4M resulting in additional interest being received by the Council.

The Council has incurred no external borrowing costs in the year to date.

#### **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 £620,000 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 Recommendations on how to utilise some of the ongoing part of this favourable variance were presented to Cabinet on 10 October 2018 as part of the budget strategy.
- 5.3 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 £620,000 lower than forecast at 30<sup>th</sup> 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 Giddings

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Report to:	Cabinet	Date:	7 November 2018
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