

CABINET

20 November 2018

QUARTER 2 FINANCIAL MANAGEMENT REPORT

Report of the Director for Resources

Strategic Aim:	Sound Financial Planning	
Key Decision: Yes	Forward Plan Reference: FP/070618	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Gordon Brown, Deputy Leader and Portfolio Holder for Corporate Finance	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

- a) Notes the 2018/19 revenue and capital outturn position as at Quarter 2 (Appendix A, section 1 and section 2).
- b) Recommends to Council to keep the Green Waste charge at £35 for 2019/20, reduces the discounted fee to £26 and delegates authority to the Director for Places to set this fee annually subject to the fee not increasing beyond this amount (see Appendix A para 3.9.3 – 3.9.4).
- c) Notes the intention to use the earmarked social care reserve to fund additional Disabled Facilities spending should the existing spending projection hold true.
- d) Approves use of the Winter Care funding of £135k received from Government to meet cost pressures.
- e) Recommends to Council to fund £85k from prudential borrowing on investigation works to determine future property maintenance requirements on Council owned assets.

1 PURPOSE OF THE REPORT

- 1.1 To inform Cabinet and all members of the full year forecast position as at Quarter 2 for 2018/19 and to alert them to issues that may impact on the Medium Term Financial Plan to enable them to maintain sound financial management of the Council's operations.
- 1.2 The detailed report is included at Appendix A and gives an update on:
- Revenue Budget (section 1)
 - Capital budget (section 2)
 - Corporate finance updates (section 3)
 - Debts and treasury matters (section 4)

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Revenue and Capital position

- 2.1.1 The Council approved its 2018/19 revenue budget in February 2018. Since the budget was approved, Cabinet has approved further budget changes as detailed in Appendix A (section 1.1).
- 2.1.2 The Q2 revenue position is that the Council is forecasting a surplus of £267k compared to a budgeted deficit of £89k. This is a positive position in light of the continued financial gap projected by the Medium Term Financial Plan in future years.
- 2.1.3 The Council's Directorate budgets are just over £1m underspent – much of this relates to demand-led areas (e.g. social care, transport) where need is unpredictable so savings will be held to fund future costs when it materialises. Green Waste income is also higher than expected and will contribute to meeting overheads. As registration for 19/20 will begin shortly, Cabinet is asked to approve no change to the main fee for next year. Details of key movements are included in Appendix A, section 1.3.
- 2.1.4 Where functional forecasts are projected to be more than £25k over budget, an explanation can be found in Appendix H. There is no request for additional budget in any area at Quarter 2 to enable the Council to keep clear visibility of where pressures exist. Moreover, all overspends can be contained with overall Directorate budgets at present.
- 2.1.5 The Council has been notified that it will receive £135k of winter pressures funding for adult social care aimed at reducing delayed transfers of care. It is proposed that this funding will be included in the Adult social care budget.
- 2.1.6 The Council is also investigating future property maintenance requirements on Council owned assets and is asking for £85k from prudential borrowing to fund investigation/design works.
- 2.1.7 The capital budget has changed as per Appendix A, section 2.2 with various small

schemes added and the inclusion of the Integrated Transport capital programme as approved by Cabinet.

2.1.8 Capital updates are given in Appendix A, section 2.2.

2.2 Beyond 18/19

2.2.1 The MTFP was updated as part of the budget setting process, then further updated in the outturn report (Report 83/2018). It is being updated again and will be presented at Budget Setting. The gap for 20/21 could be between £1m - £2m

2.2.2 In Appendix A, section 3 various updates are given on matters that could impact our financial future. In brief:

- Social Care: Green paper still awaited;
- Fairer Funding - work in progress but impact for Council will not be known for 12 months but additional funding not expected;
- New Homes Bonus funding – will be less in 19/20 than expected but more in years after due to timing of house building and occupation of properties;
- Business rates retention – work in progress and implications not known. Further consultation expected;
- Local Government Finance Settlement – response submitted and awaiting Government view. It is possible that funding we anticipated losing may be retained.

3 CONSULTATION

3.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to assess the impact of the forecast on the budget in future years.

4 ALTERNATIVE OPTIONS

4.1 Cabinet are requested to approve the use of winter pressures funding. Cabinet can choose to reject this request but this is not advised as the Council will be required to report on how funding has been spent.

4.2 The Council is also investigating future property maintenance requirements on Council owned assets and is asking for £85k from prudential borrowing to fund investigation/design works. Cabinet could choose to use reserves to fund this work.

5 FINANCIAL IMPLICATIONS

5.1 The report highlights the impact of the forecast on the MTFP. General Fund balances will increase by c£0.267m compared to the decrease of £0.089m budgeted for if all recommendations are approved.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Where Directors wish to increase a functional budget by over £100k OR they anticipate that the overall Directorate budget is likely to be overspent (there is no de-minimis level) they must seek approval in advance from Cabinet or Council for a virement to cover any increase.
- 6.2 There is one function, Waste Management, within the Places Directorate that falls into this category but no specific request has been made because this can be contained within the overall Directorate budget.
- 6.3 There are no other legal implications arising from this report.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessment (DPIA) has not been completed because there are no service, policy or organisational changes being proposed.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The Q2 position is broadly as expected and is positive in light of the Medium Term financial outlook.

12 BACKGROUND PAPERS

- 12.1 None

13 APPENDICES

Appendix A: Q2 Budget Report
Appendix B: Approved Budget Changes
Appendix C: Reconciliation of Directorate Budgets
Appendix D: Virements
Appendix E: People Directorate
Appendix F: Places Directorate

Appendix G: Resources Directorate
Appendix H: Adverse Variances over £25k
Appendix I: Detailed Capital Programme

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.