

REPORT TO: PLACE SCRUTINY COMMITTEE
Date of Meeting: 13 SEPTEMBER 2018
Report of: Chief Finance Officer
Title: 2018/19 Budget Monitoring Report – Quarter 1

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

This report advises Members of material differences, by management unit, between the 2018/19 approved budget and the current outturn forecast in respect of Place Scrutiny Committee revenue and capital budgets.

Potential areas of budgetary risk are highlighted in Appendix 3 of this report, so that Members are aware that certain budgets have been identified as being vulnerable to factors beyond the control of the Council, which may result in potential deviations from budget, and are therefore subject to close monitoring by officers.

2. Recommendations:

That Members of Place Scrutiny Committee assure themselves that satisfactory actions are being undertaken by Officers to address the key areas of budgetary pressure, as highlighted in this report.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of Place Scrutiny Committee and this is the first report for 2018-19.

4. What are the resource implications including non financial resources

The financial resources that are required to deliver Place Services during 2018-19 are set out in the body of this report.

5. Section 151 Officer comments:

The report projects an overspend for Place Committee. The Council's financial position is such that the medium term financial plan projects that reserves will be at the minimum level that the section 151 Officer recommends by the end of this financial year and therefore the Council must address the overspend within the year. Members are reminded that it is their responsibility to take action where there are variations from budget, which will impact on the financial position of the Council. Council set a budget in February, which was based on the resources available and therefore Members must take action to protect the financial position of the Council.

6. What are the legal aspects?

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

7. Monitoring Officer's comments:

There are no issues in this report for the Monitoring Officer.

8. Report Details:

Budget Monitoring – Quarter 1

8.1 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £271,663 after transfers to and from reserves, as detailed in Appendix 1. This represents a variation of 2.67% from the revised budget, which includes supplementary budgets of £755,800 already agreed by Council

8.2 The significant variations by management unit (+/- £30,000) are:

Management Unit	Q1 Forecast Variance (Under)/ Overspend £	Details
81D5 Public Conveniences	39,500	<ul style="list-style-type: none"> A £30,000 saving in utility costs was estimated in anticipation of the closure of the Paris Street toilets. This saving will not now be achieved. Maintenance costs are expected to exceed the budget
81D6 Cleansing Chargeable Services	50,000	<ul style="list-style-type: none"> As happened last year, income for Trade Refuse & Recycling is expected to be £100,000 (11%) below budget as local businesses look to reduce their own costs. The loss is reduced by £50,000 savings planned by the service, and commercialisation work will commence in-year.
81D8 Recycling	135,000	<ul style="list-style-type: none"> Problems with the MRF and fluctuations in global markets continue to increase costs and reduce income, despite the best efforts of the service to mitigate their impacts. An MRF investment plan is due to be presented in September and this will propose measures to reduce costs and increase the service's ability to extract value from the recyclable material delivered to the plant.
83A9 Building Control	(33,000)	<ul style="list-style-type: none"> Staff vacancies in the Land Charges service are expected to lead to a surplus of £18,000, which will be transferred into an earmarked reserve. A grant payment of £15,000 has been received in respect of the Land Charges service.

83B5 Planning Services	262,000	<ul style="list-style-type: none"> Community Infrastructure Grants amounting to £217,000 have been paid; these will be funded from the Community Infrastructure Levy (CIL). An additional officer has been seconded to deal with CIL work; the additional £23,000 cost arising will be funded from the CIL. £160,000 has been contributed towards the Growth Team will be paid, for which there is no budget. £80,000 of this will be funded from New Homes Bonus. Fee income is expected to exceed the budget by £100,000 Pay costs are expected to be £38,000 less than the budget due to staff vacancies.
83C3 Contracted Sports Facilities	91,463	<ul style="list-style-type: none"> In June 2018 the Council agreed to the recommendations in the Built Sports and Leisure Facilities report that included the permanent closure of Clifton Hill Sports Centre. A supplementary budget of up to £150,000 was approved to demolish Clifton Hill Sports Centre, to secure the site and avoid incurring Business Rates and other unbudgeted revenue costs. The figure shown here is covered by the up to £100,000 also approved to cover loss of revenue and VAT.

8.3 Pay budgets throughout the Council are under pressure as a result of the final pay award for 2018/19 for staff on lower grades exceeding the budgets, and the estimated impact of this in Place is reflected in the figures in Appendix 1. The issue is being closely monitored.

9. Capital Budget Monitoring – Quarter 1

To advise members of the financial performance in respect of the 2018-19 Place Capital Programme.

9.1 Revisions to the Place Capital Programme

The 2018-19 Capital Programme was last reported to Corporate Services Scrutiny Committee on 28 June 2018. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Corporate Services Scrutiny Committee, 28 June 2018	12,250,430	
Leisure Centre Essential Enhancements	2,000,000	Approved by Council on 13 June 2018
Leisure Centre Additional Enhancements	880,000	
Belmont Park Community Building	150,000	

Belmont Park Enhanced Facilities	50,000	Approved by Council on 24 July 2018
Kings Arms Bridge	250,000	
Livestock Market Drainage & Toilets	200,000	
Mary Arches Lifts	40,000	
Revised Capital Programme	15,820,430	

9.2 Performance

The Place Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £442,109 in 2018-19 during the first three months of the year with £4,539,620 potentially deferred until 2019-20.

9.3 Capital Variances from Budget

The main variances and issues concerning expenditure in 2018-19 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Bowling Green Marshes Coastal Defence Scheme	(250,000)	This scheme was to be entirely funded by the Environment Agency (EA), but due to disputes between the EA and Natural England on how to proceed it is now anticipated that the scheme will not go ahead.
Topsham Flood Gates (Ferry Road/The Strand)	(100,000)	This scheme was also to be funded by the Environment Agency (EA). Following a trial, the EA are reviewing demountable defence flood barrier types for region-wide deployment. It is anticipated that the EA will manage the scheme themselves.

9.4 Capital Budgets Deferred to 2019-20 and Beyond

Schemes which have been identified as being wholly or partly deferred to 2019-20 and beyond are:

Scheme	18-19 Budget £	Budget to be Deferred £	Reason
Leisure Complex	4,046,530	(2,647,330)	Budgets re-profiled in-line with anticipated expenditure.
Bus Station Construction	3,251,750	(2,986,550)	

10. How does the decision contribute to the Council's Corporate Plan?

Place Committee contributes to 6 key purposes, as set out in the Corporate Plan; a stronger city, keep place looking good, keep me / my environment safe and healthy, provide great things for me to see and do, help me run a successful business and deliver good development

11. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

13. Are there any other options?

No

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

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