

REPORT TO **CORPORATE SCRUTINY COMMITTEE**
Date of Meeting: **27 June 2019**
Report of: **Chief Finance Officer**
Title: **2018/19 Budget Monitoring Report – Outturn**

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report advises Members of any material differences, by management unit, between the 2018/19 approved budget and the actual outturn in respect of Corporate Scrutiny Committee.

2. Recommendations:

That Members of Corporate 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 shortfalls in income. Members are therefore presented with a quarterly financial update in respect of Corporate Scrutiny Committee and this is the first report for 2018-19.

4. What are the equality and diversity impacts of this decision?

As this report does not call for a decision, an Equality Impact Assessment is not required.

5. What are the resource implications including non-financial resources

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

6. Section 151 Officer comments:

There has been an under-spend in Corporate Services and therefore no action is required from the Committee. Overall Services across the Council have underspent by £2.149 million. Taking into account all other income and expenditure, the transfer from the working balance is £1.708 million lower than budget, leaving the working balance at £4.395 million.

7. 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.

8. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer

9. Report Details:

Revenue Final Accounts to 31 March 2019

9.1 The 2018/19 Code of Practice on Local Authority Accounting has introduced a new method of calculating bad debt provision, which are now classified as loss allowances. The purpose of the change is to ensure that prudent provision is made for possible future losses because the debtor could default on payment. Across council services, the impact of the change is broadly cost neutral, however the loss allowance relating to commercial properties has reduced by £138k, for housing properties has reduced by £46k and for the recovery of overpaid housing benefits has increased by £177k. The impact of these changes are shown against each of the services, however it does not reflect a change in the performance of debt recovery, just an estimate of credit risk.

9.2 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will reduce from the revised budget by a total of £253,786 after transfers to and from reserves, as detailed in Appendix 1. This represents a favourable variation of 3.17% from the revised budget, which now includes supplementary budgets of £677,590 already agreed by Council.

9.3 Members may wish to note that, because of the often-large sums involved in individual corporate transactions, many quarterly variances are simply 'administrative' and are naturally resolved in-year. Areas of genuine budgetary risk are addressed as explained in paragraph 11 below.

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

Forecast Budget Variances by Management Unit:		
Management Unit	Forecast Outturn Budget Variance at Quarter 3	Actual Outturn Budget Variance at 31 March 2019
	(Under) / Overspend	(Under) / Overspend
Corporate Property - Estates	(£0)	(£274,298)

Responsible Officer: City Surveyor

As described above in 9.1 due to a new method of calculating the bad debt provision, the loss allowance relating to the recovery of income from commercial properties has reduced by £138k. Across the council, the impact of this change is broadly cost neutral.

Before accounting for this movement the service made an overall saving of £136,000; the following items were the main items within this figure:

- A dilapidations settlement of £42,000 was reached in the final quarter of the financial year
- Following a review of bad debt provisions across the Council, a reduction of £35,000 was made in this service

Forecast Budget Variances by Management Unit:

Management Unit	Forecast Outturn Budget Variance at Quarter 3	Actual Outturn Budget Variance at 31 March 2019
	(Under) / Overspend	(Under) / Overspend

- The South Street Urban Design project was achieved at a saving of £23,000 against the original budget
- Rents received in this unit were £26,000 more than budgeted
- Empty property costs across the service were £16,000 less than the budget

A backdated NNDR charge of £43,400 for an empty property has been paid in the 2019/20 financial year; a supplementary budget will be requested to cover this.

Democratic Representation	(£50,000)	(£66,427)
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Responsible Officer: Corporate Manager Democratic and Civic Support

Members Allowances, including training, are £25,300 less than the budget due to some members undertaking more than one role whilst taking only one allowance.

Member Services - one part time employee left the service and has not been replaced, reducing the pay spend by £15,700 against budget.

Income has been generated by sharing Member Services officers with Teignbridge District Council; the arrangement generated income of £25,500 in the current year.

Grants/Central Support/Consultation	(£17,290)	(£35,621)
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Responsible Officer: Programme Manager Communities

Grant to Exeter St James Community Trust Ltd, of £50,000, has been covered by New Homes Bonus support.

Unapportionable Overheads	£63,500	£200,253
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Responsible Officer: Chief Finance Officer

Strain payments re Superannuation of £93,000 have been partially offset by a saving against expected additional superannuation payments of £33,000.

The adverse movement from Q3 position reflects the transfer of £138,300 of unallocated central costs here at year-end.

Financial Services	(£17,000)	(£50,807)
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Responsible Officer: Chief Finance Officer

Forecast Budget Variances by Management Unit:		
Management Unit	Forecast Outturn Budget Variance at Quarter 3	Actual Outturn Budget Variance at 31 March 2019
	(Under) / Overspend	(Under) / Overspend
ECL SLA Income for support provided since November 2018 (£11,250), coupled with the Commission from Zurich re Block Insurance (£21,979) were not within the Q3 forecast, as neither had been confirmed at that time.		
Corporate Support	(£46,000)	(£67,942)
<p>Responsible Officer: Corporate Manager Democratic and Civic Support</p> <p>Postage costs have come in at £35,000 less than the budget.</p> <p>£22,000 rental income has been generated from leasing part of the Civic Centre to the Police.</p> <p>Staff cost savings of £9,000 arose as a result of an unfilled vacancy for part of the second half of the year.</p> <p>The cost of utilities and other premises costs in the Civic Centre exceeded the budget by £6,000 but this was more than offset by a Rates underspend of £9,000.</p>		
IT Services	(£37,000)	(£33,319)
<p>Responsible Officer: Chief Finance Officer</p> <p>Benefit accrued from return of surplus anticipated from Strata contract.</p>		
Strategic Management	(£79,845)	(£55,892)
<p>Responsible Officer: Chief Finance Officer</p> <p>Saving against payroll costs £85,000 within Deputy Chief Executive Cost Centre offset by use of consultants on Strategy/Commercialisation projects, £163,500 was supported from the Transformation Earmarked Reserve.</p>		
Procurement	£154,250	£156,901
<p>Responsible Officer: Chief Finance Officer</p> <p>Delays in forming the Procurement Team have resulted in anticipated savings and recharges not being fully realised (£125,790), whilst use of consultants/contractors have more than consumed savings from pay budget by £31,000.</p>		

9.4 The approved budget rose by £90,000 in Quarter 3 (from £7,925,530 to £8,015,530) to cover the costs of the St Sidwell's Point multi-venue review charged within 86A6 Grants/Central Support/Consultation Management Unit - no changes occurred in Q4.

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

Corporate Committee supports the delivery of all Corporate Plan priorities, and in particular contributes significantly to • *Provide value-for-money services despite continuing central government budget reductions* and • *Lead a well-run council*.

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

An action plan addressing the key areas of budgetary risks within Corporate will be included if and when they arise. Members are reminded of the general risk that, unless otherwise noted, the current outturn forecast expects Services to achieve and deliver the savings included in the budget set in February.

12. What is the impact of the decision on health and wellbeing; safeguarding children, young people and adults with care and support needs, economy, safety and the environment?

No impact.

13. What other options are there, and why have they been dismissed?

The report details past performance according to statutory requirements.

DAVE HODGSON

Chief Finance Officer

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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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