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**Budget Monitoring 2019/20 - Month 4**

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**Reason for the Scrutiny**

1. To provide Members with an update on the Council's financial monitoring position at month 4 of 2019/20. This report was presented to Cabinet at its meeting on 26 September 2019, which agreed that all directorates currently reporting overspends should put in place action plans to reduce their projected overspends.

**Background**

2. The Policy Review and Performance Scrutiny Committee's Terms of Reference includes responsibility for monitoring the overall Council budget, both Revenue and Capital budgets, as well as responsibility for monitoring specific service areas. For Revenue budget monitoring purposes those services fall within the *Corporate Management, Economic Development (Facilities Management), Performance & Partnerships, Governance & Legal Services, and Resources (Finance, Digital Services, Customer Services, Human Resources, Commissioning & Procurement)* budgets.

**Structure of the Papers**

2. To facilitate the scrutiny the following appendices are attached to this report:
  - Appendix A** – Cabinet report – Budget Monitoring – Month 4
    - Appendix 1 – Revenue position
    - Appendix 2 – 2019/20 Budget Savings Position
    - Appendix 3 – Capital Programme

## Revenue budget

- Attached at **Appendix A** is the 2019/20 month 4 budget monitoring report. The Committee will note that, at this point, a net projected deficit of £325,000 on the revenue account is projected for the end of the 2019/20 financial year. Directorate budgets are projected to overspend by £7.018 million.
- The service areas predicting the most significant overspends are Social Services (£4.200 million), and Planning, Transport & Environment (£2.457 million). These are partly offset by projected underspends in other service areas, and a £3 million general contingency fund provided within the 2019/20 budget to reflect the risk and planning status of proposed savings for the year.
- Members may wish to note the following Directorate positions, where underspends are reported in brackets.

Directorate	Position at month 4	Appendix A pages and paragraphs
Corporate Management	(£50,000)	P4, 12
Economic Development	£412,000	P4, 14-16
Education & Lifelong Learning	£243,000	P5, 17-19
Housing & Communities	(£300,000)	P6, 20-22
Performance & Partnerships	(£3,000)	P7, 23
Social Services	£4,200,000	P7, 24-29

Planning, Transport & Environment	£2,457,000	P9, 30-33
Governance & Legal Services	£11,000	P11, 34
Resources	£48,000	P11, 35-37

## Savings

6. An overall shortfall of £6.290 million is currently anticipated against the £19.157 million directorate savings target, with £7.670 million having been achieved to date, and a further £5.197 million anticipated to be achieved by the year-end. The budget approved by Council on the 21 February 2019 identified red or red / amber achievability risks totalling £8.101 million, with £3.524 million of the savings proposals still at a general planning stage. These risks are evident in the projected shortfall currently reported as part of the month 4 monitoring and are set out in detail in **Appendix 2** of the papers.
7. To address the directorate overspends the budget monitoring report clarifies that actions and measures have been agreed by the Senior Management Team, in the form of budgetary challenge sessions, director sign-off for purchases of goods and services, review and restrictions on agency and temporary staffing arrangements, robust staff vacancy management and a review of income generation.

## Contingency

8. The 2019/20 budget included contingencies of £2 million in respect of potential increased costs of looked after children, and £350,000 in respect of potential income shortfalls by the Material Recycling Facility (MRF). At month 4 these contingencies have been fully allocated. A contingency of £2.586 million

remains to meet potential increases in claims under the Council Tax Reduction Scheme (CTRS).

9. Members will recall that in setting its budget for 2019/20 the Council set aside resources within the schools budget to fund the September 2019 increase in Teachers' Pension. Full grant funding for this has subsequently been provided and £2.967 million is consequently available to offset a directorate overspend.

## **Capital**

10. The adjusted 2019/20 Capital Programme (General Fund and Public Housing) is £151.686 million. Within this, the projected outturn for the General Fund of £104.301 million at month 4 is £71.922 million resulting in a variance of £32.379 million. Capital expenditure at month 4 is £9.339 million. The Public Housing element of the capital programme is forecasting an overall slippage of £2.111 million.
11. Directorates have been reminded that they must take steps to minimise slippage and implement measures to ensure that budgets are used in a timely manner. Early reporting of emerging issues should inform reprofiling and the development of the programme in future years. Members will find detail of the Council's Capital programme in **Appendix 3** of the papers.

## **Way Forward**

12. Councillor Chris Weaver, Cabinet Member, Finance, Modernisation and Performance, Christopher Lee, Corporate Director Resources, and Ian Allwood, Head of Finance, will be in attendance to present the report and answer Members' questions.

## **Legal Implications**

13. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

14. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATION**

15. The Committee is recommended to:
- i. note the 2019/20 budget monitoring month 4 report;

- ii. consider whether it wishes to make any comments to the Cabinet; and
- iii. consider whether it wishes to use information contained in the report to inform future scrutiny items.

**DAVINA FIORE**

Director, Governance & Legal Services

10 October 2019