

HARBOROUGH DISTRICT COUNCIL

REPORT TO THE CABINET MEETING OF 2nd September 2019

PUBLIC REPORT: Y

EXEMPT REPORT: N

Report Title	2019/20 Revenue and Capital Monitoring – Quarter 1					
KEY DECISION	Y					
Report Author	Richard Szadziewski					
Purpose of Report	<ul style="list-style-type: none"> To provide Cabinet with a forecast outturn position based upon the period 1 April to 30th June 2019. 					
Reason for Decision	<ul style="list-style-type: none"> The Council's financial performance up to 30th June 2019 together with known commitments for the remainder of the financial year indicates that the Net Expenditure/Budget requirement is forecast to outturn £12.196 million under the approved net budget of £12.300 million 					
Portfolio (holder)	Councillor James Hallam; Finance					
Corporate Priorities	<table border="1"> <tr> <td colspan="2">YOUR COUNCIL: innovative, proactive and efficient</td> </tr> <tr> <td>CO 10</td> <td>Deliver Financial Sustainability for the future</td> </tr> </table>		YOUR COUNCIL: innovative, proactive and efficient		CO 10	Deliver Financial Sustainability for the future
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Financial Implications	<ul style="list-style-type: none"> The Outturn report summarises all the financial resources of the Council. 					
Risk Management Implications	<ul style="list-style-type: none"> It is important to monitor the position against budget regularly in order to ensure any issues can be addressed appropriately. 					
Environmental Implications	<ul style="list-style-type: none"> None 					
Legal Implications	<ul style="list-style-type: none"> The Council is required to set and manage a legal balanced budget. The Quarter 1 monitoring indicates that the Council financial commitments are being managed within the resources approved by the Council. 					
Equality Implications	None					
Data Protection Implications	None					
Consultation	Consultation has been undertaken with Portfolio Holder. The budget holders and finance business partners discuss the financial performance against budgets at regular monitoring meetings. Key budget variances are discussed with Portfolio Holders.					
Options	The Outturn report is a formal record of the financial budget monitoring process of the Council. The requests					

	for changes to the 2019/20 budget are subject to approval by the Cabinet.
Background Papers	Variances by cost centre
Appendices	Appendix A Financial Outturn Q1 Appendix B – Variances over £25,000
Recommendation	<p>2.1 To note the <u>net</u> expenditure against the budget for the quarter to 30th June 2019 is £104k underspent as shown in Appendix A.</p> <p>2.2 To note variances over £25k detailed in Appendix B.</p> <p>2.3 To approve the additional budget of £32k for Church Street Christmas lights to be funded from the Market Harborough Special Expenses Reserve</p> <p>2.4 To note the possible contribution up to £30k towards the successful bid by East Midlands Rail for cycling facilities at Market Harborough Station which if required can be funded from the corporate contingency</p> <p>2.5 To approve additional income of £483k from the Business Rate Pilot expected receipts, £90k to be offset against expenditure over the next two years and £393k to be used on additions to the budget</p> <p>2.6 To note the re-phasing of the capital programme exercise to align the capital programme to changing circumstances.</p>

1. Introduction

1.1 Each year the Council sets its budget in the February for the following financial year. Financial performance is then reported on a quarterly basis to the Cabinet.

2. Key Facts

2.1 Financial Position to 30th June 2019.

2.1.1 The Council's 2019/20 revised budget requirement is £12.300m, this is shown in **Appendix A**, attached.

Appendix A shows the financial position at the first quarter, to 30th June 2019. Overall this is forecasting a projected underspend of £104k (0.8%) of the approved net budget at the end of the year.

- 2.1.2 This is a prudent estimate as there are three quarters of spend and activity remaining in the year. The net cost of services budget also includes the assumption that the corporate contingency of £116k will be fully allocated.
- 2.1.3 At this stage in the financial year there are no significant demand led budget pressures identified although this may change as the year progresses.
- 2.1.4 The Council continues to exercise tight budget management with no significant adverse spend projections that can not be met within approved budgets. In the first quarter of the year the Council through staff turnover and vacancy management is forecasting a £107k saving on the total employee budget of £8.858 million.
- 2.1.5 An additional £30k has been included in the budget for the provision of Christmas lights in Market Harborough and this will be met through the Market Harborough special expenses reserve.
- 2.1.6 **Appendix B** shows variances above £25k.
- 2.1.7 The Council is projected to receive an additional £483k from the 75% Business Rates Retention Pilot which was not factored into the original budget. It is recommended that this is included and allocated over the next 2 years and later as follows:

Scheme	£000s
<u>Current Budgets offset 2019/20</u>	
Managing Homelessness demand	40
Market Harborough and Lutterworth masterplans	50
	90
<u>Additional Budget requirement 2019/20</u>	
Increase Communications capacity	20
Electric Car infrastructure	25
Invest in Market Harborough feasibility studies	50
Market Harborough and Lutterworth masterplans	20
Market Towns - public realm space	10
	125
<u>2020/21 Budget and later</u>	
Managing Homelessness demand	40
Smarter Services	89
Increase Communications capacity	20
Electric Car infrastructure	25
Invest in Market Harborough feasibility studies	50
Market Harborough and Lutterworth masterplans	30
Market Towns - public realm space	14
	268
Total	483

- 2.1.8 The Medium Term Financial Strategy assumes that any surplus generated in 2019/20 will be transferred to the Council's General Fund Balance to assist with future years Medium Term Financial Strategy Challenges.
- 2.1.9 For this report the detailed cost centre breakdown has been omitted with the agreement of the Cabinet. This is because it is early in the year. The analysis will be included from Quarter 3.
- 2.2 Capital Budget
- 2.2.1 The Council approved a capital programme in February 2019 of £17.620m. On 1st July 2019 the Cabinet approved capital carry forwards of £886k.
- 2.2.2 The Head of Finance has asked for the capital programme to be reviewed and re-profiled in the light of current circumstances and the results of this review will be reported in Quarter 2 if possible. This may also have an impact on the revenue budget.
- 2.2.3 Cabinet should note £246k of unbudgeted capital receipts were received in the period.