

HARBOROUGH DISTRICT COUNCIL

REPORT TO THE CABINET MEETING OF 2nd December 2019

PUBLIC REPORT: Y

EXEMPT REPORT: N

<b>Report Title</b>	2019/20 Revenue and Capital Monitoring – Quarter 2					
<b>KEY DECISION</b>	Y					
<b>Report Author</b>	Carolyn Bland					
<b>Purpose of Report</b>	<ul style="list-style-type: none"> <li>To provide Cabinet with a forecast outturn position based upon the period 1 April to 30 September 2019.</li> </ul>					
<b>Reason for Decision</b>	<ul style="list-style-type: none"> <li>The Council's financial performance up to 30 September 2019 together with known commitments for the remainder of the financial year indicates that the Net Expenditure/Budget requirement is forecast to outturn £12.324 million under the approved net budget of £12.783 million</li> </ul>					
<b>Portfolio (holder)</b>	Councillor James Hallam; Finance					
<b>Corporate Priorities</b>	<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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CO 10	Deliver Financial Sustainability for the future					
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>The Outturn report summarises all the financial resources of the Council.</li> </ul>					
<b>Risk Management Implications</b>	<ul style="list-style-type: none"> <li>It is important to monitor the position against budget regularly in order to ensure any issues can be addressed appropriately.</li> </ul>					
<b>Environmental Implications</b>	<ul style="list-style-type: none"> <li>None</li> </ul>					
<b>Legal Implications</b>	<ul style="list-style-type: none"> <li>The Council is required to set and manage a legal balanced budget. The Quarter 2 monitoring indicates that the Council financial commitments are being managed within the resources approved by the Council.</li> </ul>					
<b>Equality Implications</b>	None					
<b>Data Protection Implications</b>	None					
<b>Consultation</b>	<p>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.</p>					
<b>Options</b>	<p>The Outturn report is a formal record of the financial budget monitoring process of the Council. The requests</p>					

	for changes to the 2019/20 budget are subject to approval by the Cabinet.
<b>Background Papers</b>	Variances by cost centre
<b>Appendices</b>	Appendix A Financial Outturn Q2 Appendix B – Variances over £25,000
<b>Recommendation</b>	<p><b>2.1 To note the variance on <u>net</u> direct cost of services against the budget for the quarter to 30 September 2019 is £194k underspent as shown in Appendix A.</b></p> <p><b>2.2 To note variances over £25k detailed in Appendix B.</b></p> <p><b>2.3 To note the actual expenditure to 30<sup>th</sup> September 2019 against the 2019/20 Capital Programme as shown on Appendix C.</b></p> <p><b>2.4 To note the slippage of Capital Expenditure of £9,785,000 as outlined in Appendix C.</b></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 30 September 2019.

- 2.1.1 The Council's 2019/20 revised budget requirement is £12.783m, this is shown in **Appendix A**, attached.

**Appendix A** shows the financial position at the first quarter, to 30 September 2019. The variance on Net Direct Cost of Services is £194k (1.5%) of the approved net budget.

- 2.1.2 This is a prudent estimate as there are half of spend and activity remaining in the year. The net cost of services budget also includes the assumption that all corporate contingencies 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. At the half year point the Council through staff turnover and vacancy management is forecasting a £141k saving on the total employee budget of £9 million.
- 2.1.5 **Appendix B** shows variances above £25k.
- 2.1.6 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.
- 2.1.7 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 At the end of Quarter 2 capital slippage of £9.785m has been identified (Appendix C).