



PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) ANTON HODGE
TITLE OF REPORT:	REVENUE BUDGET MONITORING – Q2
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The revenue budget was approved by Council on 22 February 2018, this report and associated appendices present the financial performance as at 30 September 2018 against the budget.

2.0 RECOMMENDATION

- 2.1 It is recommended that:
- i) Policy and Resources committee endorse the actions of officers and note the contents of the report;

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 To ensure that budget exceptions are brought to the attention of the Policy and Resources Committee in order to approve remedial action where necessary.

4.0 POLICY CONTEXT AND CONSULTATION

- 4.1 The financial position and performance against budget is fundamental to delivery of the Council's Plan, achieving value for money and ensuring financial stability.

REPORT

5.0 REPORT DETAILS

5.1 Summary

At the end of quarter 2, the General Fund is indicating an outturn surplus of £1,140k. There are a number of variances (positive & negative) which make up this surplus including:

- shortfall on some income streams such as car parking and market rents, offset by
- expected NNDR collection fund surpluses,
- Employee costs underspend,
- Higher Investment income,
- un-committed contingencies

Planned savings and efficiencies of £436k for the year, identified as part of the 2018/19 budget setting process have already been built into the base budgets and are reflected in the numbers below, and therefore any forecast surplus is after the budget has been reduced by this amount.

The table below sets out the summary position, with details of forecast variances included in **Appendix A**.

General Fund Account – Q2 2018/19	Budget £000's	Forecast £000's	Variance £000's
Net Revenue Budget	6,067	5,449	(618)
Settlement Funding RSG/NDR	(1,719)	(1,719)	(0)
Amount to be met from Council Tax	4,348	3,730	(618)
Council Tax	(4,118)	(4,118)	0
Collection Fund Surpluses	(230)	(752)	(522)
Net Revenue Budget (Surplus) / Deficit	0	(1,140)	(1,140)

5.2 The main forecasted variances are:

Expenditure

- Employee related costs are currently forecast to be underspent by a net £123k. This is primarily due to a number of vacancies being carried across services, which is partially offset by cost relating to agency and contracted staff employed to back-fill vacant posts. As these vacancies are filled, we can expect the salaries underspend to increase.
- Supplies and Services are forecast to underspend by £129k, which includes part year savings of £40k resulting from the insurance re-tender, LDF consultants as this is not an inspection year (£50k) and delays in expected cost pressures arising from the Waste Transfer station, which is now expected in 19/20 (£38k).
- Vehicles and Transport related costs are due to underspend following delays in replacement Waste collection vehicles being brought into use (£60k), and employee travel allowance costs of (£24k).

- Reactive property maintenance costs are on track to underspend by around (£50k) based on current known commitments.
- There are currently no cost pressures identified requiring use of contingency provisions (£109k)

Income

- Forecast shares from the NNDR pool suggest a surplus of £522k against budget set.
- Within fees & charges, based on current trend, a shortfall in car parking income is forecast (£109k), and (£20k) against market rents, although steps are being taken to improve market occupancy. This is partially mitigated by a potential surplus within Planning income (£50k), and other smaller surpluses in HIA grant (£18k) which is linked to the forecast capital spend and Lifeline income (£12k)
- Income from Housing Benefit overpayments is expected to exceed budget by (£50k) as expected impact of Universal credit has not yet been seen.
- Investment income is set to exceed budget by (£81k) as a result of improved rates following base rate increases and cash balances.

5.3 The figures above and in the appendix do not at this stage take into account any one-off and recurrent spend incurred through a series of systemic “health checks”, which have been commissioned by the Chief Executive. These areas include:

- Health and Safety
- IT and Data Management
- Customer Services
- Programmes and Performance
- Legal services
- Assets

5.4 An organisational development programme – which includes access to new learning and development pathways - has also been commissioned by the Chief Executive to support workforce development. The costs of this programme will be incorporated within the Quarter 3 forecast.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
Included in the body of the report
- b) Legal
There are no legal implications identified as part of this report
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
Not applicable

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Background Papers:
None

Background Papers are available for inspection at:
N/A