



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	6 FEBRUARY 2020
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) ANTON HODGE
TITLE OF REPORT:	BUDGET MONITORING – Q3 2019/20
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The revenue budget for 2019-20 was approved by Council on 22 February 2019, this report and associated appendices present the financial performance as at 31st December 2019 against the budget.

2.0 RECOMMENDATION

- 2.1 It is recommended that Council notes 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. The information will also be passed to Full Council to ensure that all Members are aware of the current financial position.

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

General Fund (Appendix A)

At the end of the second quarter, the General Fund forecast presents an outturn surplus of £2k. As we are still only part way through the financial year, there are a number of year to date variances (positive and negative) which make the year to date surplus position of £1579k, but this is primarily in relation to timing of payments and income versus profiled budget.

Capital (Appendix B)

As capital plans continue to be reviewed for the financial year, the programme will be updated to reflect the latest position. At the end of Quarter 3, there is an anticipated underspend on the capital programme of £336k, which reflects additional costs in relation to Property condition works (£61k) offset by expected re-profile in IT Infrastructure strategy £61k, and £340K being de-committed for Milton Rooms preservation works.

Savings (Appendix C)

Planned savings and efficiencies of £528k for the year, identified as part of the 2019/20 budget setting process have already been built into the base budgets and are reflected in the numbers below and appendix A. Most of these came about following the review of budgets to ensure that they more realistically reflected expected costs and had no impact on service. Delivery of planned savings are expected to exceed target by £36k, this is due to investment income exceeding target by £46k, offset by removal of Audit Fee savings, as a result of increased scope of services. Rycare status has been changed to 'Red' as Q3 forecasts suggest income may fall short by around £8k.

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

General Fund Account – Q3 2019/20	Budget	Forecast	Variance
	£000's	£000's	£000's
Net Revenue Budget	8,208	8,212	4
Settlement Funding RSG/NDR	(3,937)	(3,943)	(6)
Amount to be met from Council Tax	4,271	4,269	(2)
Council Tax	(4,271)	(4,271)	0
Collection Fund Surpluses	0	0	0
Net Revenue Budget (Surplus) / Deficit	0	(2)	(2)

5.2 The main variances are:

Expenditure

- **All Employee-related costs (excluding consultants)** Current estimates show that an overspend of £268k is expected by the end of the financial year. Overspends forecast in Frontline and management services due to a requirement

- for backfilling key requirements e.g. in mechanical support. Generally services are running with small underspends due to turnover and short-term vacancies.
- **Supplies and Services** – A net underspend of £80k is expected against supplies and services, made up from the following; One-off savings of £66k expected in waste disposal services as a result of the delays to the Waste Transfer Station, offset by expected increase in gate fees £50k once operational. In addition one-off overspends of £17k to carry out essential Northgate server migration work, and new Members equipment £8k. An on-going £7k agreed external audit fees, £8k new car park transaction fees. An on-going saving of £8k is expected due to a reduction in court fees for Council Tax cases. Election costs were £17k less than budgeted, although this saving will be off-set by a reduced drawdown from reserves. The remainder a primarily expected one-off in year underspends.
 - **Vehicles and Transport** – An underspend of £39k is estimated against vehicles and transport related costs. Forecast overspend due to waste vehicle hire requirements following reassessment of fleet £30K, this is offset by underspend in lease cost of £50k. £20k overspend expected due to increase in external repair costs due to mechanic vacancy. Underspends of £16k are expected across Officer mileage expenses.
 - **Premises related** – An overspend of £87k is expected, which is related to the move to the new Waste Transfer Station. Costs of £75k have been quoted for required repairs to the old site upon vacating the premises, along with costs of £23k to extend the lease pending the transfer.
 - **Additional Capacity and Support** – this underspend is related to funds set aside for potential staff costs.

Income

- **Shares from the NNDR** pool will be reviewed once year end projections have been received from the Pool authorities.
- **Within fees & charges**, car park income is expected to exceed target by £25k based on year to date trend, along with licence income £11k and rent on investment properties exceeding budget by £15k. This is offset by several areas where income is expected to fall short, including Quarry bank due to closure of site £10k, Land Charges £15k due to losing business to private companies, Travellers site £7k due to under occupancy, Markets £10k, Pest control £9k and Rycare £9k.
- **Income from Housing Benefit** - DWP make initial payments on estimates. A more reliable forecast can be estimated once mid-year returns have been completed.
- **Waste Collection & Recycling** – Surplus estimated as a result of current recycling resale rates (£51k), and recycling reimbursement (£14k) This will cease once new transfer station is operational. Partially offset by Commercial Waste collection and disposal income.

5.3 Capital Programme

At the end of Quarter 3, although limited progress has been made on in year plans,

and it is likely there will be significant slippage on the timing of programme delivery, an underspend of £336k has been identified against the approved budget. The timing of this is expected to extend into 2020/21. The 2019/20 programme includes £2.97m carry forward due to slippage in 2018/19 and £191k approved for the purchase of the Railway Tavern. Budgets for Ryedale Hub (£2.234m) and Milton Rooms (£96k) have been re-forecast to 2020/21, giving a revised budget of £3.829m for the year. Further details can be found at Appendix B.

Capital Programme – 2019/20	Budget	Actual	Forecast	Variance
	£000's	£000's	£000's	£000's
Asset Management	1,216	216	1,220	4
Housing	1,262	608	1,262	0
Other Schemes	1,351	0	1,011	(340)
Total Programme	3,829	824	6,371	(336)

6.0 IMPLICATIONS

6.1 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
None to report, although in any report to Committee and Council, it will be noted that any proposals which may impact on Equalities, Staffing, Planning, Health & Safety, Climate Change, Environmental, Crime & Disorder will be assessed as part of the budget process.

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Background Papers:
None

Background Papers are available for inspection at:
N/A