

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 21 January 2020

TITLE	2019/20 Period 8 Forecast Outturn Report		
Ward(s)	n/a		
Author:	Tian Ze Hao	Job title:	Senior Finance Business Partner
Cabinet lead:	Cllr Craig Cheney	Statutory Officer lead:	Denise Murray
Proposal origin: Other			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
<p>Purpose of Report: This report provides the update on the Council's financial performance and forecast use of resources for the financial year 2019/20 at Period 8. The Council's budget for 2019/20 was agreed by Council on 26th February 2019 and this report focuses on the forecast position against the latest budget.</p> <p>The Council operates Directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending within the directorate's overall budget limit. Budget holders forecasting a risk of overspend should in the first instance set out in-service options for mitigation. Where these are considered undeliverable or pressures cannot be contained across the directorate the budget scrutiny process will be triggered and a request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source.</p> <p>As we are heading into the end of the third quarter, reported risk on overspend will likely to trigger request for supplementary estimates for areas such as Adults, Education and Facility Management. However at this stage mitigations continue to be explored within the service and across the directorate (as demonstrated within Resources) with a range of management actions being explored. This position and proposed mitigations will continue to be closely monitored and reported.</p>			
Evidence Base:			
<p>The Council's overall annual revenue spend for 2019/20 covers a number of areas:</p> <ul style="list-style-type: none"> The General Fund net budget of £376.3m (with a forecast overspend of £6.5m at P8), providing revenue funding for the majority of the Council services. <p>Ring Fenced Accounts:</p> <ul style="list-style-type: none"> The Housing Revenue Account (HRA) of £160.0m gross spend (£2.1m underspend forecast at P8), is ring-fenced, money received in rent in order to plan and provide services to current and future tenants, and the balanced will be managed through the HRA ring fenced reserves. Dedicated Schools Grant (DSG) is a ring-fenced grant that must be used in support of the schools budget and is managed within the People Directorate. The total DSG budget, including amounts recouped by the Education and Skills Funding Agency for Academies is £357.1m for 2019/20 and this includes accelerated funding of £ 2.407m from 2020/21. The DSG is currently forecasting an £1.0m in year overspend against this approved budget (consists of £0.4m underspend in Early Years and £1.4m overspend in High Needs), this net overspend is proposed to be managed through the ring-fenced reserves. Public Health, a ring-fenced grant of £31.6m (with a forecast variation of £0.1m at P8 to be met from PH reserve), must be spent to support the delivery of the Public Health Outcomes Framework exclusively for all ages and is managed within the People Directorate. 			

Full detail for each of these areas is provided in the main monitoring report, Appendix A.

Capital Programme:

- Revised Capital Programme budget of £180.4m (with a forecast underspend of £22.0m in P8) fully funded through the use of external funding, capital receipts and borrowing.

Recommendations:

That Cabinet to approve,

- Changes to Capital programme budget since P7 (additional £9.5m added in total, please see details listed under Appendix B).
- Further budget alignment of the Capital Programme to the actual forecast, and re-profile the reported underspend of £22m at P8 from 2019/20 to later years.
- Transfer of £0.38m one-off funding from the Mayors savings consultation reserve to the Community budget within Commercialisation and Citizens to offset the impact of savings scheme FP01- Review and reduce spend on service provided by external partners in 2019/20.
- The creation of a specific reserve of £2m for Key Line of Business and System / Project Development from the existing Business Transformation reserve detailed under Section 4 Appendix A, with authority delegated to the Deputy Mayor, Cabinet Member for Finance, Governance and Performance in consultation with the Director of Finance for the allocation of the funds below key decision values to the specific propositions.

That Cabinet note,

- A risk of overspend on General fund services of £6.5m for 19/20 representing 1.7% of the approved budget (Appendix A), supplementary estimates requests will be expected to balance the 2019/20 in-year position.
- The full mitigation of the 2019/20 £0.38m Third Party budget savings impacting on the Community budget within Commercialisation and Citizens will be proposed in the annual 2020/21 budget.
- A forecast £2.1m underspend position with regard to the Housing Revenue Account and any underspend at year-end will be carried forward and built into the future programme.
- A forecasted £1.0m overspend for the Dedicated Schools Grant against approved budget.
- A risk of overspend of £0.1m for Public health, which if materialises will be funded from a drawdown from the PH reserve.
- The Sundry Debt position of £20.5m over 90 days as at Period 8, slightly reduced from £20.9m since P7. Individual directorate detail included under Appendix A1-6.

Corporate Strategy alignment: This report sets out progress against our budget, part of delivering the financial plan described in the Corporate Strategy 2018-23 (p4) and acting in line with our organisational priority to ‘Be responsible financial managers’ (p11).

City Benefits: Cross priority report that covers whole of Council’s business.

Consultation Details: n/a

Revenue Cost	See Above	Source of Revenue Funding	Various
Capital Cost	See Above	Source of Capital Funding	Various
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: The resource and financial implications are set out in the report.

Finance Business Partner: Michael Pilcher (Chief Accountant)

2. Legal Advice: The report, including the detail in Appendix A&B, will assist the Cabinet to monitor the budget position with a view to meeting the Council’s legal obligation to deliver a balanced budget.

Legal Team Leader: Nancy Rollason, Head of Legal Service		
3. Implications on IT: There are no IT implications arising from production of this report.		
IT Team Leader : Simon Oliver, ICT		
4. HR Advice: Expenditure on staffing is monitored on a monthly basis by budget holders. Managers are required to manage expenditure within the agreed staffing budget that has been set for 2019/20.		
HR Partner: Mark Williams, Head of Human Resources		
EDM Sign-off	Denise Murray	13/01/2020
Cabinet Member sign-off	Cllr Cheney	13/01/2020
For Key Decisions - Mayor's Office sign-off	Mayor's Office	13/01/2020

Appendix A – P6 Revenue Budget Monitoring Report	YES
Appendix B – P6 Capital Budget Monitoring Report	YES
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Combined Background papers	NO
Appendix J – Exempt Information	NO
Appendix K – HR advice	NO
Appendix L – ICT	NO