

COMMITTEE: **AUDIT & GOVERNANCE** **REF NO: AG/18/18**
DATE: **11 DECEMBER 2018**
SUBJECT: **FINANCIAL MANAGEMENT AND CONTROL:**
CORPORATE BUDGET MONITORING – 2018/19
QUARTER 2

PORTFOLIO HOLDER: COUNCILLOR M COOK

HEAD OF SERVICE: JOHN CHANCE

This report gives details of the forecast outturn position for 2018/19 on:

1. The General Fund Revenue Budget, General Balances, and the Council's Reserves;
2. The Housing Revenue Account; and
3. The Shared Revenues Partnership;
4. The Capital Programme, for this and future years, together with the resources to fund it, for the General Fund and Housing Revenue Account.

Ward(s) affected: All

List of Appendices included in this report:

1. 2018/19 General Fund budget analysed by Service Area
2. Analysis of General Fund Budget Changes - Q1 (A) and Q2 (B)
3. General Fund Savings Programme 2018/19-2021/22
4. General Fund changes to projected outturn - Q1 (A) and Q2 (B)
5. Housing Revenue Account changes to projected outturn - Q1 (A) and Q2 (B)
6. Strategic Revenues Partnership changes to projected outturn – Q2
7. Capital Programme for 2018/19 and future years
8. Payment Performance
9. Debt Collection: Aged Debt (A) and Debt Raised and Paid (B)
10. Risk Management Summary

The following appendix is to be considered in Part 2 of the agenda as it is likely that if members of the public were present during that item there would be disclosure to them of exempt information:

11. Application for Hardship Relief

This report has been prepared by Tom Minnican, Tel: 01473 433740,

Email: tom.minnican@ipswich.gov.uk

This report was prepared after consultation with:

Corporate Management Team

The following policies form a context to this report:

Building a Better Ipswich 2017

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

None

OTHER HELPFUL PAPERS

(papers which the report author considers might be helpful – this might include published material)

1. Executive Terms of Reference
2. Overview and Scrutiny Terms of Reference
3. Review of Constitution (Committee Ref E/13/86)
4. Financial Strategies & Medium Term Financial Plan 2018/19 onwards (including Budget 2018/19) (Committee Ref C/17/17)
5. Financial Out-turn Report 2017-18 (Committee Ref E/18/02)
6. Financial Management and Control, Corporate Budget Monitoring – 2018/19 Quarter 1 (Committee Ref E/18/22)

Executive Summary

On 21 February 2018, the Council agreed its revenue and capital budgets for the General Fund, the Housing Revenue Account, and the revenue budget for the Shared Revenues Partnership.

At the end of each month, officers prepare financial forecasts for each service showing forecast income and expenditure and the impact this will have on reserves and balances; this report is produced each quarter to ensure that Executive can participate fully in the financial management of the Council's budgets.

It should be noted that the Treasury Management position will no longer form part of this report as it is already reported separately to Audit & Governance Committee (half and full year reports).

This is the Quarter 2 (Q2) report and is summarised below:

Revenue:

1. General Fund:
 - a. That Audit & Governance Committee notes
 - i. the forecast surplus of £1.400m against a net £0.031m budgeted deficit, on a gross budget of approx. £100m (net £20.326m), after movements to reserves (Table 1);
 - ii. that General Balances are forecast to be £9.103m at 31 March 2019, after taking into account the forecast General Fund position (Table 5).
2. Housing Revenue Account:
 - a. That Audit & Governance Committee notes the forecast surplus of £0.735m against the net £0.229m budgeted surplus (Table 8);
3. Shared Revenues Partnership:
 - a. That Audit & Governance Committee notes the forecast surplus of £0.035m against the budgeted breakeven position (Table 9).

Capital:

4. That Audit & Governance Committee notes the position on the 2018/19 and future years' Capital Programme with, for 2018/19, a decrease of £1.7m in the quarter consisting of £0.92m additions, £0.13m of savings and £2.51m of carry forwards to 2019/20 (Table 10).

Executive considered this report on 27 November 2018.

1. Introduction

- 1.1 This report summarises the Council's projected 2018/19 outturn financial position at Quarter 2 (Q2), the end of September 2018.

2. Background

- 2.1 Underpinning the planning framework is the Council's aim of setting a good and balanced budget:

- 2.2 A good budget means that:

- It has a medium term focus, supporting the Ipswich Corporate Plan;
- Resources are focused on the Corporate Plan and our priority outcomes;
- It is not driven by short term fixes;
- It demonstrates how the Council has listened to consultation with local people, employees and our partners;
- It is transparent and well scrutinised;
- It is integrated with the capital programme; and
- It maintains financial stability.

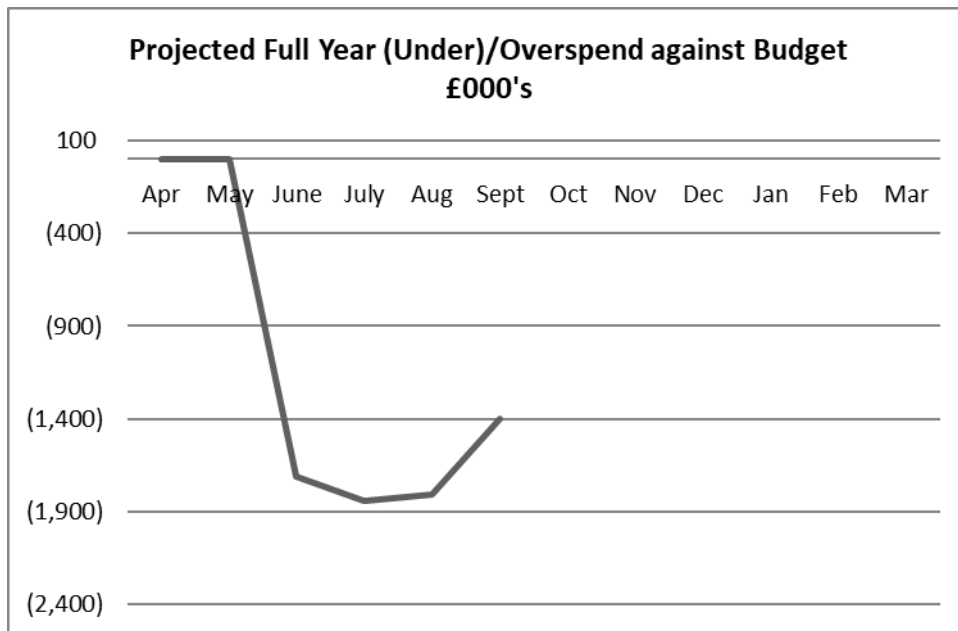
- 2.3 A balanced budget means that:

- Income equals expenditure;
- Cost reduction targets and investment proposals are credible and achievable;
- Key assumptions are "stress tested".

3. 2018/19 General Fund – Summary of forecast financial monitoring position

- 3.1 Through careful budget management, the General Fund is forecast to be within budget at the end of Q2 – on a gross budget of approx. £100m, there is a predicted underspend of £1.400m variance to budget (1.4%), a reduction in the quarter of £0.313m.
- 3.2 Further detail of where this full year variation lies can be found in Section 4 below.
- 3.3 Chart 1 shows the projected year-end position for the General Fund in 2018/19, and how the forecast outturn has changed each month (nb the first re-forecast took place in June, hence the significant movement shown).

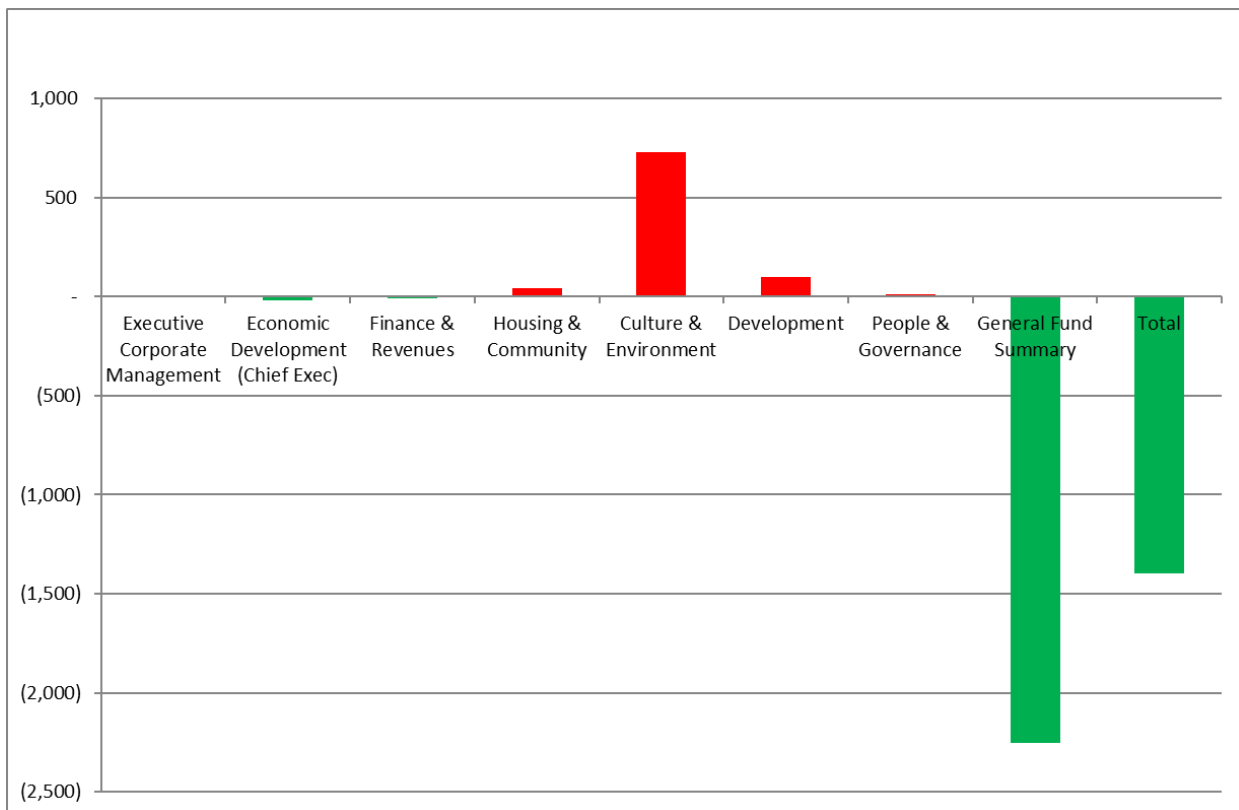
Chart 1: Projected General Fund (Under)/Overspend (£000's)



4. 2018/19 General Fund – revenue outturn: forecast over/underspends

- 4.1 Heads of Service have responsibility for managing their budgets within the amounts approved by the Council. They have been charged with reviewing all of their cost centres to ensure that where an overspend is identified action is taken to ensure that a balanced budget is achieved for the year.
- 4.2 The anticipated year-end position for the General Fund at Q2 is a £1.400m surplus, after addressing known pressures.

Chart 2: Projected Full Year (Under) / Overspend (£000's) at Q2



- 4.3 Details of all projected under/overspends are shown in Appendix 4, and are summarised below:

Table 1: Projected (Under)/Overspend by Service Area (£000's)

	Full Year Original Budget £000's	Full Year Budget £000's	Full Year Forecast £000's	Full year (Under) / Overspend £000's	Change in Q2 £000's
Executive Corporate Management	881	1,069	1,069	-	-
Economic Development (Chief Exec)	370	527	507	(20)	(20)
Finance & Revenues	4,268	4,410	4,403	(7)	25
Housing & Community	2,669	2,596	2,638	42	(228)
Culture & Environment	8,394	8,655	9,383	728	698
Development	(50)	310	407	97	97
People & Governance	3,432	3,856	3,869	13	13
General Fund Summary	(19,933)	(21,392)	(23,645)	(2,253)	(272)
Total	31	31	(1,369)	(1,400)	313

4.4 Appendix 4 provides the detail on the projected net underspend, with the headline figures for the £0.313m change in Q2 explained below:

4.5 Housing & Community –

Overall, Car Park income is forecast to be down on budget by a net £27k at year end. The Council's investment in resources to respond to the requirements of the Homelessness Reduction Act has been supplemented by a series of one off government grants for 2018/19 resulting in a one off surplus in this budget. The service has considered whether it needs any additional resource in the short term to make use of this surplus but considers it unlikely that this will be necessary, resulting in one off £275k benefit to the budget.

Culture & Environment – As previously reported, sport and leisure income continues to be below that budgeted. The number of members to our subscription schemes remains broadly in line with expectations, but income from members continues to reduce. Other sports income is broadly similar to previous years. Income is down by £0.418m, but reduced costs of £0.046m have reduced the net shortfall to £0.352m. Measures to increase income in the final quarter will be implemented during December 2018, which will have a minimal impact on this financial year.

4.6 Vehicle costs in Parks & Cemeteries are forecast to be above budget by £116k and in Waste by £180k. The cumulative forecast for vehicle costs in these two service areas is an overspend on budget by £296k, however the year end forecast for total cost of vehicle maintenance will be similar to the previous year. Unlike last year however, the cost is unlikely to be mitigated by an underspend within these Operations Areas. In 2017/18 there was an underspend on vehicle leasing costs in these areas that compensated for the increased maintenance costs. The vehicle leasing budgets have been corrected for 2018/19 and so will not create an underspend that can be used to offset maintenance pressures.

4.7 Development

Corporate Property Income is forecast to be £110k down on budget, due to the lack of a tenant in one of our prime properties.

4.8 General Fund Summary

The business rates pool levy was lower than anticipated (£136k), plus £78k of the Pay Contingency, established as part of the 2018/19 Medium Term Financial Plan, is not required in 2018/19 (but is needed in future years).

5. 2018/19 General Fund - agreed budget, changes and variations

5.1 The 2018/19 budget as agreed by Council on 21 February 2018 is summarised in [Appendix 1](#) and is made up of:

- a Net Expenditure budget of £20.326m, comprising net service expenditure of £19.964m (including service expenditure and income such as Fees & Charges and specific grants) and a net spend of £0.362m (including debt charges, investment income, savings targets);
- Non-Service Income – a General Fund Summary of £20.295m, mainly Government's general grants, such as RSG and Business Rates, Council Tax;

5.2 Any difference between the two is either an addition to balances (when income is greater than expenditure), or a use of balances (where expenditure is greater than income). There was a budgeted £0.031m use of balances in the 2018/19 Medium Term Financial Plan.

5.3 Since the budget was agreed by Council there have been the following changes:

Table 2: 2018/19 original and revised net service budget (£000's)

	Original Budget	Q1 Movement	Q2 Movement	Budget at end Q2
Executive Corporate Management	881	23	165	1,069
Economic Development (Chief Exec)	370	166	(9)	527
Finance & Revenues	4,268	60	82	4,410
Housing & Community	2,669	147	(220)	2,596
Culture & Environment	8,394	217	44	8,655
Development	(50)	406	(46)	310
People & Governance	3,432	395	29	3,856
Services Total	19,964	1,414	45	21,423
General Fund Summary	(19,933)	(1,414)	(45)	(21,392)
Use of/(Transfer to) Balances	31	-	-	31

5.4 The Q2 budget changes are detailed in full in Appendix 2 and are technical budget movements that don't affect the overall bottom line. In the quarter there is 1 budget change within services with an individual value above £100k, relating to savings identified against Transitional Vacancy targets where £341k has been moved from service budgets to the Transitional Vacancy Target budget. ;

6. 2018/19 General Fund – savings

6.1 In Q2 further progress has been made against the overall Big Ticket target in 2018/19, with over 50% of the 2018/19 target achieved. This is summarised in Table 3 below:

Table 3: Progress on delivering the Big Ticket savings 2018/19 £000's

	Opening Target	Q1 Savings	Q2 Savings	Outstanding Target
Customer Access Strategy	100	-	(5)	95
Procurement	250	-	-	250
Property Investments & Rental Income	50	-	-	50
Vol Severance & Vol Redundancy	50	(35)	-	15
Investment Strategy	-	(63)	-	(63)
Zero Based Budgeting	150	(203)	(19)	(72)
Income Generation	150	(69)	(31)	50
	<u>750</u>	<u>(370)</u>	<u>(55)</u>	<u>325</u>

6.2 The savings delivered against the current Big Ticket targets from 2018/19 to 2021/22 are detailed at Appendix 3.

6.3 Big Ticket Savings identified in Q2 comprise of;

- Zero Based Budgeting - £19k Museum utility costs
- Income Generation - £11k HEARS (base), £20k licensing income (£11k base)

6.4 In addition, Customer Access Strategy savings have been identified from 2020/21 resulting from a performance improvement project within Housing Advice.

6.5 It is anticipated that further savings will be delivered in the coming months as work continues to take place to realise savings, particularly around Customer Access, with a number of specific projects currently being worked up and Procurement, and additional income to be achieved.

6.6 The Big Ticket savings targets take into account the complexities in identifying and recording savings relating to procurement efficiencies and improved income generation. Work is underway to upgrade the current finance system and looking at ways in which an improved system can support identifying and delivering savings opportunities in these areas.

7. 2018/19 General Fund – General Balances and Contingencies

General Balances

- 7.1 On 21 February 2018, Council agreed the recommendation from the Section 151 Officer that a minimum level of General Balances of £2.000m be held in 2018/19. The following table sets out the plan agreed at Council for this year:

Table 4: General balances agreed by Council

	£m
General Balances 21 Feb 2018 – Budget Assumption	7.259
Planned use 2018/19	(0.031)
Forecast General Balances at 31 March 2019	7.228

- 7.2 The Council had planned to use only £0.031m of balances in 2018/19, the projected underspend of £1.400m reported in Section 4 means that instead, the Council is forecasting to add £1.369m to balances. In addition, the 2017/18 financial out-turn report (E/18/02) identified a net £0.475m increase in the General Balance, which gives a current forecast General Balance of £9.142m at 31 March 2019:

Table 5: Forecast General balances

	£m	
Forecast General Balances from Table 5 above		7.228
Added to General Balances from 2017/18 underspend	3.881	
Balance carried forward to be spent in 2018/19	(3.406)	
Net increase in General Balances		0.475
Revised forecast General Balances at 31 March 2019		7.703
Projected under/(over)spend in year 2018/19		1.400
Current forecast General Balances at 31 March 2019		9.103

General Service Contingency

- 7.3 The General Service Contingency provides potential funding for budget pressures outside the service groups' control and thereby reduces the pressure on the Additional Commitments Contingency and is administered by CMT.
- 7.4 Table 6 below shows the opening balance together with the transfers to/(from) the contingency in Q2:

Table 6: General Service Contingency balance

2018/19 Opening Balance £000's	Net transfers to / (from) Contingency £000's				Balance at Q2 £000's
	Q1	Q2	Q3	Q4	
789	(18)	(436)	-	-	335

7.5 The Q2 movements consist of:

Transfers Out:

- £20k contribution to the Suffolk Office of Data and Analytics
- £20k to fund an external review of recharge methodology
- £5k for staff welfare
- £36k contribution to SCC for County Lines and Gangs work in Suffolk (SCC Positive activities / Alter Ego training, 2 year programmes)
- £82k to fund community work in Priory Heath
- £100k for the Summer iCard promotion
- £15k for transformation work within Finance
- £17k for temp ICT security advisor post
- £91k to cover the support to the Market for April to October
- £50k to cover increased parks patrol staff over the summer due to anti-social behaviour in the town

Additional Commitments Contingency

7.6 There are two requests for Supplementary Estimates this quarter, totalling £16k:

- A further £10k to cover the loss of business rate revaluation relief at the Museum (base impact) - £16k was approved Q1
- £6k to cover the loss of business rate revaluation relief at Whitton Sports Centre (base impact)

7.7 In addition, a supplementary estimate was approved in Q1 for the support to the Market during the Cornhill works (£39k), this is now being funded from the General Service Contingency (para 7.5) so the previously allocated £39k is returned to the Additional Commitments budget.

Earmarked reserves levels and forecasts

7.8 A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

7.9 The General Fund reserves are detailed in Table 7 below. The plan for 2018/19 deliberately minimises usage in the light of heightened future uncertainty.

Table 7: budget and forecast reserves £000's

	Estimated position @ April 2017 (per MTFP Feb 2018) £000's	Actual position @ April 2018 £000's	Actual Transfers to / from(-) £000's	Further Planned Movement £000's	Forecast March 2019 £000's
Business Rates Reserve	1,640	3,106	(80)	-	3,026
Revenue Grants Reserve	739	614	10	-	624
Service Based Reserves	1,878	1,908	-	(90)	1,818
Repair & Renewal	500	445	1	21	467
Insurance Reserve	988	1,003	-	(48)	955
S106 Reserve	640	640	-	(155)	485
Other Reserves	342	342	-	-	342
	6,727	8,058	(69)	(272)	7,717

7.10 In the quarter, £80k has been transferred from the Business Rates Reserve to fund further community spend in Priory Heath, plus an additional planned movement of £48k from the insurance reserve to cover vehicle repair costs following an accident. The rest of the 'Further Planned Movement' above represents what was agreed as part of the Medium Term Financial Plan on 21 February 2018 (C/17/17), adjusted for the reversal of the planned drawdown of the Business Rates Reserve as reported in the Q1 report.

Nb Table 7 above only shows revenue reserves so does not include those elements of reserves shown in the MTFP relating to capital. Therefore, numbers will differ between the two documents.

8. 2018/19 Housing Revenue Account - Financial Performance

8.1 The anticipated year-end position for the Housing Revenue Account at Q2 is a £0.735m surplus, which represents no change in the quarter:

Table 8: HRA projected year end £000's

	Full Year Budget £000's	Full Year Forecast £000's	Full year (Under) / Overspend £000's	Change in Q2 £000's
Housing Revenue Account	(229)	(735)	(506)	-

8.2 Details of all projected under and overspends are shown in Appendix 5.

9. 2018/19 Shared Revenues Partnership - Financial Performance

9.1 The anticipated year-end position of the Shared Revenues Partnership at Q2 is a surplus of £35k, which has been identified within the quarter:

Table 9: SRP projected year end £000's

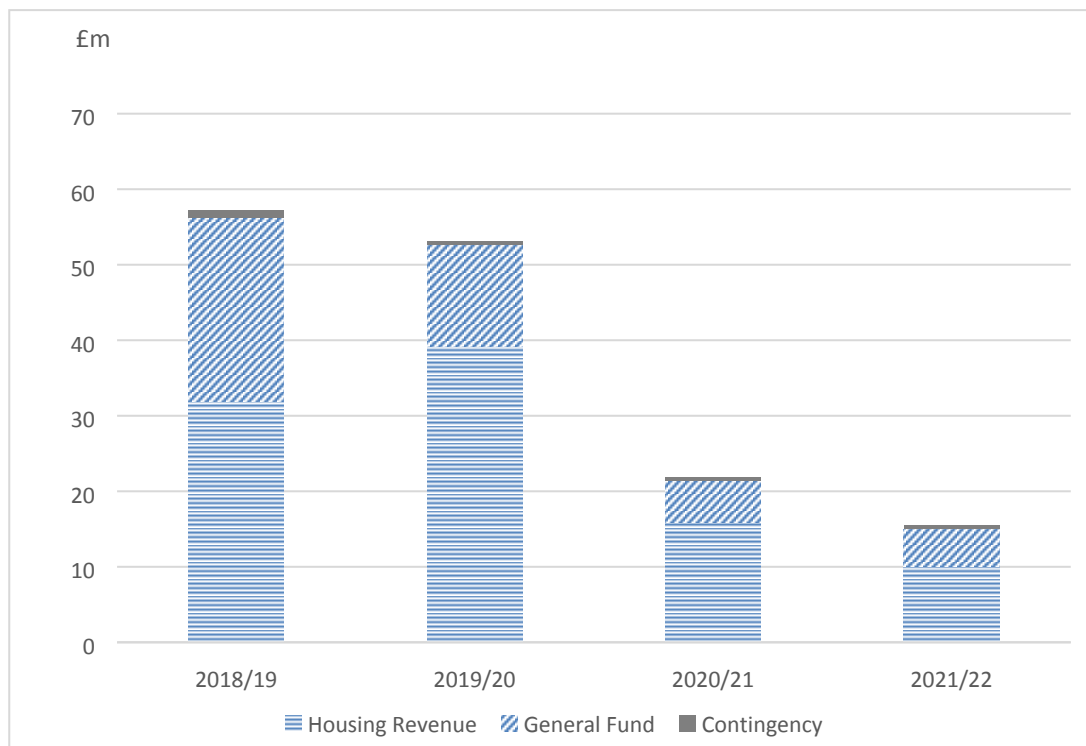
	Full Year Budget £000's	Full Year Forecast £000's	Full year (Under) / Overspend £000's	Change in Q2 £000's
Shared Revenues Partnership	-	(35)	(35)	(35)

9.2 Details of all projected under and overspends are shown in Appendix 6.

10. Capital Programme - Approved 2018/19 and future years

10.1 The Capital Programme for 2018/19 and future years' forms part of the Medium Term Financial Plan which was approved by Council on 21 February 2018. This is shown in Chart 4 below:

Chart 4: Original Capital Programme 2018-22



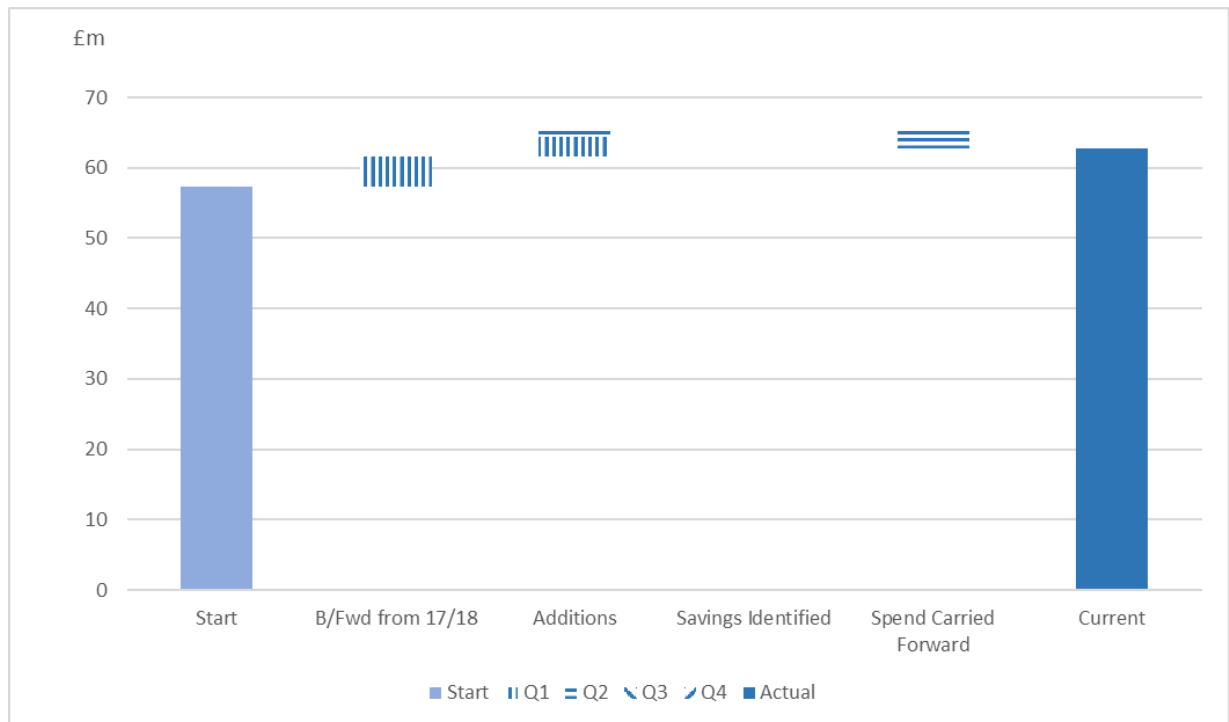
- 10.2 Changes to the 2018/19 capital programme during Q2 result in a net c. £1.72m decrease in forecast spend in 2018/19 compared to budget as shown in Table 10 and Chart 5 below.
- 10.3 The £1.72m decrease is made up of £0.92m new additions detailed in Table 12 at paragraph 10.6, savings of £0.13m and £2.51m of carry forward into 2019/20 identified by Project Managers.

Table 10: Changes to 2018/19 Capital Programme

Changes to Capital Programme £m	Q1	Q2
Original Budget	57.28	
Plus B/Fwd	<u>4.40</u>	
	61.68	
New Additions	2.73	0.92
Less Savings Identified	0.00	-0.13
Less Spend C/Fwd	<u>0.00</u>	<u>-2.51</u>
Forecast Spend at end of Quarter	64.41	62.69

- 10.4 Chart 5 shows the total change to the capital programme, broken down by quarter:

Chart 5: Changes to 2018/19 Capital Programme



10.5 A summary of the 2018/19 position at Q2, is set out in Table 11 below, with more detail at Appendix 7:

Table 11: Split of 2018/19 Capital Programme (£m)

Scheme	Original Programme	Q1 Position	Q2 Position
HRA Programme	31.950	34.069	33.053
GF Programme	25.333	29.042	28.341
Total	57.283	63.111	61.394
Loans to Companies	0.000	1.300	1.300
Total Programme	57.283	64.411	62.694

10.6 As shown in Table 10 above, £0.92m has been added to the 2018/19 capital programme in Q2. These additions are detailed in Table 12 below:-

Table 12: Increases in 2018/19 Capital Programme Q2 (£m)

Scheme	Type of addition	Amount £m
Sidegate Lane Temporary Accommodation Tender	Executive report E/18/25 (4 th Sept 2018, The capital allocation for this scheme be increased by £600k)	0.60
Priory Heath Improvements **	Revenue contribution to capital outlay	0.03
Appointment of Contractor to the Agresso Improvement Project	Executive report E/18/24 (4 th Sept 2018, The additional £20k funded from the invest to save reserve to account for the full cost of the winning bid)	0.02
Electrical Sub-mains work (IBC flats)	HRA Revenue contribution to capital outlay	0.27
Total		0.92

** £0.03m has also been added to the Capital Programme for 2019/20 and 2020/21

10.7 Savings of £0.08m and £.05m have been identified by the respective project managers on Car Park ticket machines and Mechanical Sweeping.

10.8 Executive is asked to approve the following allocations from the Capital Contingency – additional commitments budget:

- £0.050m - Cornhill Project to cover project contingencies
- £0.440m - Crown Car Park to cover additional costs
- £0.007m – Electronic Document Storage – saving offered up in previous year, but subsequent additional spend

11. Capital Programme - Actual Spend and Progress

- 11.1 Total expenditure on the 2018/19 capital programme to the end of September was £9.138m (of which £0.3m related to loans to council companies). By comparison, the Council had spent £12.393m by the end of September 2017.
- 11.2 Capital projects by their nature do not lend themselves to evenly profiled expenditure. A number of reasons may result in higher expenditure during certain parts of the year. In particular, major construction and infrastructure projects would expect to incur greater expenditure during the summer and autumn. There may be other reasons for delays in projects such as difficulties in obtaining planning permission.
- 11.3 Current indications are that spend will be profiled evenly across the year from October onwards. Project managers have been asked to provide more accurate profiles and these will be reflected in later reports.

12. 2018/19 Payment performance, debt collection and VAT

- 12.1 Payment Performance – detailed at [Appendix 8](#)
- 12.2 Debt Collection – detailed at [Appendix 9](#)
- 12.3 VAT rules and regulations are subject to revision by central government that could adversely affect the Council's partial exemption limit. For example, a recent VAT ruling on sports centres has led to a review of the calculation.

13. Risk Management

- 13.1 The table setting out the risks is at [Appendix 10](#). The overall level of risk is acceptable.

14. Environmental Impact Assessment

- 14.1 These are identified on a scheme-by-scheme basis.

15. Equalities and Diversity Implications

- 15.1 The primary objective of this report is to monitor service area performance against allocated budgets and to consider variances to the budget figure in the light of current circumstances. A screening of the proposed recommendations indicates that the recommendations are neutral in terms of their likely impact on people with protected characteristics.
- 15.2 Careful budgetary control throughout the year ensures that resources are applied as planned, fulfilling the goals and aims of "Building a Better Ipswich". Budgetary control is applied in a consistent manner across all budget heads, and individual decisions to be taken during the financial year are reviewed for impact on a case by case basis before they are taken, so that any identified impact can be considered and taken into account at the appropriate time.

16. Legal Considerations

- 16.1 Heads of Service are required by Financial Standing Orders to undertake a proper review of their Service Group's financial position in order to complete a Monthly Monitoring Return, which includes a certification that each Head of Service has reviewed their service group budgets and have identified any variances. These reports contribute to the Council's primary evidence of proper financial control.
- 16.2 This report has been based upon analysis of the month 3 monthly monitoring returns, completed by Heads of Service, in conjunction with Operational/Project Managers, advised by their Business Support/Capital Accountant.
- 16.3 As part of its terms of reference, Executive is responsible for the management of the Council's resources. Audit & Governance Committee assists with the process by also giving consideration to budget monitoring reports and identifying appropriate action.
- 16.4 The Local Government Act 2003 places duties on the Chief Financial Officer and the Council to carry out robust budget monitoring.
- 16.5 This report is presented to facilitate the discharge of these responsibilities.

17. Financial Considerations – Hardship Application

- 17.1 The Council has, at its discretion, power to grant rate relief in respect of any Non-Domestic Rate assessment within the borough.
- 17.2 This report requests the Council to consider an application for relief from Non-Domestic Rates. The details of the application can be found in the exempt Appendix 11.
- 17.3 The granting of relief for this type of application is controlled by Section 49 of the Local Government Finance Act 1998.
- 17.4 Section 49 – LGFA 1988 (Hardship) – Relief can be granted in respect of any assessment, but the Council must be satisfied that, the ratepayer concerned would suffer hardship if relief were not granted, and it is reasonable to grant relief having regard to the interests of the Council Taxpayers of the district.

18. Conclusion

- 18.1 The content of this budget monitoring report is designed to enable Councillors and Senior Officers to see the financial position of the Council as a whole, as required by the Local Government Act 2003.

19. Recommendations

- 19.1 That the Audit and Governance Committee notes the report and makes any observations that they require to be made known to Executive.**

Appendices

Appendix 1 - Approved 2018/19 budget analysed by Service Area

<i>Analysis by service - Net Budget</i>	£
Executive Corporate Management	881,180
Economic Development (Chief Exec)	369,780
Finance & Revenues	4,267,520
Housing & Community	2,668,560
Culture & Environment	8,394,230
Development	- 49,670
People & Governance	3,432,200
Net Service expenditure	19,963,800

Contingencies	802,120
Savings	- 750,000
Capital Financing/Treasury Management	310,210
Net Expenditure	20,326,130

Funded by	
Council Tax/Collection Fund	13,561,350
Government Grants (RSG/BRates)	5,215,000
New Homes Bonus	963,000
Use of Reserves	555,340
Total	20,294,690

Use of General Fund Working Balance	31,440
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Appendix 2

A - General Fund Q1 Budget Changes

	Saving Adj ¹ £000's	Service Tfrs ² £000's	Reserves /Contingencies ³ £000's	Misc ⁴ £000's	Total £000's
Executive Corporate Management	-	-	-	23	23
Economic Development (Chief Exec)	19	-	-	147	166
Finance & Revenues	47	(17)	30	-	60
Housing & Community	76	17	8	46	147
Culture & Environment	49	43	114	11	217
Development	99	(43)	-	350	406
People & Governance	23	-	38	334	395
Services Total	313	-	190	911	1,414
General Fund Summary	(313)	-	(190)	(911)	(1,414)
Use of/(Transfer To) Balances	-	-	-	-	-

1. Savings Adj

Economic Development (Chief Exec)	+£19k Staff Turnover Target reported as part of GF Summary
Finance & Revenues	+£47k Staff Turnover Target reported as part of GF Summary
Housing & Community	+£145k Staff Turnover Target reported as part of GF Summary
	-£69k Big Ticket Saving (income generation)
Culture & Environment	+£49k Staff Turnover Target reported as part of GF Summary
Development	+£134k Staff Turnover Target reported as part of GF Summary, -£35k Big Ticket (Vol Severance/Redundancy)
People & Governance	+£23k Staff Turnover Target reported as part of GF Summary

2. Service Transfers

Finance & Revenues	-£17k Part Funding for Customer Services Assistant (Hsg & Com)
Housing & Community	+£17k Part Funding for Customer Services Assistant (Fin & Rev)
Culture & Environment	+£43k R&M transfers
Development	-£43k R&M transfers

3. Reserves/Contingencies

Finance & Revenues	+£10k Union Secretary costs (General Service Contingency). +£20k Apprentice Levy (from Additional Commitments)
Housing & Community	+£8k Customer Services Assistant (General Service Contingency)
Culture & Environment	+£14k Rest Centre Payments/Training and £100k growth allocation for Events (£25k) and Street Cleansing (£75k) as approved in the 2018/19 MTFP
People & Governance	+£25k growth allocation for Community Grants (£15k) and Emergency Response Training (£10k) as approved in the 2018.19 MTFP and +£13k spare hours contingency (Additional Commitments)

4. Misc

Executive Corporate Management	+£23k budget carry forwards	} Approved as part of the 2017/18 financial out-turn report (E/18/02)
Economic Development (Chief Exec)	+£147k budget carry forwards	
Housing & Community	+£46k budget carry forwards	
Culture & Environment	+£11k budget carry forwards	
Development	+£350k budget carry forwards	
People & Governance	+£334k budget carry forwards	

Appendix 2

B - General Fund Q2 Budget Changes

	Saving Adj ¹ £000's	Service Tfrs ² £000's	Reserves /Contingencies ³ £000's	Misc ⁴ £000's	Total £000's
Executive Corporate Management	35	-	130	-	165
Economic Development (Chief Exec)	(9)	-	-	-	(9)
Finance & Revenues	(30)	-	112	-	82
Housing & Community	(241)	2	19	-	(220)
Culture & Environment	(79)	25	98	-	44
Development	(12)	(37)	3	-	(46)
People & Governance	(29)	10	48	-	29
Services Total	(365)	-	410	-	45
General Fund Summary	365	-	(410)	-	(45)
Use of/(Transfer To) Balances	-	-	-	-	-

1. Savings Adj

Executive Corporate Management	+£35k Staff Turnover Target adj (approved by Council C/18/07 Sept '19)
Economic Development (Chief Exec)	-£9k Staff Turnover saving
Finance & Revenues	-£30k Staff Turnover saving
Housing & Community	-£230k Staff Turnover saving, -£11k Big Ticket Saving (income generation)
Culture & Environment	-£79k Staff Turnover saving
People & Governance	-29k Staff Turnover saving

2. Service Transfers

Housing & Community	£2k Parks SLA adj
Culture & Environment	-£8k Parks SLA adj, +43K R&M allocation, -£10k Museum advertising budget transferred to Marketing (agreed by HoS)
Development	+£6k Parks SLA adj, -£43k R&M Allocation
People & Governance	+£10k Museum advertising budget transferred to Marketing

3. Reserves/Contingencies

Executive Corporate Management	+£20k Suffolk Office of Data Analytics contribn (General Service Contingency), +£24k Pay Contingency, +£36k contribn to SCC (County Lines & Gangs projects - General Service Contingency) and +£50k spend in Priory Heath (NDR Reserve)
Finance & Revenues	+£39k Supplementary Estimate (Council Tax Transition Grant - Q1 Exec report E/18/22), +£20k for recharge review (General Service Contingency), £3k Pay Contingency £50k contribution for Agresso Project costs (Transformation Contingency E/18/24)
Housing & Community	+£19k Pay Contingency
Culture & Environment	+£16k Supplementary Estimate (Museum business rate relief - Q1 Exec report E/18/22) +£39k Supplementary Estimate (Support to market traders - Q1 Exec report E/18/22) +£43k Pay Contingency
Development	-5k Brownfield Registers Grant, -£30k Custom Build Grant (trans from Revenue Grants Reserve, +£22k Supplementary Estimate (business rates ip-city centre - Q1 Exec report E/18/22), +£16k Pay Contingency
People & Governance	+£17k Pay Contingency, +£26k locality monies (Revenue Grants Reserve), +£5k for staff welfare (General Service Contingency)

Appendix 3 - General Fund Savings Programme 2018/19-2021/22

The detailed position on the current savings programme is as follows:

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Customer Access				
Target Saving	100	100	100	100
Actual Saving	5	14	72	83
Shortfall/Surplus(-)	95	86	28	17
Procurement Savings				
Target Saving	250	300	300	300
Actual Saving	0	0	0	0
Shortfall/Surplus(-)	250	300	300	300
Property Investments & Rentals				
Target Saving	50	100	100	100
Actual Saving	0	0	0	0
Shortfall/Surplus(-)	50	100	100	100
Voluntary Severance/Redundancy				
Target Saving	50	100	100	100
Actual Saving	35	35	35	35
Shortfall/Surplus(-)	15	65	65	65
Investment Strategy (e.g. IBA)				
Target Saving	0	200	400	600
Actual Saving	63	61	57	54
Shortfall/Surplus(-)	-63	139	343	546
Zero Based Budgeting				
Target Saving	150	250	250	250
Actual Saving	222	207	199	191
Shortfall/Surplus(-)	-72	43	51	59
Income Generation				
Target Saving	150	150	150	150
Actual Saving	100	91	91	91
Shortfall/Surplus(-)	50	59	59	59
Overall				
Target Saving	750	1,200	1,400	1,600
Actual Saving	425	408	454	454
Shortfall/Surplus(-)	325	792	946	1,146
% achieved	57%	34%	32%	28%

Appendix 4

A: General Fund changes to projected outturn – Q1

	£000's
Executive Corporate Management	
No Changes Identified	<u>-</u>
Economic Development	
No Changes Identified	<u>-</u>
Finance & Revenues	
Finance & Procurement - SRP partnership contribution	(27) one-off
Finance & Procurement - SRP capital financing contribution	<u>(5) base (1)</u>
	<u>(32)</u>
Housing & Community	
Customer Services - Crown Car Park income	<u>270 one-off</u>
	<u>270</u>
Culture & Environment	
Museums - commercial rents	(10) one-off
Sports & Leisure - Icard income	<u>40 one-off</u>
	<u>30</u>
Development	
No Changes Identified	<u>-</u>
People & Governance	
No Changes Identified	<u>-</u>
General Fund Summary	
Retained Business Rates (100% pilot)	2,000 one-off
Contribution to capital	(2,000) one-off
Additional Section 31 grant	(1,750) one-off
Additional Business Rate retention	(100) one-off
Enterprise Zone growth	(230) base (2)
Capital Financing	(232) one-off
Transfer from Business Rates reserve	<u>331 one-off</u>
	<u>(1,981)</u>
1) On-going base cost £120k pa	
2) Forecast base income £125k pa	

Appendix 4

B: General Fund changes to projected outturn – Q2

	£000's
Executive Corporate Management	
No Changes Identified	-
Economic Development	
Project Spend	<u>(20) one-off</u>
	<u>(20)</u>
Finance & Revenues	
ICT - Licence Fees	<u>25 base</u>
	<u>25</u>
Housing & Community	
Customer Services - Car Park income	27 base (1)
Public Protection - costs recovered	20 base
Housing Advice - Homelessness Reduction Act	<u>(275) one-off</u>
	<u>(228)</u>
Culture & Environment	
Commercial Development - rental income	11 base
Parks & Cemeteries - Holywells Electricity credit	(20) one-off
Parks & Cemeteries - Cemeteries water charges	25 one-off
Parks & Cemeteries - Holywells HLF	34 base
Parks & Cemeteries - Parks vehicles	116 base
Sports & Leisure - Income	352 base (2)
Sports & Leisure - Leisure Pool closure	20 one-off
Waste & Fleet - Cleansing Work charges	(20) one-off
Waste & Fleet - Vehicle costs	<u>180 base</u>
	<u>698</u>
Development	
Building Control - costs recovered	(13) one-off
Property Services - property rentals	<u>110 one-off(3)</u>
	<u>97</u>
People & Governance	
Corporate Support - Print Room Stock	<u>13 one-off</u>
	<u>13</u>
General Fund Summary	
Business Rates Pool Levy	(136) one-off
Budget Carry Forward Savings	(33) one-off
New Homes Bonus	(25) one-off
Pay Contingency	<u>(78) one-off</u>
	<u>(272)</u>
1) On-going impact being assessed	
2) Base impact being verified and will be incorporated into the 2019/20 MTFP	
3) Possible impact in future years if tenant cannot be found	

Appendix 5

A: Housing Revenue Account changes to projected outturn – Q1

	£000's
Housing Advice - software mtce	10 base
Tenancy Services - loss of supporting People income from SCC	71 base
Tenancy Services - training budget	(8) one-off
Tenancy Services - software costs	8 one-off
HRA Summary - inflation realignment	(13) one-off
HRA Summary - Review of target for loss of rent from Right to buy sales	(46) one-off
HRA Summary - Increased transitional vacancy target	(250) base
HRA Summary - increased Interest Received	<u>(278) base</u>
	<u>(506)</u>

B: Housing Revenue Account changes to projected outturn – Q2

None to report

Appendix 6 – Strategic Revenues Partnership changes to projected outturn – Q2

	£000's
Printing Costs	(10) one-off
Transitional Vacancy target	<u>(25) one-off</u>
	<u>(35)</u>

Appendix 7 - Capital Programme for 2018/19 and future years

	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
A. Housing Revenue Account	33,052,908	40,846,667	15,838,510	10,099,650
Maintaining Properties	8,370,009	9,219,117	7,932,210	7,997,650
House Building - Handford Homes	3,881,070	9,250,000	4,500,000	0
House Building - Other	20,801,829	22,377,550	3,406,300	2,102,000
General Fund - Annual Core Investments	6,588,079	4,714,014	3,699,014	3,699,014
Capitalised Repairs	913,590	500,000	500,000	500,000
Disabled Facilities Grants	735,050	1,599,014	799,014	799,014
Improvement Grants	200,000	200,000	200,000	200,000
IT	113,519	115,000	100,000	100,000
Play Areas	760,248	200,000	0	0
Property Purchases	3,695,112	1,000,000	1,000,000	1,000,000
Resurfacing Car Parks	170,560	100,000	100,000	100,000
Town Centre Public Realm Improvements	0	1,000,000	1,000,000	1,000,000
General Fund - Major Capital Projects	18,816,439	10,281,680	2,272,750	1,009,650
General Fund - Contingency and Other Items	2,937,216	644,426	30,000	500,000
Any Other items	2,338,076	144,426	30,000	0
Contingency	599,140	500,000	0	500,000
Total Programme (excluding Council Companies)	61,394,642	56,486,787	21,840,274	15,308,314
General Fund - Loans to Council Companies	1,300,000	0	0	0
Overall Total Capital Programme	62,694,642	56,486,787	21,840,274	15,308,314

Appendix 8 - Payment performance

Undisputed invoices paid within 30 days of receipt

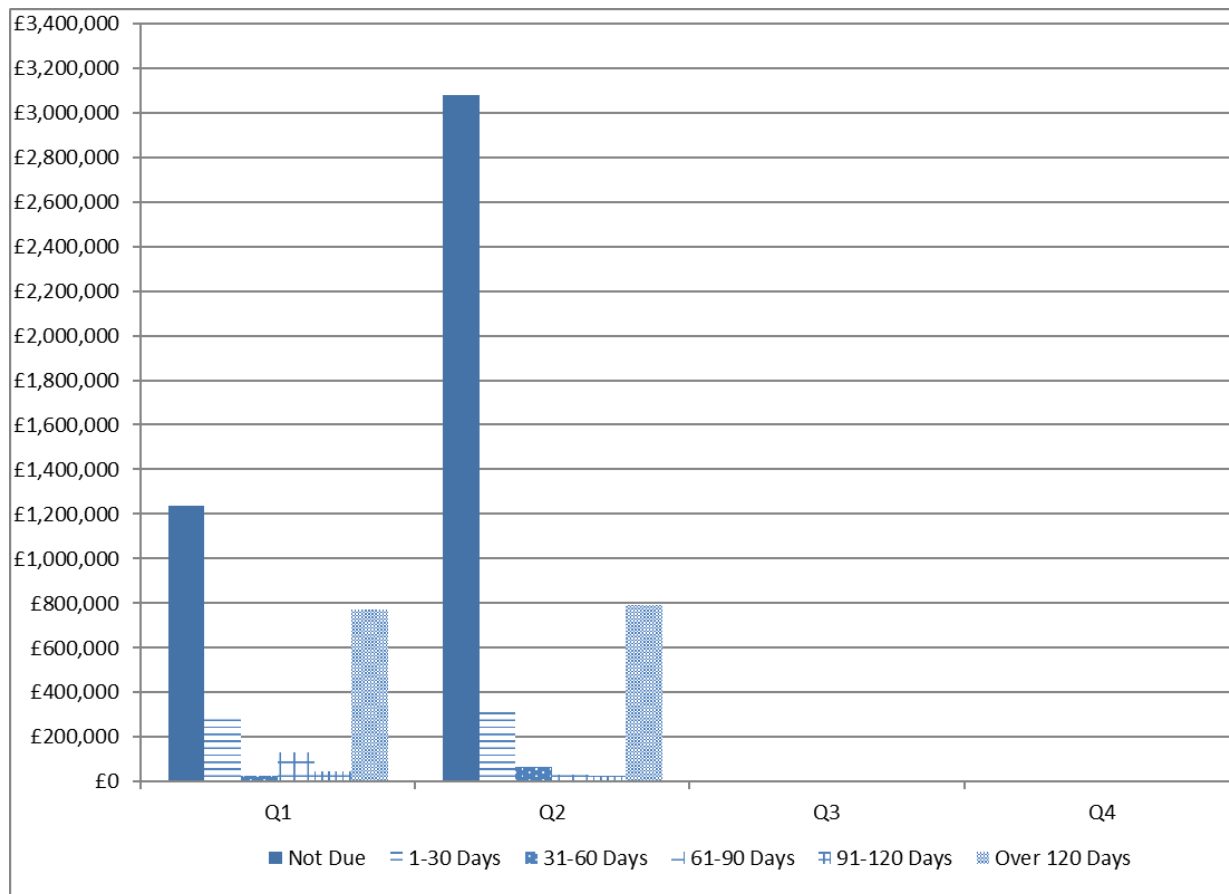
Qtr 1	93.3%
Qtr 2	95.9%
Qtr 3	
Qtr 4	
Year to Date	94.5%

Payment Performance was improved significantly in Q2.

Note: it is not currently possible to accurately report on disputed invoices, the number is fixed at 1% of our total transactions for the purpose of producing these statistics.

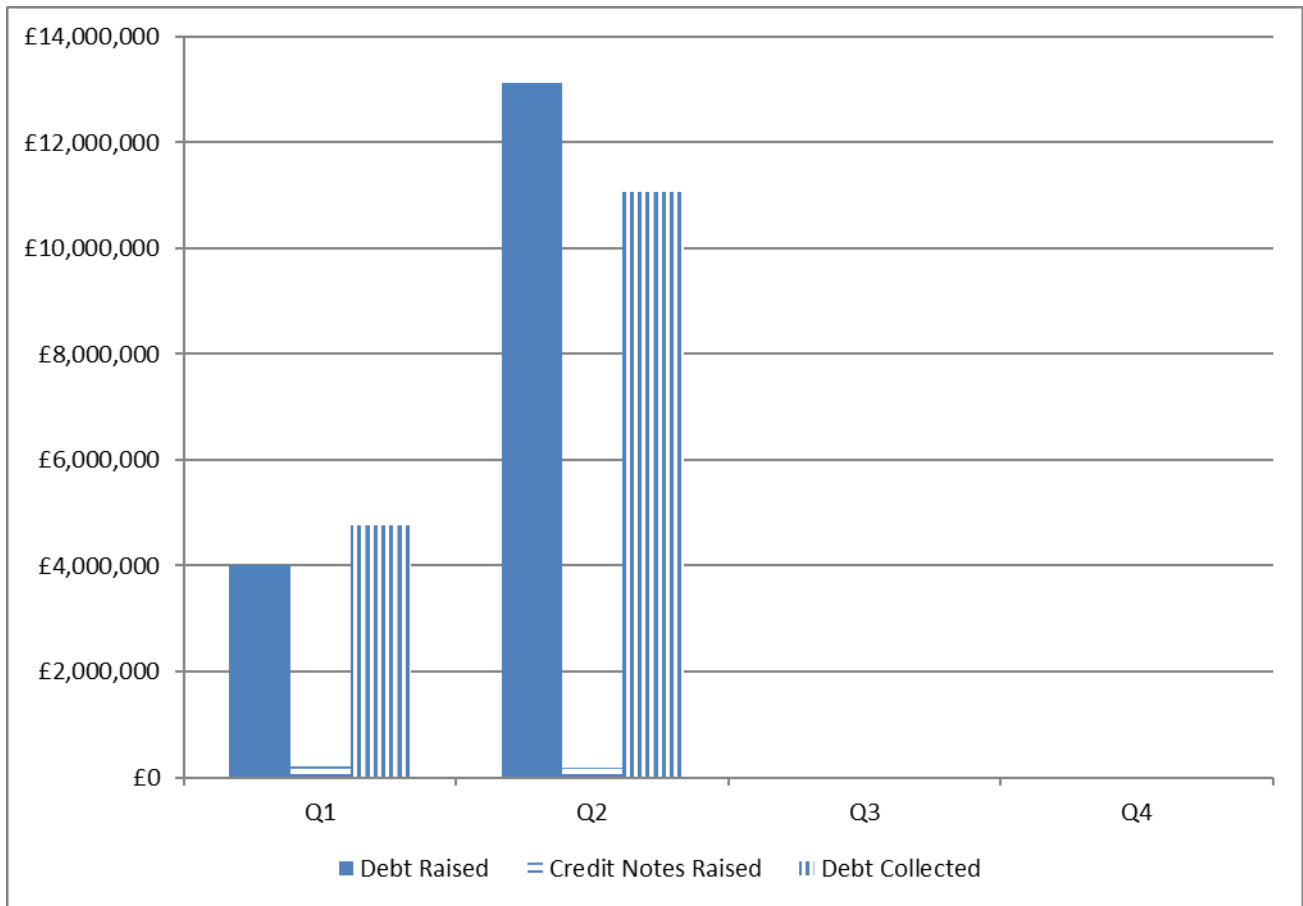
Appendix 9 - Debt collection

A: Aged Debt



The majority of the debt over 120 days relates to a single debtor (Cheltenham Developments Ltd) relating to disputed rent at Raeburn Rd, Cliff Quay industrial estate – this has been ongoing since 2013 and has been referred to IBC's legal team for further action.

B: Debt Raised and Paid



Appendix 10 - Risk Management Summary

Risk Description	Consequence of risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1-6) 1 – almost impossible 6 – very high	Impact of risk, if it occurred taking account of actions (scale 1 – negligible; 4 – catastrophic)	Actions to mitigate risk
1. Variances not reported	Lack of budgetary control	Monthly Monitoring Returns	2	3	Duty of Heads of Service to ensure that all budgets are monitored and variances reported promptly
2. Areas of concern not identified	Lack of budgetary control	Monthly Monitoring Returns	2	3	Major Budgets identified
3. Impact of legislative changes not identified	Financial implications unknown		4	2	Updates to legislation distributed quarterly
4. Limited availability of Capital Receipts	Increased borrowing requirement	Updated forecast from Property	3	2	As far as possible using only capital receipts in hand to fund the capital programme
5. Changes in availability of Capital Receipts	Change in borrowing requirement	Updated forecast from Property	3	2	Updated forecast four times a year
6. Capital schemes not being delivered due to lack of funding, planning problems, third party delays etc	Failure to deliver programme	Projects Team/Corporate Dashboard	3	2	Regular monitoring and if necessary rescheduling of the Capital Programme