


Cabinet 31 July 2019	
Report of: Neville Murton, Corporate Director Resources	Classification: Unrestricted
Revenue and Capital Budget Monitoring Quarter 1 2019-20	

Lead Member	Councillor Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Allister Bannin, Head of Strategic and Corporate Finance
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	04/07/19
Reason for Key Decision	N/A
Strategic Plan Priority / Outcome	1. People are aspirational, independent and have equal access to opportunities. 2. A borough that our residents are proud of and love to live in. 3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.

Executive Summary

This report introduces the budget monitoring report for Quarter 1. It includes details about General Fund revenue, Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and progress made against savings targets. It also includes capital approval requests to adopt new schemes into the Council's approved capital programme and to change existing capital schemes.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the Council's projected outturn position against General Fund, Dedicated Schools Budget and Housing Revenue Account budgets agreed for 2019-20, based on information as at the end of June as detailed in the Appendices.
2. Adopt listed pipeline schemes as set out in Appendix 6 into the Council's

approved capital programme.

3. Agree that approval to proceed to award contracts for works and services be delegated to the Corporate Director, Place in consultation with the Corporate Director, Governance, subject to tenders being within the capital estimate amount and scheme PIDs being approved at Capital Strategy Board.
4. Note and approve the capital exception and change note summary in Appendix 6.
5. Note that there are no equalities implications directly resulting from this report, as set out in Paragraph 4.

1 REASONS FOR THE DECISIONS

- 1.1 The Council could choose to monitor its budgetary performance against an alternative timeframe but it is considered that the reporting schedule provides the appropriate balance to allow strategic oversight of the budget by members and to manage the Council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service directors and the Council's Corporate Leadership Team (CLT) including approval of management action.
- 1.2 To the extent that there are options for managing the issues identified these are highlighted in the report in order to ensure that members have a full picture of the issues and proposed solutions as part of their decision making.

2 ALTERNATIVE OPTIONS

- 2.1 The regular reporting of Revenue and Capital Budget Monitoring information through the year and the preparation of the provisional outturn position after the year end provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the management action being implemented to address the identified issues.
- 2.2 Further information across the Council's key financial activities is also included to ensure that CLT and Members have a full picture to inform their consideration of any financial decisions set out in this report and also their broader understanding of the Council's financial context when considering reports at the various Council Committees.
- 2.3 Set alongside relevant performance information it also informs decision making to ensure that Members' priorities are delivered within the agreed budget provision.

- 2.4 It is important that issues are addressed to remain within the approved budget provision or where they cannot be contained by individual service management action, alternative proposals are developed and solutions proposed which address the financial impact; CLT and Members have a key role in approving such actions as they represent changes to the budget originally set and approved by them.

3 DETAILS OF THE REPORT

- 3.1 On 20 February 2019 the Council considered and agreed the Revenue Budget and Council Tax for 2019-20; and a capital programme showing resources available for investment in assets and infrastructure for ten years until 2028-29. The Council also agreed the Housing Revenue Account (HRA) budget from 2019-20 which includes rent setting and other charges.
- 3.2 The net budget requirement for 2019-20 has been set at £342.5m. The MTFP indicates a balanced budget for 2019-20, which includes delivering savings of £25.1m (£14.8m for 2019-20, and £10.3m slippage from previous years) and anticipates the Council will still need to deliver further annual savings of £14.6m and £8.2m in 2020-21 and 2021-22 respectively.
- 3.3 The General Fund is projecting a forecast overspend of £8.2m after the application of reserves and corporate contingency. Directorates are developing recovery plans to reduce this overspend and therefore reduce the requirement on General Fund reserves funding.
- 3.4 The Dedicated Schools Grant (DSG) is projecting a forecast overspend of £7.4m.
- 3.5 The Housing Revenue Account (HRA) is projecting a forecast underspend of £2.2m.
- 3.6 There are a number of new capital approval requests and these are detailed in Appendix 6. The Mayor in Cabinet is recommended to approve 5 new capital projects totalling £20.6m for inclusion in the Council's capital programme and approve additional resources totalling £46.6m for 10 existing capital schemes.

4 EQUALITIES IMPLICATIONS

- 4.1 There are no equality implications directly resulting from this report.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are

required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 There are no other statutory implications contained in this report.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the main report.

7 COMMENTS OF LEGAL SERVICES

7.1 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's chief finance officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report.

7.2 The report also requests the allocation of various sources of funds and the delegation of the authority to spend those funds. The Council has the legal powers to carry out the various items of work.

7.3 The Council has the duty to achieve Best Value in terms of economy, efficiency and effectiveness in the delivery of its services and the expenditure of its resources. The report details that the expenditure of the money will be based upon competitive exercises performed either individually or through the use of pre-existing framework agreements. The methodology of the particular framework to be used will need to be checked by Legal Services in order to ensure that the use of the particular framework satisfies the Council's European Law obligations, but ostensibly the award of contracts under a competitive procedure will demonstrate Best Value.

7.4 It is anticipated that the contracts resulting from the competitive exercises will include appropriate clauses to allow the Council to monitor the delivery of the contracts. This will allow the Council to ensure the quality of the Works and Services meets the tendered level and also safeguard Best Value.

7.5 It is clear that some of the schemes are likely to have an impact on people who have a protected characteristic for the purposes of the Equality Act 2010. Therefore, the Council will have to perform equality assessments in respect of each scheme whilst the decision making process as regards the detail of each

scheme is still at a formative stage. It is likely in part at least, that it will be necessary for the Council to carry out consultation exercises in order to properly understand the impact of the schemes on persons with a protected characteristic and thereby to comply with the Council's Equality Act duties.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- A1 Budget Monitoring Report 2019-20 Q1
- A2 Capital Control Budget 2019-20 Q1
- A3 Revenue Control Budget 2019-20 Q1
- A4 Current Savings Performance 2019-22 Q1
- A5 Mayoral Priority Growth 2019-22 Q1
- A6 Capital scheme requests for approval 2019-20 Q1

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE.

Officer contact details for documents: N/A