

**Eden District Council
Budget Planning Committee
16 July 2020**

**Executive
21 July 2020**

Quarter 1 – Budget Monitoring 2020/21

Portfolio:	Resources
Report from:	Interim Director of Corporate Services
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 This report summarises the Council's current Revenue and Capital position and full year projections for the 1st Quarter 2020/21.

2 Recommendations

The Budget Planning Committee is recommended to:

- 2.1 Review the projected revenue and capital position at June 2020 and make any comments to Executive.

The Budget Executive is recommended to:

- 2.2 Note the projected revenue and capital position at June 2020.

3 Introduction

- 3.1 In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue and capital position is formulated in conjunction with the Corporate Leadership Team and formally to the Budget Planning Committee on a quarterly basis. This report will go to Budget Planning Committee on 16 July 2020 and Executive on 21 July 2020.
- 3.2 It is critical that the Council has accurate and timely budget monitoring information to help inform in year decision making, to ensure the best use of resources and that value for money is being achieved at the highest level.
- 3.3 This in turn enables the Council to plan in the medium term with the maximum amount of confidence. Whilst, the current scenario with the Covid19 pandemic generates significant uncertainty having the best understanding of our financial position will give us the best chances of successfully navigating our way through.

4 Background

- 4.1 The key to the above is in the timely provision of accurate financial information, which should be up to date expenditure and income and properly considered projections to the year-end.

- 4.2 Up until the quarter 3 - 2019/20 report to Executive in December 2020 monitoring reports focussed solely on year to date expenditure and income compared to budget profile. This presents an extremely short term view of the financial position and clearly isn't fit for planning purposes.
- 4.3 This is largely due to the limitations of the current Financial Management System, which is well beyond its useful life. Its reporting functionality is extremely poor and most reports are adapted outside the system making it is very time consuming to produce the type of reports that are needed.
- 4.4 With no forecasts for outturn to help guide, the trend has been to use supplementary estimates when budget pressures arise. This increases the overall budget when historically it is significantly underspent.
- 4.5 The provisional outturn for 2019/20 reflects an underspend of £356k, which is in line with previous years. The reason for the underspend lies in both the budgeting, which has been incremental and not adjusted to reflect the real levels of spending and income.
- 4.6 In order to better inform decision making, work has been undertaken to produce up-to-date forecast projections for Quarter 1. This has been additionally complicated by Covid19 and Q1 is generally more difficult to project due to how early it is in the year.
- 4.7 Further work will be undertaken to refine budget profiles and projections at Q2 and Q3 to continuously improvement to the information currently presented.
- 4.8 The summary Revenue budget monitoring report for quarter 1 is set out at Appendix A.
- 4.9 The overall year to date position reflects an underspend of £76k, which is expected to increase to £1.5m at year end. The projections are based upon the impact of Covid and show that the impact on the Council's budgets currently is minimal however it is anticipated that there will be issues around a number of key budget areas. These are set out in the table below:

	£000
Increased Costs	
Leisure Contract	1,200
Homelessness	90
ICT - Home Working Setup	20
Total Increased Costs	1,310
Reduced Income	
Car Parking	50
Commercial Income	107
Planning Fees	94
Total Reduced Income	251
Grand Total	1,561

- 4.10 The summary Capital budget monitoring report for quarter 1 is set out at Appendix B.
- 4.11 The current level of spend on the programme is £0.5m which equates to around 8.5% of the overall budget. This is significantly lower than would be expected at this stage in the financial year and whilst there are larger schemes that are expected to have significant spend later in the year the projections need additional work.
- 4.12 The capital programme therefore needs a full review of each individual project and it's deliverability in year. This will be undertaken with budget holders before the end of September and reported as part of the Quarter 2 report.
- 4.13 The review will also feed into the budget setting process where we need to ensure that schemes are profiled realistically and then managed during the life of the scheme. Capital projects can be difficult to manage and are often influenced by factors that cannot be controlled, however we need to ensure that better management of schemes is achieved.
- 4.14 A new officer Capital Working Group is in the process of being set up, which will be led by the Interim Director of Corporate Services and will feed into the quarterly monitoring reports.

5 Policy Framework

- 5.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, Safe and Secure;
 - Connected; and
 - Creative.
- 5.2 The annual budget forms an essential part of the Council's budgetary and policy framework.

6 Consultation

- 6.1 The Executive have been consulted on the report and the Budget Scrutiny group convened to consider a presentation on it's content. The report forms the first part of the formal budget setting process and the budget will be consulted upon publicly once approved.

7 Implications

7.1 Financial and Resources

- 7.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in it's Council Plan 2019-2023, as agreed at Council on 7 November 2019.
- 7.1.2 The nature of the report means that Financial and Resources implications are dealt with throughout the body of the report.

7.2 Legal

- 7.2.1 There are no direct Legal implications.

7.3 Human Resources

- 7.3.1 There are no direct Human Resources implications.

7.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

7.5 Risk Management

Risk	Consequence	Controls Required
A funding gap remains on the Council's MTFP although the position is has improved since last February. The lack of forecast information, pressure on budgets and flexibility in local tax setting continue to make maintaining a sustainable budget in the medium term difficult. Specific risks are dealt with throughout the report	Lack of fiscal control. Decline in reserves. Poor External Audit VFM Conclusion.	Budget Setting process needs to be robust and include all stakeholders. Budget monitoring must be accurate and timely and lead to proactive decision making.

8 Other Options Considered

8.1 No other options have been considered.

9 Reasons for the Decision/Recommendation

9.1 To keep Members updated on the work of the External Auditor.

Background Papers: None

Appendices: **Appendix A – Revenue Budget Monitoring Q1 2020/21**
 Appendix B – Capital Budget Monitoring Q1 2020/21

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SUMMARY BY SERVICE AREA 2020/21 - QUARTER 1

	Actual vs Profile - April to June 2020					Current Budget vs Projected Outturn 2020/21				
	Budget YTD	Virements	Current YTD	Actual YTD	Variance	Original Budget	Virements	Current Budget	Projected Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chief Executive										
Executive & Support	62	10	52	51	(0)	188	10	198	198	0
Policy, Performance & HR	34	(41)	76	48	(28)	331	(41)	290	290	0
Transformation & Customers	194	(7)	202	218	17	783	(7)	776	776	0
Total - Chief Executive	290	(39)	329	317	(12)	1,302	(39)	1,263	1,263	0
Director of Corporate Services										
Corporate Services	24	0	24	33	9	98	0	98	98	0
Finance	60	0	60	109	49	142	0	142	142	107
ICT	178	0	178	261	83	633	0	633	653	20
Legal & Governance	145	(109)	254	256	2	1,026	(109)	917	917	0
Revenues & Benefit's	202	15	187	187	0	620	15	635	635	0
Total - Corporate Services	609	(94)	703	846	143	2,519	(94)	2,425	2,445	127
Director of People & Place										
Commissioning & Tech Services	1,203	(5)	1,208	1,213	5	4,170	(5)	4,165	5,415	1,250
Community Services	329	1	328	322	(6)	1,173	1	1,174	1,264	90
People & Place	24	0	24	10	(14)	97	0	97	97	0
Planning & Economic Development	171	26	145	105	(40)	517	26	543	637	94
Total - People & Place	1,727	22	1,705	1,650	(55)	5,957	22	5,979	7,413	1,434
Grand Total	2,626	(111)	2,737	2,813	76	9,778	(111)	9,667	11,121	1,561

Capital Programme Budget Monitoring to Quarter 1 2020/21

Scheme	Owner	Original Budget	Brought forward	Virements	Current Budget	YTD Spend	Projected Outturn	Projected Variance
		£000	£000	£000	£000	£000	£000	£000
EXPENDITURE								
IT Renewals	Ben Wright	70			70	21	70	0
Eden Business Park Ph1	Jane Langston		59		59		59	0
Castle Park Vision	Jane Langston		187		187		187	0
Old London Rd - Depot site development	Jane Langston				0		0	0
Parish Footway Lighting	Jane Langston		439		439	60	439	0
Mansion House staff facilities	Jane Langston		32		32		32	0
Leisure Centre Equipment & Maintenance	Jane Langston	438	98		536		536	0
Appleby Leisure Centre Refurbishment	Jane Langston				0		0	0
Land and Property Acquisition	Les Clark		2,300		2,300	5	2,300	0
Loans to Heart of Cumbria	Paul Sutton	870	25		895	322	895	0
Cash Receipting system	Paul Sutton				0		0	0
Delivering Digital Innovation	Paul Sutton				0		0	0
Discretionary Renovation Grants	Robert Docherty	0	100		100		100	0
Disabled Facility Grants	Robert Docherty	440	124		564	90	564	0
Housing Innovation fund	Robert Docherty		358		358		358	0
Newton Rd Extra Care Facility	Robert Docherty		288		288		288	0
Total		1,818	4,010	0	5,828	498	5,828	0

FUNDING	Original Budget	Brought forward	Virements	Current Budget	YTD Spend	Projected Outturn	Projected Variance
	£000	£000	£000	£000	£000	£000	£000
Capital Receipts	0	630	0	630	60	630	0
Direct Revenue/Reserves	1,378	956	0	2,334	343	2,334	0
Capital Grants	440	124	0	564	90	564	0
Borrowing	0	2,300	0	2,300	5	2,300	0
	1,818	4,010	0	5,828	498	5,828	0