

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>12 September 2018</b>
<b>Subject:</b>	<b>Financial Monitoring Quarter 1</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>1. Progress against Savings Targets</b>		
	<b>2. Capital Monitoring</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 For Cabinet to note year-end forecasts, and progress made against agreed savings targets for the 1st quarter ended 30<sup>th</sup> June 2018.

### 2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that it be noted that:

- (1) the savings achieved in year to date total £150k with a further £197k in progress.
- (2) the forecast year end position is currently for an increase to the Council's General Fund balance of £47k against a budgeted increase of £163k.
- (3) the details of specific budgetary issues identified by officers and the actions being taken to address those issues
- (4) the current level of Capital expenditure as shown on Appendix 2.

### 3.0 Background and Key Issues

- 3.1 The figures contained within this report forecast the best estimate at the current time of the year-end position on the Council's General Fund.
- 3.2 A summary table below shows the projected position for each portfolio with a further detailed table analysing the variances in more detail.

3.3 The figures contained within this report are presented by portfolio and are therefore largely not impacted by changes to organisational structure. The exception to this is some small variances which can be attributed to employees and budgets moving between teams partway through the year. It is also likely that the names and budget allocations for some teams may change in future reports.

#### 4.0 Whole Council Summary

4.1 The forecast position is an increase of the Council's General Fund by £47k as shown in the table below. At this early stage of the financial year most budgets are assumed to be on target and only those areas which are already known to be a budget pressure have been incorporated into this report. Where such variances have been identified officers will work towards ensuring a balanced position at year end, as was achieved in the previous year. Therefore although the forecast is currently for a overspend of £116k, there can be some confidence that this will have been turned into a balanced position by the end of the year.

4.2 The budget monitoring undertaken during 2018/19 will inform if any pressures or opportunities can be included in Money Plan to be presented to Council in February 2019. Both Cabinet and Overview & Scrutiny Committee have previously noted the ongoing pressures in Markets and Cultural services. Officers are working to deliver both income and savings targets, however the plan may need to incorporate these pressures.

Council Summary	18/19			Forecast	
	Budget	Actual	Variance	Forecast	Variance
Regeneration and Economy	(2,881)	1,218	4,099	(2,851)	31
Communities and Neighbourhoods	682	106	(575)	618	(64)
Performance and Resources	5,424	938	(4,485)	5,590	166
Culture	778	204	(574)	962	183
Planning and Housing	1,220	35	(1,185)	1,180	(40)
Environment	3,598	427	(3,171)	3,625	27
Corporate and Funding	(8,983)	1,065	10,048	(9,171)	(188)
<b>Total</b>	<b>(163)</b>	<b>3,993</b>	<b>4,156</b>	<b>(47)</b>	<b>116</b>

4.3 The 2018/19 budget includes a vacancy factor of £260k which is spread across the Council. This saving is met by the period of time to recruit to vacant posts as staff turnover, the Council currently only has minimal vacancies which may cause an in year pressure against this target.

## 5.0 Regeneration and Economy

Regeneration & Economy	18/19			Forecast	
	Budget	Actual	Variance	Forecast	Variance
Economic Development	213	127	(86)	187	(26)
Asset Management	899	283	(616)	913	14
Commercial Property	(3,018)	800	3,817	(3,071)	(54)
Parking	(1,186)	(199)	988	(1,242)	(56)
Senior Management	471	191	(280)	476	5
Markets and Street Trading	(261)	16	276	(112)	148
<b>Total</b>	<b>(2,881)</b>	<b>1,218</b>	<b>4,099</b>	<b>(2,851)</b>	<b>31</b>

- 5.1 This portfolio is currently forecasting a deficit against budget of £31k.
- 5.2 The largest contributor to this deficit is Markets and Street Trading. Forecast income levels from rents and service charges remain lower than budgets for both the Eastgate and Hempsted Markets. Ongoing work is being undertaken to maximise occupancy and to seek to increase revenue. A full procurement exercise is to be commenced in the autumn with the view to the new contract commencing in the new financial year which is expected to deliver ongoing savings.
- 5.3 The Parking service is forecast to generate a surplus. The contract for the provision of parking management and enforcement has been retendered and is due to commence in September. This will deliver savings of £25k in 2018/19 and in a full year expected savings of £50k. Based upon current forecasts income from off street car parks is also expected to deliver a surplus.
- 5.4 Income from Commercial Properties is currently forecast to meet budgeted targets and generate a surplus of £50k in year. The income from Kings Walk which is taken to the General Fund in year has improved the position in relation to Commercial Property.
- 5.5 During the year spend on repairs and maintenance of the Councils assets will be closely monitored although at Quarter 1 this is expected to be generally in line with budget.

## 6.0 Communities and Neighbourhoods

Communities and Neighbourhoods	18/19			Forecast	
	Budget	Actual	Variance	Forecast	Variance
Voluntary Sector Grants	115	(27)	(142)	116	1
Community Strategy and Other Projects	149	98	(51)	145	(4)
Licensing	(253)	(48)	205	(270)	(17)
Shopmobility	61	7	(55)	50	(12)
Health and Safety	3	2	(1)	7	4
Environmental Health	606	74	(532)	571	(36)
<b>Total</b>	<b>682</b>	<b>106</b>	<b>(575)</b>	<b>618</b>	<b>(64)</b>

- 6.1 There are currently no major variances expected within this portfolio for the year but the portfolio as a whole is currently forecast to be under budget by £64k. This is largely a result of expected increased income generation in both Shopmobility and Environmental Health.

## 7.0 Performance and Resources

Performance and Resources	18/19			Forecast	
	Budget	Actual	Variance	Forecast	Variance
Internal Audit	190	0	(190)	179	(11)
Financial and Corporate	1,361	382	(978)	1,367	7
Revenues and Benefits Admin	880	278	(602)	847	(33)
Housing Subsidy	(427)	(700)	(273)	(306)	121
IT	1,530	643	(887)	1,583	53
Human Resources	275	29	(245)	275	0
Communications	88	2	(86)	82	(6)
Legal Services	390	(1)	(390)	390	0
Contact Centre and Customer Services	403	127	(276)	463	61
Democratic Services	735	177	(558)	710	(26)
<b>Total</b>	<b>5,424</b>	<b>938</b>	<b>(4,485)</b>	<b>5,590</b>	<b>166</b>

- 7.1 The portfolio is expected to currently forecast to have an overspend of £166k. Within this figure, however, there are a number of significant variances contributing to that overall position.
- 7.2 The largest forecast variance is against housing subsidy and benefits. The current forecast is to overspend by £121k, however it must be noted that the Council manage in excess of £42m of benefit payments and the smallest percentage change can have a significant impact on this forecast in either direction.
- 7.3 The contact centre and customer services are forecast to overspend by £61k. This is a result of current increased staffing within the service area.
- 7.4 At this early stage in the year, forecasting the final spend on IT projects is difficult. However, there are a number of purchases of new systems and software in the pipeline and so at this stage an overspend has been forecast. These budgets are closely monitored and forecasts will be updated as the year progresses. A portion of this spend is likely to be identified as capital and charged to the appropriate capital budget. This is expected to improve the revenue outturn position.

## 8.0 Culture and Leisure

Culture	18/19			Forecast	
	Budget	Actual	Variance	Forecast	Variance
Museums	73	47	(26)	155	83
Food and Drink	(90)	32	123	(71)	19
Guildhall	167	124	(43)	209	42
Aspire Client	(30)	(96)	(66)	(30)	0
TIC	(15)	46	61	(13)	2
Great Place	20	(71)	(91)	20	0
Marketing Gloucester	269	19	(249)	269	0
Visitor Experience	386	103	(283)	423	38
<b>Total</b>	<b>778</b>	<b>204</b>	<b>(574)</b>	<b>962</b>	<b>183</b>

- 8.1 As in previous years this portfolio continues to experience budget pressures as a result of savings targets to be achieved and the challenge to raise income levels.
- 8.2 The forecast for the Museums service is currently an overspend of £83k. The Cultural & Trading Services team is developing plans for an improved offer at the Museum of Gloucester and these include actions for improving income generation. One of these, the recruitment of a Museum Events & Marketing Officer, will bring benefits in 2018/19.
- 8.3 The proposed transfer of the Life Museum is now expected to take place in early 2019 so any savings are expected to be delivered during 2019/20.
- 8.4 The Guildhall has similar pressures and is also reviewing methods of income generation. It is currently forecast to be short of budget by £42k. It is anticipated that the launch of the new Guildhall website will improve ticket sales and this gap will narrow by the end of the year.
- 8.5 All of these areas are part of the new Cultural and Trading Services team in the revised Council structure. It can be seen that financial performance has improved in comparison to the outturn position for 2017/18 and service managers are looking to improve this further.

## 9.0 Planning and Housing

Planning and Housing	18/19			Forecast	
	Budget	Actual	Variance	Forecast	Variance
Housing Strategy and SIB	0	(16)	(16)	(14)	(14)
Private Sector Housing	15	(29)	(44)	15	0
Homelessness	1,035	224	(811)	1,036	1
Planning	170	(144)	(314)	142	(28)
<b>Total</b>	<b>1,220</b>	<b>35</b>	<b>(1,185)</b>	<b>1,180</b>	<b>(40)</b>

- 9.1 This portfolio is currently forecast to be underspent by £40k during the year.
- 9.2 The Council is currently experiencing significant increases in costs in placing homeless families in temporary accommodation, in line with national trends. This increase is a result of having to use more expensive accommodation types to house individuals and families. A flexible homelessness prevention grant has been received from central government and much of this will be used to fund these in year costs. There is however, work underway to use some of that money to bring down the costs of accommodation provision and reduce pressures in the longer term.
- 9.3 Income from Planning Fees is a significant source of funding for the Service and must therefore be viewed as risk area. Current forecasts are for this income stream to achieve in excess of the income target but this will be monitored closely during the year. Any fluctuation in the level of income received may have a large financial impact and will be reported in future monitoring should this situation occur.

## 10.0 Environment

Environment	18/19			Forecast	
	Budget	Actual	Variance	Forecast	Variance
Waste and Streetcare	4,575	729	(3,846)	4,628	53
Neighbourhood Management	44	(9)	(53)	32	(12)
Countryside and Allotments	81	16	(66)	95	14
Head of Service	69	16	(54)	63	(7)
Cemetery and Crematorium	(1,276)	(393)	884	(1,295)	(19)
Flooding and emergency planning	105	68	(37)	103	(2)
<b>Total</b>	<b>3,598</b>	<b>427</b>	<b>(3,171)</b>	<b>3,625</b>	<b>27</b>

- 10.1 This portfolio is forecast to have a small overall overspend of £27k.
- 10.2 The final outturn position on the Amey contract as in previous years, is reliant upon the level of income achieved from the sale of recyclable material. This is currently being forecast to achieve targeted levels. Any shortfall in actual income received will be a cost pressure in year, this will be closely monitored during the financial year..

## 11.0 Progress against savings targets

- 11.1 Full details of the Council's progress against its savings targets are shown at Appendix 1.

## 12.0 Capital Programme

- 12.1 The Capital Programme budget for the year is £7.53m. The expenditure for quarter 1, including amounts committed totals £1.723m. Quarter 1 reports continued progress on the Bus Station as part of the Kings Quarter development, £1.48m has been spent in quarter 1 with work expected to be completed by the end of September. Quarter 1 has also seen the continued investment in the Councils information technology.

12.2 The nature of capital projects means that many of them span a number of financial years, budgets are set per project any unspent budgets at the end of any one financial year may be carried forward into the next

12.3 A summarised table for the Capital Programme is shown as Appendix 2.

### 13.0 Prompt payment performance

13.1 The Council aims to make payments to all suppliers promptly and in accordance with contract terms. The performance on invoice payments during the quarter is below. The performance in the table shows the strong performance in supplier payments is being maintained

	<u>April</u>		<u>May</u>		<u>June</u>		<u>Qtr 1</u>	
Number paid within 30 days	710	98%	511	95%	626	96%	<b>1,847</b>	<b>97%</b>
Number paid over 30 days	17	2%	25	5%	23	4%	<b>65</b>	<b>3%</b>
Average Days to Pay (from receipt of invoice to payment date)	6		6		4		<b>6</b>	

### 14.0 Asset Based Community Development (ABCD) Considerations

14.1 There are no ABCD implications as a result of this report.

### 15.0 Alternative Options Considered

15.1 When considering how to reduce budgetary pressure or make savings officers explore a wide range of options.

### 16.0 Reasons for Recommendations

16.1 It is a good practice for members to be regularly informed of the current financial position of the Council. This report is intended to make members any of any significant issues in relation to financial standing and any actions that officers are taking in response to identified variances.

### 17.0 Future Work and Conclusions

17.1 Work will continue to reach savings targets or limit in year budget pressures. A further financial monitoring report will be produced for members at the end of the second quarter.

### 18.0 Financial Implications

18.1 All financial implications are contained within the report which is of a wholly financial nature.

## **19.0 Legal Implications**

19.1 There are no legal implications from this report

(One Legal have been consulted in the preparation of this report.)

## **20.0 Risk & Opportunity Management Implications**

20.1 There are no specific risks or opportunities as a result of this report

## **21.0 People Impact Assessment (PIA):**

21.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.

## **22.0 Other Corporate Implications**

### Community Safety

22.1 None

### Sustainability

22.2 None

### Staffing & Trade Union

22.3 None