

Gloucester City Council

Meeting:	Cabinet	Date:	11 September 2019
Subject:	Financial Monitoring - Quarter 1, 2019/20		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Jon Topping, Head of Policy & Resources		
	Email:jon.topping@gloucester.gov.uk	Tel: 396242	
Appendices:	1. Progress against savings targets		
	2. Capital monitoring		

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 30th June 2019.

2.0 Recommendations

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

- (1) the forecast year end position is currently for a decrease to the Council's General Fund balance of £131k against a budgeted decrease of £91k.
- (2) the details of specific budgetary issues identified by officers and the actions being taken to address those issues
- (3) the current level of Capital expenditure as shown in 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.

4.0 Whole Council Summary

- 4.1 The forecast position is a decrease of the Council's General Fund by £131k 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. Therefore, although the forecast is currently for a overspend of £40k there can be some confidence that this will have been turned into a balanced position by the end of the year.

Council Summary	Year			
	19/20 Budget	Actual	End Forecast	Final Variance
Regeneration and Economy	(3,250)	1,447	(3,148)	102
Communities and Neighbourhoods	1,460	(144)	1,470	10
Performance and Resources	5,552	4,552	5,348	(204)
Culture	921	419	970	49
Planning and Housing	82	(73)	153	71
Environment	4,082	1,015	4,066	(16)
Corporate and Funding	(8,756)	10,344	(8,637)	119
Total	91	17,560	222	131

- 4.2 The budget monitoring undertaken during 2019/20 will inform if any pressures or opportunities can be included in Money Plan to be presented to Council in February 2020.

5.0 Regeneration and Economy

Regeneration & Economy	Year			
	19/20 Budget	Actual	End Forecast	Final Variance
Economic Development	199	164	228	29
Asset Management	741	273	733	(8)
Commercial Property	(3,319)	1,170	(3,154)	165
Parking	(1,238)	(354)	(1,345)	(107)
Senior Management	473	216	527	54
Markets and Street Trading	(106)	(22)	(137)	(31)
Total	(3,250)	1,447	(3,148)	102

- 5.1 This portfolio is currently forecast to be over budget by £102k.
- 5.2 The current forecast reports reduced income from commercial property during 2019/20. The regeneration of Kings Walk is underway, but the present forecast is for rent income during 2019/20 to be lower than that budgeted for the year. Some of the Kings Walk rent reduction is mitigated by the rent guarantee sums agreed when the contract was entered into in 2017.
- 5.3 The new parking enforcement contract and the investment in ticket machines during 2018/19 are continuing to deliver improved income levels and overall the parking service is currently forecast to generate additional income of £107k.

6.0 Communities and Neighbourhoods

Communities and Neighbourhoods	19/20		Year	
	Budget	Actual	End Forecast	Final Variance
Voluntary Sector Grants	135	15	130	(5)
Community Strategy and Other Projects	145	66	177	32
Homelessness	1,174	(184)	1,174	(0)
Shopmobility	76	17	52	(24)
Health and Safety	3	(1)	(1)	(4)
Private Sector Housing	(73)	(57)	(62)	11
Total	1,460	(144)	1,470	10

- 6.1 This portfolio is currently forecasting to achieve its budgeted targets.
- 6.2 The Council continues to experience significant costs in relation to the placing of homeless families in temporary accommodation; many of whom have complex needs. This is largely due to a general shortage of social rented housing or affordable rented housing. These increased costs are partly recoverable through the housing benefit system and positive steps have been taken to ensure that the amounts recovered are being maximised.
- 6.3 During Q1 the Council has taken positive steps to reduce this temporary accommodation cost by entering into a loan and grant arrangement to allow Cheltenham YMCA to buy properties at Potters Place which are subject to a Nominations Deed between the Council and the YMCA for the placement of homeless people. This is forecast to reduce the homelessness costs from Q3 onwards and allow this service to meet its budget.
- 6.4 A flexible homelessness prevention grant has been received from Government and much of this will be used to fund the in-year costs, as well as to further develop alternative sources of temporary accommodation provision to reduce pressures in the longer term.

7.0 Performance and Resources

Performance and Resources	19/20		Year	
	Budget	Actual	End Forecast	Final Variance
Internal Audit	190	(3)	175	(15)
Financial and Corporate	1,238	343	1,117	(121)
Revenues and Benefits Admin	912	392	829	(83)
Housing Subsidy	(377)	2,699	(294)	83
IT	1,522	772	1,475	(47)
Human Resources	278	30	239	(39)
Communications	89	0	86	(3)
Legal Services	394	0	388	(6)
Contact Centre and Customer Services	448	182	515	67
Democratic Services	858	137	818	(40)
Total	5,552	4,552	5,348	(204)

- 7.1 The portfolio is currently forecast to be under budget by £204k. However, there are a number of significant variances contributing to that overall position.
- 7.2 The largest forecast adverse variance is against housing subsidy and benefits. The current forecast is to overspend by £83k, however it must be noted that the Council manage in excess of £42m of benefit payments and the smallest percentage change has a significant impact on this forecast in either direction.
- 7.3 The contact centre and customer services are forecast to overspend by £67k. This is a result of the current increased staffing within this service area related to the customer service transformation project that is currently underway with the move to the new reception area at the Gateway.

8.0 Culture and Leisure

Culture	19/20		Year	
	Budget	Actual	End Forecast	Final Variance
Museums	211	29	194	(17)
Food and Drink	(74)	4	(62)	12
Guildhall	40	6	43	3
Aspire Client	(30)	11	(29)	1
TIC	20	3	112	92
Great Place	0	(1)	0	0
Marketing Gloucester	261	263	261	0
Visitor Experience	493	104	451	(42)
Total	921	419	970	49

- 8.1 This portfolio is currently forecasting to have a overspend against budget of £49k.
- 8.2 The removal of the charges to visit the Museum of Gloucester and the relocation of the Tourist Information service have led to an increase in footfall. It is expected that this increased footfall will lead to increase in income from the shop, catering offer and the major exhibitions that are being staged this year (the summer Moon Exhibition and the autumn Puppet Exhibition). Any fluctuation in the level of income received may have a large financial impact and accordingly this income source will continue be monitored closely during the year.
- 8.3 As noted above the Tourist Information Centre transferred from its Southgate premises from 1st April 2019. This will see savings realised in relation to the property rental and upkeep. However, in the short term there will be the cost of a dilapidations bill payable under the terms of the lease to the landlord of the property. This amount is currently under negotiation.
- 8.4 The proposed transfer of the Life Museum is almost complete and the savings arising from this are forecast to be delivered during the year. There are still some ongoing costs in relation to the storage and management of the various exhibits. Income is being generated from the loan of museum exhibits. This is minimal at present but is seen as an area for development.

9.0 Planning and Housing

Planning and Housing	19/20		Year	
	Budget	Actual	End Forecast	Final Variance
Housing Strategy and SIB	0	(150)	(0)	(0)
Planning	82	77	153	71
Total	82	(73)	153	71

9.1 This portfolio is currently forecast to be over budget by £71k during the year.

9.2 Income from Planning Fees provides a significant source of funding for the Service and is currently behind the budgeted levels. This income is affected by the timing and progress of applications made in respect of major developments. Some of the larger applications are still to be received. The current forecast is a prudent reflection of the expected receipt of these applications. Any fluctuation in the level of income received may have a large financial impact and accordingly this income source will continue be monitored closely during the year.

10.0 Environment

Environment	19/20		Year	
	Budget	Actual	End Forecast	Final Variance
Waste and Streetcare	4,742	1,100	4,745	3
Neighbourhood Management	19	3	30	11
Countryside and Allotments	87	23	86	(1)
Environmental Health	602	134	543	(59)
Flooding and emergency planning	107	65	105	(2)
Head of Service	62	16	65	3
Cemetery and Crematorium	(1,279)	(261)	(1,263)	16
Licensing	(258)	(65)	(245)	13
Total	4,082	1,015	4,066	(16)

10.1 This portfolio is currently forecast to be on budget for the year.

10.2 The saving within Environmental Health is largely a result of lower than budgeted staff costs.

10.3 Income at the Crematorium is forecast to be lower than 2018/19 as a result of Cheltenham crematorium now being back in operation. However the income for the year is expected to achieve the budgeted target for 2019/20.

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 £3.5m including budgets carried forward from 18/19. The expenditure for the period to Quarter 1, including amounts committed totals £1.4m. Quarter 1 reports progress with the Councils main buildings improvement programme, work is progressing at the Guildhall, while work

has also been undertaken at 92-94 Westgate Street as part of the Councils transformation programme.

12.2 Quarter 1 has seen the continued investment in the Councils information technology as the Council implements technology to enable smarter ways of working, this investment is part of the programme ensuring the relocation from our offices at warehouses to our new offices at Shire Hall and The Gateway are successful.

12.3 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

12.4 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>Apr</u>		<u>May</u>		<u>Jun</u>		<u>Qtr 1</u>	
Number paid within 30 days	684	96%	563	97%	597	98%	1844	97%
Number paid over 30 days	30	4%	16	3%	14	2%	60	3%
Average Days to Pay (from receipt of invoice to payment date)	5		4		5		5	

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 third 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 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

Background Documents: None