

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Phillip Cowen, Executive Member Finance & Growth

To: Cabinet, 9 September 2019

Author: Christine Marshall, Executive Director Commercialisation

Subject: Quarter 1 Financial Performance Report 2019-20

Purpose: This report provides information on the forecast full year financial position of the Council as at 30 June 2019.

Recommendation(s):

- 1) That the report and appendix is noted.

1.0 BACKGROUND

1.1 Throughout the year quarterly monitoring reports are completed forecasting the expected year end out-turn against the budgets. This report provides information on the forecast full year financial performance as at 30 June 2019 for revenue, capital and treasury, with the detail being included in the attached Appendix.

1.2 Revenue

The full year out-turn based on current projections and assumptions is a forecast above budget spend of £437k (3.3%) at the year end.

There are many smaller variances this quarter and these are detailed in the appendix, the higher value variances identified are:

- Efficiencies within services not yet achieved £156k – work has started on the majority of projects to deliver the savings later this year, but they are shown as not achieved until the projects demonstrate the saving.
- Housing Benefit subsidy costs £93k above budget to date, due to the significant increase in claims from homeless persons and the capped DWP subsidy value.
- Continued significant demand within Housing has led to above budget costs to date of £56k.
- Delays to loans made to 3rd parties has resulted in below budget interest of £59k. This is due to timing and the income will be achieved, but some will now be in later years.
- Additional income of £105k from planning due to higher application levels than expected to date.

High Risk - The Housing Benefit and Housing variances show the additional costs to date as a result of the continued significant demand. **If costs continue at the same level for the remainder of the year, the overspends will be £371k in Housing Benefits and £225k in Housing, which would lead to a forecast over spend at the end of the year of £884k.** Whilst the exact values will change, we do expect costs to rise above the numbers detailed in this report and in quarter 2 when a more accurate financial position is available we will recommend options to fund the expected full year effect of these 2 areas.

Housing - The Housing Service has seen a significant increase in demand over the course of last year and this year and this has led to higher than budgeted spend, particularly with regard to emergency and temporary accommodation. Additional staffing has been recruited to help meet demand and the CIP Team is supporting the service and reviewing demand and operational processes to ensure we set-up in the optimum manner to meet this new demand. The Delivery Team is progressing an alternative option for the provision of temporary and emergency accommodation that offers best value for money for future years.

1.3 **Capital**

The forecast out-turn shows spend of £8,490k (100%) against the budget at this stage of the year. Further detail is provided in the Appendix.

1.4 **Treasury**

The interest budget is forecasting below budget income of £78k. This relates to external loans to a 3rd party which are still expected to be made, but the timing is later than when budgeted. This means the income will be achieved, but will be lower in this year and higher in future years.

1.5 **Other Issues of Note**

No further consultations have been issued on the Fair Funding Review (FFR) or the 75% Retained NNDR scheme. If these consultations are not issued in the very near future, then the likelihood of a delay in implementation of these changes is almost certain. The Spending Review 2019 (SR19) has been delayed and is now expected in September and is likely to provide information on just one year of funding. This all leads to high levels of uncertainty continuing for budget setting 2020-21 onwards.

2.0 **OPTIONS**

2.1 That the report and appendix be noted.

2.2 Do nothing.

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 To provide timely information to Members on the overall financial position of the Council, enabling resource re-allocation to priorities where necessary.

4.0 **EXPECTED BENEFITS**

4.1 To ensure Members are updated regularly on the overall Council financial position.

4.2 To make the best use of the funding available to the council and allow us to respond quickly to opportunities as they arise.

5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales;

Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 Corporate Priorities

5.1.1 The Council's budget and associated spend supports the Council's priorities.

5.2 Financial

5.2.1 The report and appendix are financial in nature and include the financial implications.

5.3 Risk Management

5.3.1 Risks are included within the report.

5.4 Stakeholders / Consultation / Timescales

5.4.1 Budget holders have been consulted on their variances and the reasons for those variances.

5.5 Transformation Programme

5.5.1 The transformation programme is intrinsically linked to the Council's budget and any variance against targets is included in the Appendix.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 N/A.

7.0 ACRONYMS

7.1 DWP – Department for Work & Pensions

7.2 LIBID - London Inter-Bank Bid Rate.

7.3 NNDR – National Non-Domestic Rates

7.4 PFI – Private Finance Initiative

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

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Key Decision: No

Exempt Decision: No

This report refers to Mandatory and Discretionary Services

Appendices attached to this report:

Appendix A Forecast financial report for 2019-20 full year.