

Budget Management 2018/19

Cabinet

Date: 5th September 2018

Authors: Cabinet Member for Finance
Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the 2018/19 revenue and capital budget forecast out-turn.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 Responsible budget management helps ensure that the Council consistently makes the best use of all available resources as well as providing focus for the Council's transformation programmes.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the 2018/19 revenue budget forecast out-turn for each service area set out in Table 1 and Appendix 1;
- 2.2 Note the risks to the current forecast and that the Corporate Management Team will continue to take action to manage spending within the approved budget;
- 2.3 Approve the virements set out in Appendix 2;
- 2.4 Note the forecast capital expenditure set out in Tables 2 & 3 and Appendix 3;
- 2.5 Approve the changes to the capital programme in section 3.11;
- 2.6 Note the contents of Appendix 4 regarding the 2017-18 Community Infrastructure Levy (CIL) and to approve that this be published on our website;
- 2.7 Approve the annual retention of 5% of the total annual CIL receipts to cover administration costs per paragraph 3.15-3.16 below;
- 2.8 Note the intention for CIL receipts to support capital programme proposals that will be taken to Cabinet in February 2019 as part of the annual capital budget setting process.

Further information on the subject of this report can be obtained from Mick Bowden on Direct Dial No. 07392 109917 or Email mbowden@swindon.gov.uk

Budget Management 2018/19

Cabinet

Date: 5th September 2018

3. Detail

2018/19 General Fund Out-turn

- 3.1 It is forecast that unless mitigating actions are undertaken, the Council's overall budget would be overspent by £3m for the financial year. This represents an increase of £879k compared to position reported to Cabinet in July.
- 3.2 The overspend on Children's Social Care has increased by £1.4m as a result of further increased demand for placements and the impact of filling vacancies by agency staff. The actions set out in the July Cabinet report are being implemented, but there are clear risks to the Council's ability to contain spending within the overall budget due to the pressures being faced and the inherent uncertainty in predicting future demand.
- 3.3 Improvements in the forecast across a number of services areas has partially mitigated the increased overspend. The main contributors being:
 - 3.3.1 An overachievement against the centrally held target of commissioning and procurement savings (£0.2m)
 - 3.3.2 A range of savings across services within Communities and Housing (£0.2m)
 - 3.3.3 A further improvement in the forecast for Adult Social Care (£0.1m), reflecting the current expectation of early delivery of savings originally planned for 2019/20.
- 3.4 Corporate Management Team will work with senior management teams to identify options to mitigate the overall overspend. The actions identified include:
 - 3.4.1 A commitment to hold existing vacancies in non-essential posts and declare the financial savings from these;
 - 3.4.2 Critical review of spend on agency staff and other procurement spend;
 - 3.4.3 Manage risks in the existing forecast, including the delivery of housing and land sales through the Council's housing company.
- 3.5 The budget and projected out-turn by Department is set out in Table 1 below, with a more detailed analysis is set out in Appendix 1.

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Budget Management 2018/19

Cabinet

Date: 5th September 2018

Table 1 – General Fund Out-turn By Department

Department	Budget 2018/19 £'000	Full-Year Projected Outturn £'000	Projected Variance £'000
Adult Services	84,364	84,063	(301)
Children Services	33,774	37,579	3,805
Communities and Housing	25,464	25,205	(259)
Economy	(2,177)	(2,177)	0
Resources	21,105	21,095	(10)
Corporate	(19,482)	(19,724)	(242)
Total Before Use of Cashflowing Reserve	143,048	146,041	2,993
Transfer to/(from) Cashflowing Reserve	(2,824)	(2,824)	0
Total General Fund	140,224	143,217	2,993

Housing Revenue Account (HRA)

- 3.6 The forecast for the HRA is an overspend over £111k, reflecting the impact of current void levels, as reported in the July Cabinet report. There is an expectation that current programmes of work to address the current backlog will limit further pressure as the year progresses.

Dedicated Schools Grant (DSG)

- 3.7 The Dedicated Schools Grant (DSG) is projecting an overspend of £471k, an increase of £138k compared to the position reported to Cabinet in July.
- 3.8 The increase is principally due to pressures caused by alternative provision costs for excluded primary pupils.

Capital Programme – 2018/19 monitoring

- 3.9 Table 2 below shows the current status of the 2018/19 capital budget and forecast outturn position. The significant budget movements are detailed in paragraph 3.11 below. Table 3 shows how the capital programme is being funded.

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Budget Management 2018/19

Cabinet

Date: 5th September 2018

Table 2 – Capital Budget Forecasts and Variances

Service	Approved Budget 2018-19 Onwards	Forecast Scheme Spend to Completion	Projected Variance
Group	£'000	£'000	£'000
Community Works	1,297	1,297	0
Corporate Projects	68,470	68,470	0
Section 106 funded schemes	12,323	12,323	0
Schools	15,129	15,129	0
Social Care	1,250	1,250	0
Transport	91,016	96,786	5,770
Total General Fund	189,485	195,255	5,770
HRA	65,384	65,384	0
Service Totals	254,869	260,639	5,770

Table 3 - Capital Programme funding

	Current Funding Requirement
Expenditure	£'000
Budget	254,869
Balance to be financed:	254,869
Capital Receipts	5,625
Section 106 Deposits	11,043
Grant Funding	127,595
Revenue Contributions	6,360
HRA balances	36,852
CIL	0
Increase in Borrowing Requirement	67,391
Total	254,869

3.10 The detailed capital monitoring report is attached at Appendix 3.

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Budget Management 2018/19

Cabinet

Date: 5th September 2018

Changes to the Programme

- 3.11 Cabinet is asked to approve the following changes to the existing programme:

Variances

- 3.11.1 The latest forecast for the Wichelstowe Southern Access scheme is £28.2m which is in excess of the remaining £22.4m grant funding secured through the Local Growth Deal. (£500k having been spent in 17/18). The Wichelstowe Joint Venture (JV) agreement contained provision for a funding contribution of up to £2.4m, subject to agreement with the JV around the exact scope of the work. The JV contribution is not payable until 2027 (but is subject to inflation) and as delivery is estimated to be by March 2021, the Council will be required to borrow £5.8m until the point at which any JV contribution is received and the borrowing is reduced. The impact on the revenue budget of borrowing £5.8m is £464,000 pa. More detailed costs will be available on completion of the tender process, towards the end of 2018.
- 3.11.2 Cabinet will be aware that the Council was expecting to receive c£1.3m of Capital Maintenance grant from the Department of Education, the department has now confirmed that the 2018/19 funding will be £1.119m for 2018/19. Officers are reviewing the budget in light of this revised funding amount to ensure that all items in the current programme are affordable.
- 3.11.3 The HRA capital budget, approved by Cabinet in February 2018, has been updated to reflect the allocation of funding carried forward from 2017/18.

Community Infrastructure Levy (CIL) Monitoring 2018/19

- 3.12 The Community Infrastructure Levy 'CIL' is a mandatory charge on relevant development. The Council has been operating a CIL since 6th April 2015. It is a regulatory requirement of Regulation 62 of the Community Infrastructure Levy Regulations 2010 (as amended) known as 'the CIL Regs', for the Council to produce an annual CIL Finance Report, the content of which is controlled by the regulations.
- 3.13 Appendix 4 presents the information that the Council is required to publish as CIL Charging authority in a CIL Finance Report before 31st December 2018 for the previous financial year 2017/18.
- 3.14 Cabinet is requested to note the contents of Appendix 4 and approve that they be published on the Authority's website thus discharging the Council's legal reporting requirements.

Budget Management 2018/19

Cabinet

Date: 5th September 2018

5% of CIL receipts for Administration

- 3.15 The CIL regulations allow for up to 5% of the total annual CIL receipts to be retained to provide the resources required to manage the overall CIL process.
- 3.16 Cabinet is requested to approve the annual retention of 5% of the total annual CIL receipts.

CIL Infrastructure Account (CIL General Fund)

- 3.17 The majority of CIL Receipts are retained by the Council to help fund the provision and maintenance of its infrastructure. These receipts are held in a CIL Infrastructure Account (CIL regulations refer to this as the General Fund).
- 3.18 The Council has discretion around how this is spent and can allocate it to either a single project, or to multiple projects. The expenditure should be aligned with infrastructure identified on the adopted CIL Regulation 123 Funding List which is drawn from the Infrastructure Delivery Plan that supports the adopted Local Plan 2026 (Council Minute 97, 2014/5 refers).
- 3.19 Cabinet is asked to note the intention to allocate CIL receipts to support capital programme proposals that will be taken to Cabinet and Council in February 2019 as part of the annual capital budget setting process.

4. Alternative Options

- 4.1 Cabinet could choose not to approve the virements as set out in Appendix 2 and the changes to the capital programme.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The 2018-19 budget assumes the use of £2.8m from the cashflowing reserve and the first year of a two year programme of the use of £7.5m reserves for investment in Children's Social Care. Mitigating actions are therefore required to ensure an appropriate level of reserves can be maintained to deal with challenges in future years.

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Budget Management 2018/19

Cabinet

Date: 5th September 2018

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no such direct implications.

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment (DIA) has not been done as this report is reporting performance in the last financial year and does not make any recommendations to reprioritise the future funding of services.

Risk Management

- 5.5 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all Cabinet reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Forecast Out-turn by Directorate 2018/19
8.2 Appendix 2 – Proposed Budget Virements
8.3 Appendix 3 – Capital monitoring 2018-19
8.4 Appendix 4 – Community Infrastructure Levy Finance Report

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This is not a key decision and is included in the Cabinet Work Programme for September 2018.