

Lancaster City Council | Report Cover Sheet

Meeting	Budget & Performance Panel	Date	17 December 2019
Title	Delivering Our Ambitions Quarter 2 2019/20		
Report of	Director of Corporate Services		
Purpose of Report			
To provide members with an update on performance, projects and resources during the second quarter of 2019-20 (July-September 2019).			
Key Decision (Y/N)	N	Date of Notice	N/A
Exempt (Y/N)	N		

Report Summary

The appendices to this report provide information on performance, projects and resources.

Recommendations of Councillor Anne Whitehead

- (1) That Budget & Performance Panel consider the update on performance, projects and resources for quarter 2 2019-20.

Relationship to Policy Framework

Performance, project and resource monitoring provides a link between the Council Plan and operational achievement, by providing regular updates on the impact of operational initiatives against strategic aims.

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

The content of this report has no impact in itself.

Details of Consultation

No specific consultation around this report.

Legal Implications

No legal implications directly arising from this report.

Financial Implications

No financial implications directly arising from this report.

Other Resource or Risk Implications

No other implications directly arising from this report.

Section 151 Officer's Comments

The Section 151 Officer contributed to this report in his role as Financial Services Manager.

Monitoring Officer's Comments

The Monitoring Officer has been consulted and has no further comments.

Contact Officer	Dan Bates, Director of Corporate Services
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Links to Background Papers

Appendix A: Performance Scorecard
Appendix B: Project Updates
Appendix C: General Fund Service Analysis
Appendix D: General Fund Subjective Analysis
Appendix E: HRA Service Analysis
Appendix F: General Fund Capital Projects
Appendix G: HRA Capital Projects
Appendix H: Reserves Projected Outturn

1.0 Introduction

1.1 The appendices to this report provide information on the council's progress against its priorities, via updates on performance, projects and resources.

2.0 Performance Scorecard

1.1 Appendix A contains an update on performance against key success measures.

1.2 As Cabinet and the council's priorities continue to develop, success measures will be updated accordingly to align with the priorities.

3.0 Project Updates

3.1 Project monitoring is included at appendix B. The corporate reporting of performance and projects will use a 'Red', 'Amber' or 'Green' status to show each projects progress. For any project not reporting a 'Green' status, brief notes of why this is the case will be included on the report.

4.0 Financial Monitoring

4.1 All portfolios are required to examine their revenue budgets regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. In order to enable Portfolio Holders to meet this requirement Financial Services continually reviews and refreshes how it presents the Council's Corporate Monitoring information. Portfolio holder budget packs have been developed and distributed early November to enable discussions with their relevant budget holders. Further detailed appendices in relation to the Council's Housing Revenue Account (HRA), its Capital Projects and Reserves have been provided this quarter.

4.2 In an attempt to aid understanding Members should note that where **projected**

variances values are presented with brackets () this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position.

The following financial appendices accompany this report

Appendix C: General Fund Service Analysis

Appendix D: General Fund Subjective Analysis

Appendix E: HRA Service Analysis

Appendix F: General Fund Capital Projects

Appendix G: HRA Capital Projects

Appendix H: Reserves Projected Outturn

4.3 General Fund Summary Position

4.4 As at the end of Quarter 2 (Q2) September 2019 we are currently projecting a year end overspend against budget of **£252K** (Q1 £165K). This amount equates to approximately **1.64%** of the Council's approved Net Revenue Budget of **£15.397M**. Officers are working to address this, however should an overspent position remain at the year-end it would be met from the Council's unallocated reserves.

4.5 A summary of the Q2 revenue position for the main service accounts of the Council is set out in table 1 below.

Table 1 Quarter 2 Financial Monitoring – Service Analysis

Service	Budget 2019/20 £'000	Q2 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Communities and Environment	5,670	269	5,315	+355
Economic Growth and Regeneration	4,748	2,566	5,043	(295)
Corporate Services	5,992	176	6,171	(180)
Central Services	1,385	892	1,269	+116
Other Items	(572)	(1,890)	(324)	(248)
Net Recharges to Housing Revenue Account	(1,097)	0	(1,097)	0
RMS Capital Charges (now Housing Revenue Account)	(114)	0	(114)	0
Other Financing	(75)	0	(75)	0
Total	15,937	2,013	16,188	(252)

4.6 Communities and Environment account for roughly half of the Council's salaries paid to employees. Staff turnover savings of £230K are contributing to the corporate target of £518K. However, this has been supplemented by the use of agency in some areas and within housing the staff savings are linked to externally funded schemes. Levels of car parking income are approximately £100K above budget and the Council has seen an increase of £65K in Disabled Facilities Grant income.

4.7 Other significant variances include increases in cost for works in default

(£86K) and the Local Plan (£148K). Increases in locum costs, reduced search fee income (£48K) and court costs recovery (£96K).

- 4.8 Centrally, the loss of a capital receipt due to finance the capital programme has increased the Council's Minimum Revenue Provision (£64K). However, contributions from reserves to fund the Deputy Chief Executive and Interim Head of Legal Services posts (£144K & £25K) are no longer required.
- 4.9 Appendix C: General Fund Service Analysis (Q2) covers this information in more detail and provides summary explanations for variances +/- £30K.
- 4.10 A summary of the revenue position analysed across the Councils subjective headings is set out in table 2 below.

Table 2 Quarter 2 Financial Monitoring – Subjective Analysis

Subjective	Budget 2019/20 £'000	Q2 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Employees	22,616	9,881	21,926	690
Premises Related Exp	6,026	4,398	6,127	(101)
Transport Related Exp	1,321	690	1,327	(6)
Supplies and Services	13,392	8,037	13,998	(606)
Transfer Payments	28,027	9,384	27,667	+360
Support Services	146	(21)	146	0
Capital Charges	17	0	17	0
Capital Financing Costs	2,946	0	2,946	0
Appropriations	186	1	426	(240)
Income	(55,310)	(30,357)	(54,961)	(349)
Capital Financing Inc	(2,144)	0	(2,144)	0
Sub Total	17,223	2,013	17,475	(252)
Net Recharges to Housing Revenue Account	(1,097)	0	(1,097)	0
RMS Capital Charges (now Housing Revenue Account)	(114)	0	(114)	0
Budget Correction (reversed within core funding)	(75)	0	(75)	0
Sub Total	(1,286)	0	(1,286)	0
Grand Total	15,937	2,013	16,189	(252)

- 4.11 Appendix D: General Fund Subjective Analysis covers this information in more detail
- 4.12 Housing Revenue Account Summary Position
- 4.13 As at the end of Q2 we are currently projecting a year end underspend against budget of **£0.199M**. A summary of the Q2 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 2 Financial Monitoring – HRA Service Analysis

	Budget 2019/20 £'000	Q2 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Policy & Management	1,294	562	1,251	+43
Repairs & Maintenance	4,870	2,342	4,854	+16
Welfare Services	(161)	(167)	(162)	+1
Special Services	147	141	164	(17)
Miscellaneous Expenses	554	82	548	+6
Capital Charges	5,674	0	5,674	0
Appropriations	847	0	847	0
Gain/Loss on Asset Sales	0	0	0	0
Sub Total	13,225	2,960	13,176	+49
Income Account	(14,322)	(6,427)	(14,471)	+150
Total	(1,097)	(3,467)	(1,295)	199
Net Recharges to General Fund	1,097	0	1,097	0
Housing Revenue Account Budget	0	(3,467)	(199)	199

- 4.14 The underspend is predominantly due to increased rental and service charge income resulting from the work undertaken by officers to address void numbers and turnaround times. In addition, proactive income management (and support) has led to a reduction in legal action providing savings in legal and court costs.
- 4.15 Appendix E: Housing Revenue Account Service Analysis covers this information in more detail and provides summary explanations for variances +/- £30K.
- 4.16 Capital Projects (General Fund & HRA)
- 4.17 At Q2 we are currently projecting a year end slippage against budget of **£3.495M** (General Fund **£3.120M** and HRA **£0.375M**). Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 2 Financial Monitoring – Capital Projects

	Budget 2019/20 £	Q2 Actual 2019/20 £'000	Projected Outturn 2019/20 £'000	Projected Variance 2019/20 £'000
Communities and Environment	2,093	(187)	796	+1,297
Economic Growth and Regeneration	4,214	171	2,391	+1,823
Corporate Services	286	22	286	0
Central Services	0	0	0	0
Total General Fund	6,593	6	3,473	3,120
Total Housing Revenue Account	4,758	1,115	4,383	375
Grand Total	11,351	1,121	7,856	3,495

- 4.18 Appendix F General Fund Capital Projects and Appendix G HRA Capital Projects provide further information and summary commentary.
- 4.19 Reserves

- 4.20 We are currently projecting the Council's combined level of usable reserves to increase to **£18.918M** against the budgeted balance of **£17.964M**. Table 5 Quarter 2 Financial Monitoring – Reserves provides summary details for both Unallocated and Earmarked Reserves.

Table 5 Quarter 2 Financial Monitoring - Reserves

	Actual Opening Balance on Reserves 1 April 2019	Budgeted Revenues Contributions (to and from	Budgeted Capital Contributions from Reserves	Budgeted Closing Balance on Reserves 31 March 2020	Projected Outturn Revenue Contributions	Projected Outturn Capital Contributions	Projected Outturn Balance on Reserves 31 March 2020
	£			£			£
Unallocated Balances	(5,713,800)			(5,713,800)			(5,713,800)
Total Earmarked Reserves	(14,843,300)	1,482,900	1,110,000	(12,250,400)	1,150,600	489,000	(13,203,700)
Total Combined Reserves	(20,557,100)			(17,964,200)			(18,917,500)

- 4.21 General Fund Unallocated Balances are forecast to remain unchanged from the budgeted position of **£5.714M**. The Council's Earmarked Reserves are showing a projected balance of **£13.204M**, an overall increase against budget (**£12.250M**) of **£0.611M**. This is a result of less current projections showing a reduction in budgeted contributions to Revenue and Capital expenditure.
- 4.22 Appendix H: Reserves Projected Outturn provides further detailed analysis.
- 4.23 The use of the Council's reserves to manage fluctuations in expenditure and income will be key to the delivery of the Council's stated priorities and outcomes over the next 4 years and will be kept under review by Officers and Members.
- 4.24 The 2019/20 revenue budget for business rates income assumes a 'worst case' scenario in which Heysham Power Station enters a maintenance period and significantly reduces the Council's rates retention and our forecast is based on this worst case scenario. However, if this does not transpire, the income from business rates will be significantly higher than budgeted and this surplus will be transferred to the business rates reserve at the year end