

Report to Overview and Scrutiny Committee

Date of meeting 1 June 2020

By the Head of Finance

INFORMATION REPORT



Horsham
District
Council

Not exempt

REPORT ON THE COUNCIL'S FINANCE PERFORMANCE IN 2019/20

Executive Summary

This report gives the Overview and Scrutiny Committee information to help it carry out its role of monitoring the internal and external delivery of services by detailing how successful the Council has been in delivering against the budget.

The Council delivered a £246k revenue surplus after allowing for budgets that will be carried to 2020/21 to cover essential expenditure which has been unavoidably delayed.

Capital expenditure amounted to £9.8m which was 45% of the approved £21.7m capital programme.

Recommendations

Members are recommended to note:

- i) the financial position of the Council as outlined in the report.
- ii) the revenue budgets carried forwards as approved by the Director of Corporate Resources, as outlined in the report.
- iii) the transfers between the general reserves and the earmarked reserves as outlined in the report.

Reasons for Recommendations

The monitoring of Financial Delivery as part of the duty of Best Value to drive up service improvement:

- i-iii) Monitoring of the Council's budget is essential, so that action can be taken to safeguard the Council's financial position if required.

Consultation: Senior Leadership Team, Cabinet Members.

Wards affected: All

Contact: Dominic Bradley, Head of Finance, 01403 215302

Background Papers:

Appendix A: Financial highlight outturn report

Appendix B: Revenue dashboard outturn

Appendix C: Capital outturn

Appendix D: Revenue budgets carried forward into 2020/21

Appendix E: Transformation fund at 31 March 2020

Appendix F: Useable reserves; movement between GF and ear-marked reserves

Background Information

1. Monitoring of performance

- 1.1 One of the roles of the Overview and Scrutiny Committee is to review the internal and external delivery of the Council's services. The Committee does this by looking at the Council's progress in financial performance.

2 Financial performance

- 2.1 Appendix A is the Council's Financial Dashboard. The Council has delivered a £246k revenue surplus which is less than the £828k surplus last year. This is after the deduction of £165k which will be carried forward to next year (compared to £201k last year), as shown in appendix E. Within the surplus, there are services spending more than their budget and others spending less or where the Council is collecting more money than budgeted. A large proportion of the surplus is from income that has exceeded budget, but there were also some lower costs than budgeted.
- 2.2 Appendix B is the Council's Revenue Dashboard containing managers' comments on the more significant differences from budget.
- 2.3 Appendix C is the detailed capital programme and expenditures from 2019/20. Projects spent £9.82m (45% of the £21.7m programme) which compares to £14.5m (53% of £27.4m) in 2018/19.
- 2.4 The performance again reflects officer ambition and optimism in the capital programme against the reality of large capital projects often involving third parties over which the Council has limited control, being difficult to deliver.
- 2.5 Delays to replacing the running track at Broadbridge Heath, the Highwood community centre and further commercial property investment were three of the larger projects that did not progress as originally planned in the year. The Council also underspent on housing enabling grants and replacement vehicles. Where this and other capital expenditure is still required, the unspent capital budgets will be re-profiled into later years.
- 2.6 The Council holds a number of ear marked reserves which may be used in year to fund associated expenditure. Where grants and contributions are received in year but not spent the unused portion may be transferred to ear marked reserves for use in future years. The Council can also chose to move funds from the general fund reserve to ear marked reserves to cover future costs.
- 2.7 Appendix F sets out the movements between the general fund and ear marked reserves. The level of general fund reserves at 31 March 2020 stood at £15.7m and earmarked reserves at £9.5m. The usable reserves total of £25.2m at 31 March 2020 compares to £23m at 31 March 2019. The receipt of £4.8m of NHB in 2019/20 has contributed to the stability of these reserves.
- 2.8 The Council had forecast a budget surplus in 2020/21 and near balanced budgets through to 2023/24. This had relied on a range of actions being implemented to help deliver further income generation and efficiency measures, requiring further investment in transformational projects. The impact of Covid-19 in March 2020 and subsequent lockdown is causing unprecedented disruption to the economy and

Council services. A significant overspend is forecast from the significant loss of income and additional expenditure in 2020/21 to date and projected forwards for the rest of the year. It remains important to invest in transformational projects.

- 2.9 The next phase of this transformation will focus on how we ensure that services are designed to meet customer's needs and done in the most efficient way, which in its simplest form means without officers re-keying data. Projects to facilitate transformation include areas such as a new Planning and Regulatory system and other ICT investments to help unlock digital change, improve customer self-service, and investment in staff to help drive cultural change.
- 2.10 Subject to Cabinet approval, £123k will be transferred from the General Fund reserve balance to top up the existing balance of £377k at 31 March 2020 in the earmarked transformation reserve to £0.5m for this purpose during 2020/21. This will help to set aside a balance to help transform the Council in the future; effectively being funded using the budget surplus. Expenditure from this transformation reserve will follow the normal financial authorisation and budget process procedures. Appendix E contains a snapshot of the transformation fund at 31 March 2020 with early anticipated estimated future expenditure.
- 2.11 This 'policy' would be revisited each year should a surplus be made in future years.

4 Outcome of consultations

- 4.1 The Chief Executive and Directors together with the individual Cabinet Members have reviewed the reports contained in the appendices to this reports. Sections 2 and 3 tell Committee where officers are taking action on points of concern. Action on lesser issues is mentioned in the appendices.

5. Other courses of action considered but rejected

- 5.1 None. The Council must monitor its performance and take corrective action where appropriate.

6. Resources consequences

- 6.1 There are no staffing or direct financial consequences from the Overview and Scrutiny Committee reviewing this report.

7. Consequences of the proposed action

- 7.1 This report does not impact on Crime & Disorder; Human Rights; Equality & Diversity and Sustainability matters. Overview and Scrutiny reviewing this report and raising any concerns they have reduces the risk that management or Cabinet have missed any performance or financial trends they need to address.