

## 2019/20 Revenue Budget Monitoring – Month 2 Report

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Cabinet Member: Cllr Mandy Chilcott – Cabinet Member for Resources  
Division and Local Member: All

### 1. Summary

- 1.1.** This report provides the first indication of the year regarding the potential Revenue Budget outturn position for the 2019/20 financial year. It highlights variances to the Medium-Term Financial Plan (MTFP) assumptions, as well as emerging issues, risks, areas of concern and proposed actions to resolve them.

The Council's Medium-Term Financial Plan (2019-22) sets out proposals to further develop its financial resilience over the long-term whilst also supporting the delivery of the Council's key priorities.

- 1.2.** This report is a summary and shows a projected **balanced position** for the authority. However Key Service forecasts project a small net overspend. The majority of the variance is within Children's Services and Trading Units (Dillington House). Management action is under development in these areas with the aim of ensuring a balanced budget by the end of the year, although until these are more fully developed, this variance is being reported. Other areas of the Council have minor variances. It must be noted that the projected balanced position assumes that contingency will be allocated to off-set any unmanageable overspend. If management action fails to address the current forecast overspend in services £5.284m of the Corporate Contingency budget will be available for future in-year pressures.

### 2. Issues for consideration / Recommendations

- 2.1.** The Committee is asked to comment on the projected revenue outturn for 2019/20, whether there are any suggestions for additional management actions or alternative options that they would like to recommend to the Cabinet.
- 2.2.** The Committee is asked to consider any issues or information they would like to be addressed or included in future reports.

### **3. Background**

- 3.1.** At the start of the 2018/19 financial year the Council recognised that urgent action was required to manage its financial situation differently to ensure it remained within its resources in 2018/19; with low financial resilience due to reduced reserves and a significant overspend forecast early in the year action was required immediately. During the year, a dramatic turnaround in the Council's finances was achieved through a tighter financial grip on spending, robust monitoring of the revenue budget, difficult decisions to make budget reductions, and a determination to significantly rebuild resilience through reserves.
- 3.2.** In 2018/19, the Council finished the financial year with an underspend of £5.909m against a net budget of £317.882m (-1.85%). The General Fund Reserve was rebuilt to an end of year balance of £16.366m and opportunity was also taken to replenish some of the Council's negative reserve balances. This was achieved through a tighter financial grip on spending and budget reductions arising from additional savings proposals during the year.
- 3.3.** A robust approach to budget planning for 2019/20 onwards has ensured that the budget assumptions are realistic, and deliverable. However due to continuing rising cost pressures, from demographic demand growth in social care for adults and children, the Council must not loosen its financial grip.

### **4. Consultations undertaken**

- 4.1.** See Appendix A

### **5. Implications**

- 5.1.** See Appendix A

### **6. Background papers**

- 6.1.**
  - Appendix A & B - 2018/19 Revenue Outturn Report to Cabinet – 08 July 2019
  - Appendix C – Delivery of Savings Summary 2019/20

**Note:** For sight of individual background papers please contact the report author