



Subject: FINANCIAL MONITORING REPORT QUARTER 3 (UP TO 31ST DECEMBER 2018)

Report of: CORPORATE DIRECTOR - FINANCE & GOVERNANCE

Relevant Cabinet Member: Councillor Ian Ward

Relevant O &S Chair(s): Councillor Sir Albert Bore

Report author: Clive Heaphy, Corporate Director – Finance & Governance

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 5751/2019		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 This report forms part of the City Council's robust arrangements for controlling its revenue and capital expenditure.
- 1.2 Each Directorate's financial performance to date is shown, together with the risks and issues identified to date in the Corporate Revenue and Capital Budget Monitoring documents for Month 9, which are appended to this report as Appendices A and B.
- 1.3 The latest Treasury Management position is shown in the Treasury Management Report for Month 9, which is appended to this report as Appendix C.

2 Recommendations

That the Cabinet:-

- 2.1 Notes the City Council's 2018/19 forecast revenue budget position and the gross pressures identified as at 31st December 2018.
- 2.2 Notes the latest monitoring position in respect of the City Council's savings programme and the present risks identified in its delivery.
- 2.3 Approves the proposed allocation of General Policy Contingency related rebasing the Waste Management Services Budget in 2018/19 as proposed in paragraph 3.2 of Appendix A.
- 2.4 Approves the acceptance of the Winter Pressures Grant of £5.6m from the Department of Health and Social Care as proposed in paragraph 3.3.
- 2.5 Approves the acceptance of new funding to support children with special educational needs and disabilities as proposed in paragraph 3.4.
- 2.6 Approves the proposed uses of and contributions to Earmarked Reserves as proposed in paragraphs 6.44 to 6.52 of Appendix A.
- 2.7 Approves the writing off of debts over £0.025m as summarised in Annex 6 of Appendix A.
- 2.8 Approves the proposed Reserves Policy as outlined in Annex 7 of Appendix A.
- 2.9 Approves the revised 10 year capital programme of £3,181.6m.
- 2.10 Notes the forecast capital expenditure in 2018/19 of £416.8m.
- 2.11 Notes the Treasury Management report.

3 Background

- 3.1 At the meeting on 27th February 2018, the Council agreed a net revenue budget for 2018/19 of £855.2m to be met by government grants, council tax and business rates payers.
- 3.2 The base budget forecast variations in each Directorate are detailed in Section 2 and Annex 1 of the Corporate Revenue Budget Monitoring document attached as Appendix A. The position is summarised in tabular form in Annex 2 which incorporates the forecast year end pressures by Directorate.
- 3.3 Directorate risks relating to the Savings Programme and measures being undertaken to alleviate these are detailed in Section 2 and Annex 1 of Appendix A and the position is summarised in tabular form in Annex 3.
- 3.4 The meeting of the 27th February 2018 also agreed a 10 year capital programme of £2,726.3m.
- 3.5 During Quarter 3 the programme has been amended to £3,181.6m. The major budget changes and forecast variations are detailed in Appendices B1 to B6.

- 3.6 The latest treasury position is shown in Appendix C. During the quarter, the Council repaid a further £1.1m of Lender's Option Borrower's Option loan (known as LOBO loan), and refinanced it with a new loan from the Public Works Loans Board (PWLB), as set out in Appendix C3. The loan was repurchased at an advantageous rate compared to the PWLB borrowing. After taking account of the repurchase premium, savings arise in the longer term, and the Council's debt refinancing risks reduce due to the removal of the LOBO options. In addition, two £30m PWLB loans were taken as part of the overall long term borrowing strategy, to lock into current low rates compared to recent trends, and remove some of the risk of a large, variable rate, short term loan book.

4 Options considered and Recommended Proposal

- 4.1 Corporate Directors, in striving to manage their budgets, have evaluated all the options available to them to maintain balance between service delivery and a balanced budget.

5 Consultation

5.1 Internal

- 5.1.1 Cabinet Members, Corporate Directors, the City Solicitor, Human Resources and Assistant Directors of Finance have been consulted in the preparation of this report.

5.2 External

- 5.2.1 There are no additional issues beyond consultations carried out as part of the budget setting process for 2018/19.

6 Risk Management

- 6.1 The monitoring of the Council's budget and the identification of actions to address issues arising, as set out in this report, are part of the Council's arrangements for the management of financial issues.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 The budget is integrated with the Council Financial Plan, and resource allocation is directed towards policy priorities.

7.2 Legal Implications

- 7.2.1 Section 151 of the 1972 Local Government Act requires the Corporate Director – Finance & Governance (as the responsible officer) to ensure the proper administration of the City Council's financial affairs. Budget control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Directorates and members of the

Corporate Management Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements on budgetary control for the specified area of the City Council's Directorate activities.

7.3 Financial Implications

7.3.1 The Corporate Revenue and Capital Budget Monitoring documents attached give details of monitoring of service delivery within available resources.

7.4 Procurement Implications (if required)

7.4.1 N/A

7.5 Human Resources Implications (if required)

7.5.1 N/A

7.6 Public Sector Equality Duty

7.6.1 There are no additional Equality Duty or Equality Analysis issues beyond any already assessed in the year to date. Any specific assessments needed shall be made by Directorates in the management of their services.

8 Background Documents

8.1 City Council Financial Plan 2018+ approved at Council 27th February 2018