

# Communities Committee

<b>Report title:</b>	<b>Finance monitoring</b>
<b>Date of meeting:</b>	<b>6 March 2019</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b> This report provides the Communities Committee with financial monitoring information for the services reporting to this Committee for 2018-19.	

## Executive summary

The services reporting to this Committee are mainly delivered by Community and Environmental Services, but also includes elements of services provided through the Strategy and Governance Department.

The 2018-19 net revenue budget for this committee is £47.316m. The Current Forecast out-turn is £0.379m overspend.

The total capital programme relating to this committee for the years 2018 to 2021 is £17.242m. Details of the capital programme are shown in Section 3 of this report.

The balance of Communities Committee reserves as of 1 April 2018 was £7.466m. The reserves at the beginning of the year included committed expenditure and unspent grant income which was carried forward from 2017/18. Details are shown in Section 4 of this report.

### Recommendations:

Members are recommended to:

- a) **Note the 2018-19 revenue budget and forecast out-turn position for this Committee.**
- b) **Note the capital programme for this Committee.**
- c) **Note the balance of reserves brought forward to 2018-19 and the planned use of reserves for 2018/19.**

## 1. Proposal

- 1.1. Members have a key role in overseeing the financial position for the services under the direction of this committee, including reviewing the revenue and capital position and reserves held by the service. Although budgets are set and monitored on an annual basis, it is important that the ongoing position is understood, and the previous year's position are considered.
- 1.2. This report reflects the budgets for 2018-19 budget and forecast outturn position as at the end of January 2019.

## 2. Evidence

- 2.1. Community and Environmental Services deliver a wide range of services reporting to a number of different committees, EDT, Business and Property, Digital and Innovation and this Committee. Elements of services provided through the Managing Directors office also report into this committee.

2.2. The 2018-19 NET revenue budget for this committee is £47.316m.

<b>Table 1: Communities NET revenue budget</b>				
	2018-19 Budget	2018-19 Forecast Outturn	Forecast variance	Actual Spend to Period 10
	£m	£m	£m	£m
Community and Consultation	0.214	0.214	0.000	0.137
Community, Information and Learning	15.736	15.704	(0.032)	12.412
Culture and Heritage	3.773	3.772	(0.001)	4.976
Director of Public Health	(0.488)	(0.566)	(0.078)	(8.549)
Equality and Diversity	0.183	0.183	0.000	0.268
Fire Service	28.243	28.733	0.490	23.334
Registrars	(0.345)	(0.345)	0.000	(0.156)
<b>Total for Committee</b>	<b>47.316</b>	<b>47.695</b>	<b>0.379</b>	<b>32.422</b>

2.3. Table 1 above reflects the services net revenue budget, details of the Gross budgets are shown in table 2 below:

<b>Table 2</b>	<b>Current year budget</b>	<b>Forecast</b>	<b>Forecast Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Expenditure	109.860	110.111	0.251
Income	(62.544)	(62.416)	0.128
<b>Net</b>	<b>47.316</b>	<b>47.695</b>	<b>0.379</b>

2.4. As at period 6 RBOs have identified the following forecast variances:

<b>Table 3</b>			
Service Area	Previously reported Forecast Variance £m	Variance period 10 £m	Narrative
Culture and Heritage	£0.087	£0.062	Current forecast over spend due to reduced admission fee income over the early part of the year which is due to the good weather.
Culture and Heritage	(£0.020)	(£0.029)	Forecast underspend on Salary costs
Culture and Heritage		(£0.034)	Planning services – forecast additional planning application fees.

Community Information and learning		£0.020	Adult Education – Forecast additional staff costs
Community Information and learning		(£0.052)	Forecast underspend on salary costs. Part year vacancies
Director of Public Health	(£0.046)	(£0.078)	Forecast underspend on Salary costs
Fire Service	£0.596	£0.490	Forecast overspend see paragraph 2.5 below.
<b>Net Forecast Overspend</b>	<b>£0.617</b>	<b>£0.379</b>	

2.5. There are number of pressures currently within the Fire Service:

Table 4:

Previously reported Variance £m	Reason for variance	Period 10 variance £m	Reason for movement
£0.296	Additional cost due to summer peak of activity	£0.296	
£0.385	Training and Recruits	£0.320	Reduced due to staff turnover
£0.070	Additional cost of training specific to Flood water rescue	£0.040	Review of the training requirement for this financial year
£0.146	Youth development	£0.135	Revision termination costs for site closures
<b>£0.897</b>	<b>Total Spend Pressures</b>	<b>£0.791</b>	
(£0.301)	Delayed contract payments	(£0.301)	
<b>£0.596</b>	<b>Net</b>	<b>£0.490</b>	

2.6. The Fire service will continue to manage a number of issues which are likely to remain and ongoing cost pressures in 2019-20

2.7. The workforce profile of the whole-time firefighters means that we expect a number of retirements over the coming years. Rather than waiting for this to happen the service will take a proactive approach to recruitment which may lead to an increased cost. In previous years, any pressure on whole-time firefighter salaries would be managed by underspends in the retained budget. However, successful activity to improve recruitment and retention of retained firefighters means this is no longer possible.

2.8. The recruitment of new whole-time and retained firefighters means the programme of training has been increased to ensure that new recruits are able to demonstrate full competence.

2.9. We therefore anticipate there will be continuing cost pressures within 2019/20. We are planning to manage through budget control of other areas, where possible, and planned use of reserves. The longer-term impacts of managing these issues will be picked up through the development of the 2020 IRMP and the 2020/21 budget planning cycle.

### 3. Capital budget

- 3.1. The overall capital budget for the services reporting to this committee is £17.242m. £5.429m is currently profiled to be delivered in 2018-19.

<b>Table 5: Communities Capital programme</b>						
	<b>2018-19 Budget £m</b>	<b>2019-20 Budget £m</b>	<b>2020-21+ Budget £m</b>	<b>Total Programme £m</b>	<b>Actuals to period 10</b>	<b>Forecast Out-turn 2018-19</b>
<b>Norfolk Fire and Rescue Service</b>	0.734	6.057	2.150	8.941	0.313	0.776
<b>Culture and Heritage – Museums</b>	2.714	0.757		3.471	0.269	2.623
Customer Services Strategy	0.165	0.065		0.230	0.081	0.165
E-Commerce Digital Development	0.114	0.003		0.117	0.065	0.114
Single employee portal	0.028	0.261		0.289	0.014	0.028
Libraries	1.563	2.421		3.984	0.848	1.302
Traveller Sites Improvement	0.110			0.110	0.000	0.100
Public Health – reducing domestic violence	0.001	0.099		0.100	0.001	0.001
<b>Committee total</b>	<b>5.429</b>	<b>9.663</b>	<b>2.150</b>	<b>17.242</b>	<b>1.591</b>	<b>5.109</b>

- 3.1.1. The capital programme is managed over multiple years due the nature of delivery of projects as they can take time to plan and deliver. Budget virements may take place throughout the year to reflect the expected profile of deliver.

#### **4. Reserves 2018-19**

- 4.1. The Council holds both reserves and provisions.
- 4.2. Provisions are made for liabilities or losses that are likely or certain to be incurred, but where it is uncertain as to the amounts or the dates which they will arise. The Council complies with the definition of provisions as contained within the CIPFA Accounting Code of Practice.
- 4.3. Reserves are either reserves for special purposes or to fund expenditure that has been delayed and, in many cases, relate to external Grants and Contributions. They can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which can help smooth the impact of funding.

- 4.4. Or reserves can be held as General balances, these are not earmarked for a specific purpose. General balance reserves would be held to help the Council to manage unplanned or unforeseen events. This committee doesn't hold any general balances.
- 4.5. The reserves relating to this committee fall under the definition as per paragraph 4.3 and are held for special purposes or to fund expenditure that has been delayed, and in many cases relate to external grants and contributions.
- 4.6. A number of the reserve balances relate to external funding where the conditions of the grant are not limited to one financial year and often are for projects where the costs fall in more than one financial year.
- 4.7. Services continue to review the use of reserves to ensure that the original reasons for holding the reserves are still valid.
- 4.8. The balance of unspent grants and reserves as at 1 April 2018 stood at £7.466m.
- 4.9. Table 5 below shows the balance of reserves held and the planned usage for 2018-19.

<b>Table 6: Communities Reserves</b>	Balance at 1 April 2018	Forecast balance 31 March 2019	Forecast Net Change
	£m	£m	£m
<b>Culture, Heritage and Planning</b>			
Income Reserve	(0.163)	(0.163)	0.000
Repair and Renewal Fund	(0.165)	(0.150)	0.015
Residual Insurance and Lottery	(0.183)	(0.176)	0.007
Unspent Grants and Contributions Reserve	(1.491)	(1.086)	0.405
<b>Culture, Heritage and Planning Total</b>	<b>(2.002)</b>	<b>(1.575)</b>	<b>0.427</b>
<b>Head of Support and Development</b>	<b>(0.059)</b>	<b>(0.059)</b>	0.000
<b>Community, Information and Learning</b>			
Income Reserve	(0.114)	(0.114)	0.000
Information Technology	(0.617)	(0.418)	0.199
Repair and Renewal Fund	(0.923)	(0.644)	0.278
Unspent Grants and Contributions Reserve	(0.160)	(0.160)	0.000
<b>Community, Information and Learning Total</b>	<b>(1.814)</b>	<b>(1.336)</b>	<b>0.477</b>
<b>Chief Fire Officer</b>			
EU Regs-Retained fire fighters and P/T Workers	(0.048)	(0.048)	0.000
Fire Pensions Reserve	(0.155)	(0.106)	0.049
Operational Equipment	(0.378)	(0.331)	0.046
Repair and Renewal Fund	(0.456)	(0.484)	(0.028)
Retained Turnout Payments	(0.031)	(0.031)	0.000
Unspent Grants and Contributions Reserve	(0.140)	(0.150)	0.010
<b>Chief Fire Officer Total</b>	<b>(1.208)</b>	<b>(1.151)</b>	<b>0.057</b>
<b>Director Public Health</b>			
Repair and Renewal Fund	(0.040)	(0.040)	0.000
Road Safety Reserve	(0.150)	(0.150)	0.000
Unspent Grants and Contributions Reserve	(1.883)	(2.434)	(0.551)

