

Forest Heath District Council Financial Forecast – Revenue, Capital and Reserves

Forecast Revenue Position

The forecast revenue outturn position currently shows an **overall overspend of £51k** (0.14% of the gross budget). A summary by Assistant Director can be found in **Appendix H** with comments for variances by cost centre in **Appendix I**.

The forecast revenue overspend is comprised of a number of positive and negative variances, the most significant of which are detailed in the table below. We will continue to monitor the position closely.

Further detail on the remainder of areas is available in **Appendix I**.

Forest Heath District Council Major Forecast Variances over £50k.

2018/19 Current Forecast variance: Over / (under) £000s	FHDC Details / proposed action
	<p><u>Interest and Capital Project Financing</u></p> <p>This includes a number of different items relating to the revenue elements around Capital Financing as well as investment income.</p> <p>As business cases come forward the financing of those business cases make provision for borrowing costs (minimum revenue provision and external borrowing costs). However, actual external borrowing would only take place when the Council’s treasury management activities identify such a need. For example, this could be when the Council’s cash flow management activities anticipate that an external cash injection is required to maintain the appropriate level of cash balances for the Council to operate and fulfil its budget and service delivery requirements.</p> <p>The variance below includes assumptions around the timing of our Investing in our Growth Agenda capital fund’s overall performance, that is intended to generate a net income stream of around £200k per annum, after allowing for the cost of borrowing and the minimum revenue provision.</p> <p>As projects from this fund are confirmed the budgets will be updated accordingly, and the figures shown assume that we will utilise the monies set aside for savings in external borrowing in order to offset the timing of this fund’s performance.</p>

2018/19 Current Forecast variance: Over / (under) £000s	FHDC Details / proposed action
<p>102 (614) (931) 1,160 283</p> <p><u>0</u></p>	<p><u>Interest and Capital Project Financing (continued)</u></p> <p>The variances are shown below:</p> <p>Interest Receivable Interest Payable on Borrowing Minimum Revenue Provision Income Assumptions Contributions to Earmarked Reserves</p> <p>Total Forecast – on budget</p>
<p>93</p>	<p><u>Development Control</u></p> <p>Planning application income expected to be significantly down on budget due to less major applications so far this financial year.</p>
<p>(70)</p>	<p><u>Solar Farm</u></p> <p>As one of our key areas of investment, the Solar Farm has performed strongly this financial year and has exceeded generation targets in all months other than April.</p> <p>Lower than budgeted Maintenance Costs, Business Rates & Insurance also contribute to an expected underspend.</p>
<p>75</p>	<p><u>Recycling Collection (Blue Bin)</u></p> <p>Recycling Performance Payment (RPP) income received net of the gate fee from SCC has decreased to £30.61 from £44.21 (figure used to budget) for approx. 4,000 tonnes collected annually. There is also a 17/18 residual balance as February and March 2018 tonnage estimates were higher than actual. In 17/18, a contribution was made to reserves of £55k to protect against volatility in commodity rates. This can be released in 18/19 to smooth the trend.</p>
<p>(51)</p>	<p><u>Compostable Collection (Brown Bin)</u></p> <p>Anticipated brown bin income is up by 2.8%. Assumed payments to SCC and other costs are currently forecast to be down at present. The service is currently on track to achieve the budgeted break-even position by 2019/20.</p>

2018/19 Current Forecast variance: Over / (under) £000s	FHDC Details / proposed action
<p>(12)</p>	<p><u>Employees Costs</u></p> <p>The budgets for Employees costs are comprised of a number of elements, including Basic Salaries, Employers National Insurance and Pensions, reserve and other funding where appropriate, Agency Staff costs, and assumptions around vacancy management.</p> <p>These are monitored on a monthly basis, with particular attention given to areas such as Agency Staff spend.</p> <p>At this point in the year, spend on employees costs is expected to be broadly in line with the overall budget.</p>

Forecast Capital Programme

The Council is currently forecasting to spend **£6.9m** of its capital budget of £44.9m for 2018/19. Around £37.7m is likely to be re-profiled into 2019/20 as a result of project timings and more accurate project spend profiling.

The following table gives a high level summary of capital expenditure against budget for 2018/19. Further detail by individual capital project can be found in **Appendix J**.

Assistant Director	2018/19 Revised Full Year Budget	2018/19 Actual Spend to Date	2018/19 Forecast Spend	2018/19 External Grant Funded	2018/19 Carried Forward	2018/19 Forecast Over / (under) Spend
	£000s	£000s	£000s	£000s	£000s	£000s
Resources & Performance	3,922	25	422	0	3,500	0
Human Resources	14	0	14	0	0	0
Families & Communities	261	0	0	0	225	(36)
Planning & Regulatory	2,233	514	1,353	47	798	(129)
Operations	16,608	1,186	4,055	0	12,523	(30)
Growth	21,828	771	1,043	0	20,635	(150)
Totals:	44,866	2,496	6,887	47	37,681	(345)

Forecast Earmarked Reserves

The council's balance on Earmarked Revenue Reserves at the end of the financial year is currently forecasted to be around **£14.3m**. Details of the individual reserve balances and movements during the year can be found in **Appendix K**.