

St Edmundsbury Borough Council Financial Forecast – Revenue, Capital and Reserves

Forecast Revenue Position

The forecast revenue outturn position currently shows an **overall overspend of £15k** (0.02% of the gross budget). A summary by Assistant Director can be found in **Appendix M** with comments for variances by cost centre in **Appendix N**.

The forecast revenue underspend 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 N**.

St Edmundsbury Borough Council Major Forecast Variances over £50k.

| 2018/19 Current Forecast variance: Over / (under) £000s | SEBC 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</p> |

| 2018/19 Current Forecast variance: Over / (under) £000s | SEBC Details / proposed action |
|---|---|
| <p>(24) (541) (555) 198 2</p> <p><u>15</u></p> | <p>monies set aside for savings in external borrowing in order to offset the timing of this fund's performance.</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 overspend</p> |
| <p>(123)</p> | <p><u>Development Control</u></p> <p>Income expected to exceed budget due to significant major developments in the first half of the financial year.</p> |
| <p>129</p> | <p><u>Recycling Collection (Blue Bin)</u></p> <p>The 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. 7,500 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 £86k 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> |
| <p>(54)</p> | <p><u>Trade Waste</u></p> <p>Trade Waste income to date continues to be strong and looks positive for the rest of the year.</p> <p>Close monitoring will continue so that confidence in the figures can be maintained.</p> |

| 2018/19 Current Forecast variance: Over / (under) £000s | SEBC Details / proposed action |
|---|---|
| <p>269</p> | <p><u>Off Street Car Parks</u></p> <p>Income from Car Parking is currently forecasted to be around £175k lower than the budgeted amount of £4,635k, which is in line with the income levels achieved in 2017/18. This equates to around 3.8% of the budgeted income.</p> <p>Car parking income has been on a downward path since December although transactions have recovered over the past month. This is supported by recent footfall data particularly in Bury St Edmunds town centre which has seen some recovery.</p> <p>Recent car parking occupancy analysis has shown that peak time car parking transactions remain strong and seen growth in comparison to the 2015 car parking review. However mid-week occupancy has declined and is the cause of the lower than estimated income receipts. Nationally, town centres are facing a challenging and unpredictable time, and therefore it is difficult to predict with any certainty on-going trends.</p> <p>We are slightly down on income against actual receipts from 2017 at the moment but this may change as we move through the financial year.</p> |
| <p>159</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 **£19.2m** of its capital budget of £50.5m for 2018/19. Around £27.1m 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 O**.

| 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 | 1,894 | 587 | 1,894 | 0 | 0 | 0 |
| Human Resources | 26 | 0 | 26 | 0 | 0 | 0 |
| Families & Communities | 96 | 12 | 31 | 0 | 0 | (65) |
| Planning & Regulatory | 2,103 | 244 | 1,171 | 0 | 769 | (163) |
| Operations | 13,369 | 1,940 | 10,741 | 110 | 2,642 | 0 |
| Growth | 32,969 | 2,026 | 5,301 | 400 | 23,668 | (4,000) |
| Totals: | 50,457 | 4,809 | 19,164 | 510 | 27,079 | (4,228) |

Forecast Earmarked Reserves

The council's balance on Earmarked Revenue Reserves at the end of the financial year is currently forecasted to be around **£20.8m**. Details of the individual reserve balances and movements during the year can be found in **Appendix P**.