

APPENDIX A

Report For:	Executive	Item No: 0
Date:	29 June 2020	
Report Of:	Dev Gopal. Service Director, Finance & Audit	
Report Author:	Tim Lee, Principal Accountant	

Subject:	2019/20 Provisional Revenue and Capital Outturn	
Lead Executive Member(s):	Councillor Malcolm	
Wards Affected:	All	
Consultations:	Councillors	<input type="checkbox"/>
	Scrutiny	<input type="checkbox"/>
	Stakeholders	<input type="checkbox"/>
	Others	<input type="checkbox"/>

Recommendations

1. Executive is recommended to:
 - a) note the over-spend of £0.195m reported at the provisional outturn figures for 2019/20, subject to finalising some areas of capital resourcing and treasury management.
 - b) approve the budgets requested for carry forward to 2020/21
 - c) approve the movements in reserves arising from the outturn position for 2019/20
 - d) approve the following items of capital expenditure where 2019/20 spend was in excess of the current budget:
 - PI1, LTP Package for Integrated Transport, £206,000, funded by capital grant
 - PI2, LTP Highway Maintenance, £9,000, funded by capital grant
 - PI52, Library Building Refurbishment, £98,000, funded by capital receipt

Background

2. The Council's Budget is monitored monthly throughout the year and reported to the Executive on a quarterly basis. This report shows the provisional outturn position for 2019/20 subject to Audit, compared to the approved budget and the cumulative monitoring forecast.
3. Additional budget resources of £10m (gross) were provided in 2019/20 to the services facing the largest spend pressures. A specific savings contingency was also included in this year's budget, to allow for the phased delivery of the 2019/20 budget savings over 2 financial years through to March 2021.

The closure of this year's accounts has taken place concurrent with the emergence of the Corona Virus pandemic and this has impacted on the final outturn position for 2019/20 in some services, including some areas of income and receiving the first instalment of Emergency Funding from the Government on 27th March 2020, prior to 19/20 closure. The emergency funding will be set aside in reserves and earmarked against the additional costs and income losses that will need to be managed in 2020/21 due to Covid-19.

The impacts from the pandemic are extremely serious for the Council, particularly in relation to the loss of commercial income that supports delivering the services needed by the

APPENDIX A

community. A Revised Emergency Budget Report for 2020/21 is also being considered by the Executive alongside this report, detailing the expected financial impact of the pandemic and the recovery measures that will be needed.

The Current Position

4. The Council has been managing a number of significant cost pressures in delivering core services over recent years, against the backdrop of cumulative cuts in funding from Government. To assist managing these pressures, additional budget resources of around £10m (gross) were provided in 2019/20 to the services facing the largest spend pressures; in order to assist with achieving the longer term measures needed to keep the Council's budget sustainable, including the additional budget savings needed to set future budgets. A specific savings contingency was also included in the 2019/20 budget to allow for the phased delivery of this year's savings over the 2 financial years through to March 2021.

Work continued during 2019/20, to implement the efficiency & sustainability measures originally set out in 2018/19, toward reducing costs where possible or to increase income without impacting on the front-line services needed by the community. But as reported in the Quarterly monitoring reports, this has only had a limited impact on the reducing the scale of the budget overspends reported by services for 2019/20, given the ongoing levels of demand.

The largest cost pressures over the year continue to be:

- supporting the needs of vulnerable children and families
- providing temporary accommodation to relieve homelessness
- repair and maintenance costs on the operational property estate

These are also supplemented by smaller pressures across several other service areas.

The final monitoring forecast reported to the Executive in April predicted total service overspends of around £9.25m for 2019/20. This was mitigated in the wider monitoring forecast by deploying the full £5.9m of general contingency budgets included in this year's budget and by some one-off gains in the corporate resource accounts relating to borrowing costs, interest earned on investments and capital financing costs; giving a total net position that was approximately balanced at the final forecast for the year

The provisional outturn position at closure of the 2019/20 accounts, after allowing for £0.284m of carry forward budgets and prior to Audit is an overspend of £0.195m for the General Fund.

Cumulative Monitoring Variations to Budget 2020/21 – Largest Movements

5. The largest movements reported in this year's monitoring forecasts and the provisional outturn position are shown in the table below. There are a few notable changes in the final position compared to Q3 forecast but in total, these have been largely contained by other compensating underspends elsewhere in the accounts. Further information on the main variations is provided later in this report and on Appendices A to F, that detail the outturn positions for each department.

Monitoring Report	Cumulative Forecast	Main New Variations Forecast on Costs/Income
Quarter 1	£3.0m net overspend	£3.5m overspend on children's care/family support incl. travel £1.3m overspend on temporary accommodation for homelessness £0.5m overspend on repairs & maintenance on property estate

APPENDIX A

Monitoring Report	Cumulative Forecast	Main New Variations Forecast on Costs/Income
	(incl. partial use of contingency)	£0.7m IT Costs £0.5m unachieved procurement savings £0.6m revenues and benefits service (costs & income) £0.4m Coroners Service/Parking Income £0.4m Adult Learning/ Crematorium Income -£2.9m use of specific savings contingency -£2.1m net gain on Borrowing Costs, Investment Income & Airport Dividend
	Approx. balanced net of remaining contingency budgets	
Quarter 2	£3.7m net overspend (incl. partial use of contingency) £0.7m increase from Q1	£0.3m increased overspend on children/family support £0.9m increased overspend on temporary accommodation for homelessness £1.0m increased overspend on property estate repairs & maintenance £0.4m overspend on business intelligence & strategic change £0.1m increased overspend on IT Costs £0.3m of smaller service overspends (net) -£0.3m increased net gain on Borrowing Costs, Investment Income & Airport Dividend -£1.4m of additional corporate level grants incl. business rates compensation
	£1.0m overspend net of remaining central contingency budgets	
Quarter 3	£0.1m net underspend after use of all contingency £3.8m gross/£1m net reduction from Q2	£0.4m increased overspend on children/family support £0.2m increased overspend on IT Costs £0.6m increased overspend on property estate repairs & maintenance £0.4m overspend on food waste trial/street light energy costs -£1.3m estimated underspend on net housing benefit costs -£0.5m underspend on Adult Social Care costs -£0.4m of smaller service underspends (net) -£2.8m use of contingencies to meet forecast service overspends -£0.4m further net gain from Borrowing Costs, Investment Income, Airport Dividend and capital charges
	Small surplus after full use of central contingency budgets	
Provisional Outturn	£0.2m overspend	Including £0.3m of budgets to be carried forward to 2020/21. Analysis of the final variations to budget is shown at paragraph 7

Consolidation of the Council's statutory accounts is now underway. The deadlines for publishing the accounts have been deferred to allow for the impacts of Covid-19 on both Local Authorities and the Audit Sector.

Goals and Objectives

- To report the provisional outturn position for 2019/20, subject to Audit and to approve the resulting movements in reserves arising from this.

Proposal

General Fund Revenue Budget 2019/20

APPENDIX A

7. The provisional outturn position for 2019/20 after contributions to and from specific operational reserves is a net overspend of £0.195m compared to the annual budget, a variation of around 0.15% on total net expenditure during the year. This is slightly worse position than the small surplus of £0.062m forecast in the year's monitoring up to Q3.

The final overspend is however a net position, with significant additional costs incurred for the year across several services, that has been offset by the full use of this year's approved central contingency budgets and some significant short-term and one-off gains in the corporate resource accounts. The largest variations to the base operational budget underlying the provisional outturn position are:

Main Variations to Base Budget 2019/20		£'m
Cost or Income Pressures		
	children & family social care, including SEN transport (above £3.6m budget increase)	4.7
	temporary accommodation for homelessness	3.5
	corporate property estate and services (net R&M costs, above £0.8m budget increase)	0.9
	transformation & technology services including ICT	0.8
	unachieved corporate procurement savings	0.5
	reduced parking income including penalty notices (part Covid-19 impacts)	0.6
	planning & transportation services	0.5
	revenues & benefits cost and income pressures (above £0.5m budget increase)	0.4
	cemeteries & crematorium income	0.3
	coroners service	0.2
Cost Reductions, Income Gains & Contingency Budget (one-off *)		
	general contingency budgets, including phased savings delivery	-5.9
*	borrowing costs/investments/airport dividend (net position linked to major capital schemes)	-2.7
*	net additional corporate level grant funding (business rates relief compensation, levy surplus and EU exit)	-1.2
*	reduction in revenue costs of capital spend (mnp and resourcing)	-1.2
*	reduced pension costs (to specific reserve)	-0.7
*	reduced requirement on redundancy budget (to specific reserve)	-0.6
	GF education services including schools transport	-0.5
	operational self-insurance surplus	-0.4
	adult social care (excluding covid-19 emergency support funding)	-0.3
	Waste management	-0.3
	net cost of housing benefits	-0.2
	EU exit funding (to specific reserve)	-0.2
	Increased Butterfield profit share (to specific reserve)	-0.2
Movements in Reserves (incl. emergency grant)		
	emergency grant funding for covid-19 (initial payment in advance of spend)	-5.4
	one-off contribution to reserves (ring-fenced for covid-19 impacts in 2020-21)	5.4
	increased contributions to specific operational reserves (Butterfield, Pensions, Redundancy, EU Exit Funding)	1.9
	budgets carried forward to 2020/21	0.3

APPENDIX A

Summary General Fund Outturn Position by Department 2019/20

8. The final net spend on General Fund services for 2019/20 was £129.905 million prior to movements in reserves. After allowing for the final operational contributions from and to specific reserves, there is a final overspend of £0.195m compared to budget, subject to Audit.
9. The Housing Revenue Account has a net underspend of £0.974m compared to budget for 2019/20, giving a final operational surplus of £1.619 million for the year. The surplus will help to maintain a prudent level of operational reserves to help meet future costs, including supporting the capital programme to improve and add to the housing stock. Within the outturn position, a contribution of £1.624m has been provided from revenue resources this year to support HRA capital spend on repairs and maintenance. Further information on the HRA outturn position and variations to budget is provided at Appendix F/Fi.
10. Total spend on the Schools Budget for 2019/20 is £152.944m against a budget of £150.542 million, giving a gross overspend of £2.402 million for the year. This has been met by contributions from available School reserves. The overspend divides approximately equally between central School functions and Schools individual budgets. Further information on the Schools outturn position is provided at Appendices C - Ciii.
11. A summary of each department's outturn position compared to the approved operating budget and is shown in the table below:

General Fund Position 2019/20 Compared to Operating Budget	Operating Budget £million	Final Spend £million	Variation +over/-under £ million	
Chief Executive	4.544	4.250	-0.294	Appx A
Customer & Commercial	10.487	15.067	4.580	Appx B
Children, Families & Education	54.289	58.535	4.246	Appx C
Place & Infrastructure	35.834	37.874	2.040	Appx D
Public Health & Wellbeing - gf	66.599	66.134	-0.465	Appx E
Public Health	15.176	14.630	-0.546	Appx E
Public Health Grant	-14.978	-14.979	-0.001	Appx E
Total Service Variation to Budget			9.560	
General Contingencies	6.780	-0.239	-7.019	
Corporate Accounts (excl. reserves)	-46.198	-51.367	-5.168	
Total Prior to Movements in Reserves	132.533	129.905	-2.627	
Advance receipt of Covid-19 funding	0	-5.423	-5.423	
Net contribution to specific operational reserves, incl. Covid-19 funding	0.287	8.240	7.953	
Carry Forwards to 2020/21	0	0.292	0.292	
Net GF Overspend 2019/20	132.820	133.014	0.195	
Other Accounts				
Schools Budgets (met by DSG)	150.542	152.944	2.402	Appx C
Contribution from Schools Reserves			-2.402	
HRA Operational Revenue Surplus	-0.645	-3.243	-2.598	
HRA contribution to capital resources		1.624	1.624	

APPENDIX A

Final HRA Surplus			-0.974
Contribution to HRA Reserves	0.645	1.619	0.974

Appx F

12. The final cumulative monitoring for the General Fund in 2019/20 predicted an underspend of £0.061m compared to budget. The final outturn position is an overspend of £0.195m, an increase of £0.256m compared to the predicted position. The change compared to the final forecast is summarised below, together with the HRA and Schools Budget:

General Fund Position 2019/20 Compared to Forecast Budget	Forecast Budget £million	Final Spend £million	Variation +over/-under £ million
Chief Executive	4.405	4.250	-0.155
Customer & Commercial	13.773	15.067	1.294
Children, Families & Education	58.417	58.534	0.117
Place & Infrastructure	38.833	37.874	-0.959
Public Health & Wellbeing - gf	66.046	66.134	0.088
Public Health	14.975	14.630	-0.345
Public Health Grant	-14.978	-14.979	-0.001
Total Service Variation to Forecast			0.039
General Contingencies	0.954	-0.239	-1.193
Corporate Accounts (excl. reserves)	-49.952	-51.367	-1.415
Total Prior to Movements in Reserves	132.473	129.905	-2.569
Advance receipt of Covid-19 funding		-5.423	-5.423
Net contribution to specific operational reserves (incl. Covid-19 funding)	0.285	8.240	7.956
Carry Forwards to 2020/21		0.292	0.292
Net GF Overspend 2019/20	132.758	133.014	0.256

Appx A

Appx B

Appx C

Appx D

Appx E

Appx E

Appx E

Other Accounts			
Schools Budgets (met by DSG)	151.291	152.944	1.653
Contribution from Schools Reserves			
HRA Net Surplus	-1.247	-3.243	
HRA contribution to capital resources		1.624	
Final HRA Surplus	-1.247	-1.619	-0.372
Contribution to HRA Reserves	1.247	1.619	0.372

Appx C

Appx F

13. More detailed analysis of each department's final revenue position and monitoring over the year is included in the Appendices A to F of this report. Each appendix gives explanations for the most significant variations reported in the monitoring and the changes since the final monitoring forecast.
14. As reported in this year's monitoring, the largest overspend pressures for 2019/20 are:
- Children Care & Family Services £4.7m overspend, £0.5m higher than the Q3 forecast.
 - Homelessness including Temporary Accommodation £3.5m overspend, £1.4m higher than the Q3 forecast.

Recovery measures in both services have had a limited impact on improving the position to budget over 2019/20.

Other notable changes from the Q3 forecast include:

APPENDIX A

- a reduction in the net underspend on Housing Benefits due to higher than forecast final benefit payments
- a reduction in the net overspend on the operational property estate, due to additional income from a rent review and increased trading income, offsetting the overspend reported for repairs & maintenance.

Approved Central Contingency Budget

15. The final use for the central contingency budget is similar to the position reported in this year's monitoring, with the full £5.9m of general and savings contingency budget needed to cover final costs for 2019/20. 2 further specific contingencies for redundancy and self-insurance costs are not fully used and the £0.8m underspend on these has been transferred to specific reserves at closure and is ring-fenced to help manage future costs in these areas.

Corporate Resource Accounts – Borrowing, Investments & Capital Financing

16. The corporate accounts for borrowing costs, investment income, capital financing and corporate level grant funding have contributed a short term net gain of £5.1m to assist the 2019/20 outturn position. The includes:

<u>Inter-dependant Resource Accounts</u>	£' million	
Borrowing Costs	-2.377	
Interest Earned on Investments & Debentures	2.725	
Airport Dividend	-3.125	
Capital Financing	-1.176	
Net Treasury Management Gain	-3.953	short term
Corporate Grants, (primarily business rates compensation)	-1.183	one-off
Total Net Gain	-5.136	

The costs and the funding resources for the major projects in the capital programme continued to be intensively managed throughout 2019/20, to ensure that the Council achieves the maximum benefit from investing in these projects and the treasury management variations shown above are inter-dependant and best viewed in total.

The use of internal cash balances and low-cost short term borrowing to fund capital spend has generated a short-term reduction in borrowing costs, but also impacted on the income returns achievable this year and in turn on the airport dividend position. The net gain from this totals £2.8m for the year compared to budget. A further £1.1m underspend is available in capital financing costs from a reduced provision this year for the future repayment of debt (minimum revenue provision) and some modest further capital resourcing gains.

It is important to note that the corona virus pandemic has changed the future prospects on the corporate resource accounts, particularly in relation to the returns on investments from LLAL Ltd. Additional information on this is provided in the Emergency Budget Report 2020/21, also presented to this meeting of the Executive.

Corporate Level Grants

Additional one-off grant income of £1.183m above budget was received for 2019/20, primarily relating to business rate grant funding:

APPENDIX A

- Additional business rates compensation grant of £0.567m for 2019/20, plus a final reconciliation payment of £0.258m for 2018/19. This is received to compensate for lost rates income from the additional rate reliefs introduced by Government.
- A refund of £0.164m for Luton from the government's national business rates safety net levy, which was in a surplus position at March 2020.
- Instalment 2 of the EU exit funding provided by Government. This was partly used in 2019/20 to cover early costs and the remaining £0.194m has been transferred to a specific reserve at closure, to be used to meet further preparation costs in 2020/21.

The final position for the corporate resource accounts is a further net gain of around £1.0m compared to the monitoring forecast, due to additional managed reductions in borrowing costs and the final capital financing position for the year.

Budgets to be Carried Forward to 2020/21

17. The use of carry forwards is advocated as good financial management in Local Authorities and the Council's Financial Regulations make provision for carrying forward managed net underspends, subject to approval by the Executive.
18. Appendix G shows the budgets that managers have asked to carry forward to 2020/21, totalling £0.284m. The final underspend of £0.349m on the 2019/20 Public Health Budget has also been allocated to the specific reserve held for this, in line with the grant conditions on public health spend.

Executive is asked to consider and approve the requests. Following approval, the carry forwards will be subject to further review in the 2020/21 monitoring when they are requested for release.

Movements in Reserves 2019/20

19. The full movements in reserves for 2019/20 are attached at Appendix H of this report. Total General Fund Reserves have increased by £8.3m (net) in 2019/20, including the movement required to cover the net overspend. This includes:
 - £3.5m contributions to reserves approved when the original 2019/20 budget was set. This relates to gains in prior year collection fund balances and the repayment of prior invest to save project funding. This increase in reserves will assist the Council with continuing to manage the changes expected at future funding settlements and to continue transforming and investing in future service delivery.
 - -3.2m use of specific operational reserves during the year, including use of carry forward budgets from prior years, spend on the Luton Investment Framework and on Flying Start children's centres.
 - £5.4m one-off contribution to a new Covid-19 Emergency Funding Reserve. This results from the advance receipt on 27th March for instalment 1 of the Government's emergency funding for Luton. This funding will be used in 2020/21 to help meet the additional costs of managing the pandemic and the income reductions faced by the Council.
 - £2.6m of additional contributions to other specific operational reserves from underspends or additional income in 2019/20 on: pension costs, EU exit funding,

APPENDIX A

Butterfield site profit-share, insurance, redundancy costs, public health, carry forward budgets and the cover the net overspend

20. School Reserves have reduced by £2.4 million in 2019/20, to meet a net overspend of £1.2m on Individual School budgets, plus a £1.2m overspend on the central LEA functions of the budget. £1.1m of the central overspend relates to increased costs on high needs education in maintained schools and independent settings, plus the costs of alternative educational provision. Further information is included at Appendices C to Cii of this report.
21. The HRA revenue reserve has increased by £1.6m in 2019/20, an increase of £0.9m compared to the original budget set for the year. Further details of the variations to budget are included at Appendix F of this report.

Prospects from the 2019/20 Revenue Outturn Position

22. Although the final net overspend on the total budget is relatively small, larger underlying service pressures will continue to impact on the Council's financial position in 2020/21, including the delivery of the remaining 40% of the 2019/20 budgeted savings in year 2 of the original phasing.

The final cost of homelessness in 2019/20 is concerning and further urgent work is underway during Quarter 1 of 2020/21 toward improving from this. This is focussing on:

- how prevention work can be further enhanced to reduce homelessness
- the commissioning, provision and cost of temporary accommodation used
- reassessing the application of existing policies, including the current charging policy and the provision of repair and maintenance services
- developing an integrated team structure, improving processes and procedures to enhance work flow and case management and implementing a different software system to improve performance management and reporting

The cost of children's care also remains high and although the average cost of placements in 2019/20 remained at the same level as in 2018/19, the total number of children supported increased by around 2% over the year, giving an increased final cost. The service is continuing to review the measures needed to further develop the delivery of prevention, safeguarding and care services, whilst also assisting with improving its longer term sustainability within the Council's overall future budget. Measures in development include:

- Improving the recruitment and retention of permanent in-house social care staff and reducing the use of temporary agency staff
- Establishing a social work academy in Luton, to advance the recruitment of new staff and to maximise staff development
- Increasing in-house fostering capacity and reducing the use of placements with independent fostering agencies.
- Reviewing the commissioning and delivery of residential care placements

Additional funding is being provided to assist with this.

Wider work from the 2019/20 outturn position will include identifying opportunities to re-align current budget resources from areas of underspend, to areas that need additional budget resources to manage current levels of demand.

It must be noted the core overspend pressures for homelessness and children's care are not unique to Luton, but are a concern nationally as well. The cost reductions needed to improve sustainability within the overall budget will take time to fully achieve. Luton's

APPENDIX A

ongoing budget prospects therefore remain difficult and improving this a long term challenge.

23. The impact from managing the corona virus pandemic will also have additional major implications for the Council's finances and a revised Emergency Budget for 2020/21 is also on the agenda at this meeting of the Executive.

Revenue Impacts of Outstanding Debt 2019/20

24. A prudent adjustment has been made on the provision for doubtful debts this year, increasing this by £1.7m for general fund services, primarily on income relating to homelessness, adult social care and housing benefit overpayments. However all outstanding sums will continue to be pursued and collected where possible, with any improvement from the current doubtful debt position reflected in the Council's subsequent accounts.

The level of uncollectable general debt written off in 2019/20 (excluding council tax and business rates and housing) totals around £0.410m representing 0.31% of the annual debt raised on general services this year.

Capital Outturn 2019/20

25. The original 2019/20 capital programme approved in February 2019 totalled £218.066 million for the General Fund with a further £34.407 million for the HRA. Capital projects have been monitored monthly during 2019/20, with progress reported to the Executive on a quarterly cumulative basis.
26. Final capital expenditure for the year is £134.777 million for the General Fund and £24.466 million for the HRA. A breakdown of the expenditure compared to the original programme for the year is shown in the table below:

Capital Programme 2019/20 Spend Analysis Appendix A	Opening Programme £million	Final Spend £million	Total Variation £million	Total Variation %
Place & Infrastructure	37.796	24.034	-13.762	-36.41%
People Department	9.989	7.159	-2.830	-28.33%
Chief Executive's Department	2.364	1.273	-1.091	-46.15%
Customer & Commercial	4.417	3.011	-1.406	-31.83%
Total General Fund Excluding Corporate Projects	54.566	35.477	-19.089	-34.98%
Corporate Projects	163.500	99.300	-64.200	-39.27%
Total General Fund Programme	218.066	134.777	-83.289	-38.19%
Housing Revenue Account	34.407	24.466	-9.941	-28.89%
Total LBC Capital Programme	252.473	159.243	-93.230	-36.93%

27. The financing of the original 2019/20 capital programme compared to the financing of the final capital programme is shown in the table below.

Prudential borrowing is significantly lower than originally budgeted for, due to the re-profiling of programmed spend on the LLAL Debentures and the Wholly Owned Housing Company.

APPENDIX A

Capital Programme 2019/20 Financing Analysis	Opening Programme £million	Final Spend £million	Total Variation £million	Total Variation %
Grants & Contributions	17.141	13.381	-3.760	-21.94%
Revenue Contributions	0.446	0.120	-0.326	-73.09%
LLAL Dividend - Capital Element	5.153	5.153	0.000	0.00%
Capital Receipts	6.112	1.076	-5.036	-82.40%
General Fund Prudential Borrowing	25.714	15.747	-9.967	-38.76%
General Fund Prudential Borrowing for Corporate Projects	163.500	99.300	-64.200	-39.26%
Total General Fund Financing	218.066	134.777	-83.289	-38.19%
Major Repairs Reserve	15.491	14.995	-0.496	-3.20%
Grants & Contributions	0.000	0.778	0.778	n/a
Revenue Contributions	4.559	4.305	-0.254	-5.57%
Capital Receipts	12.401	2.432	-9.969	-80.39%
Prudential Borrowing	1.956	1.956	0.000	0.00%
Total HRA Capital Financing	34.407	24.466	-9.941	28.89%
Total LBC Capital Financing	252.473	159.243	-93.230	-36.93%

28. The monitoring for the General Fund capital programme in 2019/20 predicted a net reduction in spend of £83.289 million for the year compared to the opening programme, £64.200 million of which related to Corporate Projects. The final costs compared to the Quarter 3 monitoring forecast are shown below by department, together with the final position for the HRA.

Comparison to Quarter 3 Forecast

Capital Programme 2019/20 Spend Analysis Appendix A	Final Forecast £million	Final Spend £million	Total Variation £million	Total Variation %
Place & Infrastructure	30.983	24.034	-6.949	-22.43%
People Department	5.861	7.159	1.298	22.14%
Customer & Commercial	6.537	4.284	-2.253	-34.47%
Total General Fund Programme	43.381	35.477	-7.904	-18.22%
Corporate Projects	131.400	99.300	-32.100	-24.43%
Total General Fund Programme	174.781	134.777	-40.004	-22.89%
Housing Revenue Account	23.520	24.466	0.946	4.02%
Total LBC Capital Programme	198.301	159.243	-39.058	-19.70%

29. The final forecast estimated General Fund expenditure of £174.8 million and HRA expenditure of £23.5 million for the year. For the final spend there has been a further £39.1 million re-phasing across the General Fund and HRA programmes. The largest re-profiled schemes include:

APPENDIX A

- £2.5 million for Street Lighting LED Lantern Conversion (PI79) – the underspend has been re-phased to 2020/21. The project was delayed as the expected energy savings were not immediately visible, but following discussions with the energy provider the issue was resolved and the project was restarted although some delay was experienced.
- £5.687 million for Multi Storey Carpark for Luton Town Centre (PI46) – Initial testing on site has been undertaken but the commencement of the construction has been delayed and is now expected to start in 2020/21.
- £3.739 million for Schools Basic Need/Condition Funding (PI & P6) – The expenditure has been re-phased over two years.
- £20 million for LLAL Debentures (CORP1,3,5) – re-phased to 2020/21 in line with the latest business plan.
- £10.9 million for Foxhall Homes Loans (CORP6) – re-phased to 2020/21 in line with the latest project plan.

30. The accuracy of Capital Programme forecasting has improved in 2019/20, but still needs further focus to reduce the level of variations being reported. This is of vital importance to overall financial management as there are considerable treasury management implications from not accurately forecasting for capital expenditure and financing. This is an area which will be developed further during 2020/21
31. Spend on 3 projects has increased compared to budget and this has been funded by additional external resources received in 2019/20, reducing future years budgets or releasing budgets from other schemes. The final financing analysis compared to forecast is shown below:

Capital Programme 2019/20 Financing Analysis	Outturn Budget £million	Final Spend £million	Total Variation £million	Total Variation %
Grants & Contributions	13.723	13.381	-0.342	-2.49%
Revenue Contributions	0.261	0.120	-0.141	-50.02%
LLAL Dividend - Capital Element	5.153	5.153	0.000	0.00%
Capital Receipts	5.485	1.076	-4.409	-80.38%
Prudential Borrowing	18.757	15.747	-3.010	-16.05%
Prudential Borrowing for Corporate Projects	131.400	99.300	-32.100	-24.43%
Total General Fund Financing	174.779	134.777	-40.002	-22.89%
Grants & Contributions	0.742	0.778	0.036	4.85%
Revenue Contributions	4.807	4.305	-0.502	-10.44%
Major Repairs Reserve	12.872	14.995	2.123	16.49%
Capital Receipts	4.168	2.432	-1.736	-41.65%
Prudential Borrowing	0.930	1.956	1.026	110.32%
Total HRA Capital Financing	23.519	24.466	0.947	2.75%
Total LBC Capital Financing	198.298	159.243	-6.240	-3.15%

32. The major re-profiling explained in paragraph 5 has created a reduction in General Fund prudential borrowing of £3.010 million. The re-profiling of the LLAL and Foxhall Homes

APPENDIX A

Debenture loans has created a further reduction in £32.100 million, both are illustrated in the table above.

33. The HRA capital spend was £0.947 million less than forecast. The main variance in funding is the reduction in the use of Capital Receipts of £1.736 million which is offset by the use of Major Repairs Reserve funding of £2.123 million.
34. The potential re-phasing of project spend in to 2020/21 identified in this report may be further affected by the Council's revised plans in the 2020/21 Emergency Budget, required as a result of the Corona virus.

Key Risks

35. The main financial risks arising from the 2019/20 outturn position are the continuing high levels of cost in demand-led volatile service areas, most notably for support to children & families and the cost of temporary accommodation, alongside pressures across other several service areas.
36. Difficult decisions will continue to face the Council to ensure that budgets are kept within the level of future resources available to the Council, including the further expected reductions in grant support from central government and the impacts and legacy from the Corona virus.
37. Effective financial planning remains key to ensuring that the Council continues to set a balanced budget each year that supports the delivery of essential services to the community

Consultations

38. None

Alternative options considered and rejected (please specify)

39. The Executive can accept, reject or the amend report

Appendices Attached

40. Revenue Outturn Appendices:

Appendix A/A(i)	Chief Executive's Department
Appendix B/B(i)	Customer & Commercial Department
Appendix C, C(i) to C(iii)	Children, Families & Education Department
Appendix D/D(i)	Place & Infrastructure Department
Appendix E/E(i)	Public Health & Wellbeing Department
Appendix F/F(i)	Housing Revenue Account
Appendix G	Budgets to be Carried Forward to 2020/21
Appendix H	Movements in Reserves 2019/20

Capital Outturn Appendices:

- | | |
|------------|------------------------------|
| Appendix I | Capital Monitoring & Outturn |
|------------|------------------------------|

APPENDIX A

Background Papers

IMPLICATIONS

For Executive Reports:

- All grey boxes must be completed
- All statements must be cleared by an appropriate officer

For Reports:

- Only the dark grey boxes must be completed
- Clearance is not required

Legal	Clearance Agreed By	Dated
The service director finance & audit's responsibilities with regard to budget monitoring are set out in the council's constitution. The report provides members with financial information on the pressures likely to cause significant variances from the budget as well as ensuring service managers have the latest financial information to maximise their use of resources within authorised limits.	Michelle Mwangi Solicitor	15/06/2020

Finance	Clearance Agreed By	Dated
Although a final outturn position has been achieved within the overall General Fund budget set for the year, the scale of the underlying cost pressures across several services remains a serious concern. The continuing impact from this in to 2020/21, and managing the additional strain on the Council's budget arising from the corona virus pandemic will be extremely challenging. The Schools outturn position also has significant cost pressures, requiring a use of reserves for 2019/20. Schools are working on 3 year financial plans to review their budget within the revised funding available at the 2020/21 finance settlement. A thorough, in-depth analysis is required on the overspends reported in some service areas and this work is being undertaken, to strengthen the existing recovery plans.	Dev Gopal, Service Director Finance & Audit	15/06/20

Integrated Impact Assessment (IIA) – Key Points

Equalities / Cohesion / Inclusion (Social Justice)	Clearance Agreed By	Dated
--	---------------------	-------

APPENDIX A

There are no direct equalities implications in this report.	Maureen Drummond, Interim Equalities Manager	15/06/20
Environment	Clearance Agreed By	Dated
There are no direct environmental implications of this report. However, indirectly some of the projects funded during 2019-20 may have environmental implications.	Keith Dove, Strategic Policy Adviser	12/06/20
Health	Clearance Agreed By	Dated
There are no direct Health implications in this report.	Sally Cartwright (Service Director Healthcare and Adults' Commissioning)	15/06/2020
Executive Leader	YES	
Portfolio Holder	YES	
Community Safety	Clearance Agreed By	Dated
Staffing	Clearance Agreed By	Dated
Other	Clearance Agreed By	Dated
Chief Executive	YES/NO	