

APPENDIX A

PAPER NO

REPORT TO THE EXECUTIVE MEETING OF 7th MARCH 2016

Meeting: Executive
Date: 7th March 2016
Subject: 2015/16 Revenue and Capital Monitoring - Quarter 3
Report of: Head of Finance and Corporate Services (s151 Officer)
Portfolio Holder: Councillor Phil King
Status: For Decision and Information
Relevant Ward(s): All

1 Purpose of the Report

- 1.1 To provide Executive with high level budget monitoring information for the period 1 April 2015 to 31st December 2015, and to highlight the forecast outturn position for 2015/16.

2 Recommendations:

- 2.1 **To note Capital Programme expenditure for the first quarter to 31st December 2015, Appendix B.**
- 2.2 **To note the net expenditure against the budget for the first quarter to 31st December 2015, Appendix A.**

3 Summary of Reasons for the Recommendations

- 3.1 The Council's financial performance up to 31st December 2015, together with known commitments for the remainder of the financial year, indicates that the General Fund Revenue Account is likely to outturn approximately (£902k) below the approved budget.

4 Key Facts

- 4.1 Financial Position to 31st December 2015.

- 4.1.1 The Council's 2015/16 net budget requirement, as approved by Council in February 2015, is £11,682k, this is shown in column A at **Appendix A**, attached.

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Appendix A shows the financial position at the second quarter, to 31st December 2015. Overall this is forecasting a projected underspend of £757k (6.5%) of the approved budget at the end of the year.

- 4.1.2 The majority of the forecast underspend in 2015/16 arises in Service areas and especially forecast income in excess of the budget target. This is summarised in the table below

Budget Area	Forecast Outturn saving £000s
Income received above budget target	(693)
Expenditure Savings	(132)
Savings on Net Borrowing Costs	(118)
Disposal of Capital Interests	(229)
Other Varaiances	(30)
Transfer to/from Reserves	215
Funding	150
Total	(837)

- 4.1.3 The key variance in 2015/16 relates to Development Management. The Council in 2015/16 is receiving high levels of planning applications and associated fees as developers submit applications ahead of the Council adopting a local plan and being able to demonstrate a 5 year supply. Large planning fees have been received for proposed logistic hubs in the Lutterworth Area. Development Management income is forecast to be £1.445 million in 2015/16

This is further evidenced by looking at the level of planning applications (with a value over £5K over the past three years (detailed in the table below). To process the applications, additional interim planning staff at an additional cost of approximately £103K has been employed. Arising from the Quarter 2 monitoring £250K of the increase in development management fees was transferred into a newly created earmarked planning reserve

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	2013/14	2014/15	2015/16
	Major Applications over £5K	Major Applications over £5K	Major Applications over £5K
	No	No	No
April	2	0	1
May	1	2	6
June	2	1	6
July	5	2	6
August	4	1	4
September	3	1	5
October	3	2	3
November	1	1	3
December	4	6	3
January	4	1	2
February	2	1	
March	1	1	
	32	19	39

The high level of applications is forecast to continue into 2016/17, but potentially at a lower level than that experienced in 2015/16.

- 4.1.4 The quarterly budget monitoring report concentrates on variances over £25,000 in individual costs centres. Detailed monitoring is undertaken on all budget through the Council's collaborative planning financial system.

The key forecast positive and adverse outturn variances (> £25,000) reported at the end of quarter 3 are:

Portfolio	£000's
Business Planning and Performance Cemeteries & Burial Grounds – savings in grounds maintenance and increase in burial fee income – this is a special expense budget	(26)
Communities None	
Corporate Services Legal Services Savings in external legal fee budget (£18K) and other salary and operational savings	(29)

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<p><i>ICT Services</i></p> <p>Following the ICT investment over recent years and renegotiation of a number of software contracts there is a forecast underspends of £55K on Computer Equipment, Hardware and Software. In addition, there is an £11K saving on communication links</p>	(66)
<p><i>Revenue & Benefits Partnership</i></p> <p>The partnership undertook a service review in the later part of 2014/15 which has secured recurrent salary savings of approximately £80K in 2015/16 through reduction in staff numbers and vacancies. There are also one off savings of approx. £68K identified in year alongside a forecast £33K saving in respect of discretionary rate relief</p>	(180)
<p><i>Members Allowances and Expenses</i></p> <p>Savings in Special Responsibility Allowance Payments and Members Transport. A further saving arises from national changes to Member pension arrangements.</p>	(37)
Environment and Regulation	
<p><i>Car Park Services</i></p> <p>Car Parking Income is forecast to be £40K in excess of the budget target of £693K. Savings of £22K in operational expenses has also been identified</p>	(62)
Finance and Commercialisation	
<p><i>Building Control</i></p> <p>Pending implementation of building control restructure, additional agency staff to ensure service delivery following 1 ill health retirement and one vacancy</p>	45
<p><i>Market Hall</i></p> <p>Inclusion of gain-share for the Market Hall provider not budgeted for, £50K offset by operational savings</p>	31
<p><i>Grounds Maintenance</i></p> <p>Savings arising from a review of Contracted Services and integration of Grounds and Street Cleansing management into one technical officer.</p>	(34)

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<p><i>Recycling Collections</i></p> <p>Increased need for wheeled bin delivery due to housing growth and replacement bins and reduction in material recycle income for wastepaper collections.</p> <p><i>The Symington Building</i></p> <p>Revised arrangements have been put in place for Facilities Management and Mechanical and Electrical Engineering provided by third parties, (£36K). There have been savings in utility costs of (£33K) and an increase in levied service charges to third parties (£35K) along other operational savings.</p>	<p>42</p> <p>(118)</p>
Planning and Regeneration	
<p>Development Management</p> <p>Continued surplus in development management fee income (see para 4.1.3 above) of £422K above revised estimate offset by £103K of additional interim planning staff and other operational costs. This is after £250K has been transferred to the newly created planning reserve (approved in quarter 2).</p>	<p>(287)</p>
<p>Other Net Variances (less than £25K) across all Portfolios.</p>	<p>(120)</p>
Total savings on Service Portfolios	
	(841)

4.1.5 In addition, there are savings expected from non service, centrally held budgets. The key variances are detailed in the table below

Central Items	£000's
<p><i>Interest Payable</i></p> <p>The Council's Treasury Management Strategy supports the use of Council reserves and positive cashflows (£25 million as at 25th October 2015) to delay the need for more expensive borrowing to fund previous and current capital expenditure. Within the budget full provision is made for borrowing costs linked to the approved capital programmes and therefore savings accrue from delaying the borrowing</p>	<p>(118)</p>
<p><i>Disposal of Capital Interests</i></p> <p>Includes: Right to Buy, Sale of Garage Sites, Deed of Easement</p>	<p>(229)</p>

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<i>Movement in Reserves</i>	215
Transfers to and from General Fund and Earmarked Reserves	
<i>Other Variances</i>	(15)

4.1.6 The Council continue to monitor the budget on a monthly basis and adverse budget trends are identified. Where appropriate and possible action plans have been agreed to bring spend within the available budget.

4.1.7 The overall level of savings is atypical due to the impact of the high level of development management savings in 2015/16. It is proposed that a proportion of the 2015/16 planning surplus is transferred to a newly created planning reserve to support the strategic planning process over the next few years. It is recommended that £250K (out of the forecast £902K saving) is transferred into this reserve.

4.2 Reserves

4.2.1 The financial position at Quarter 3 would result in an increase in the General Fund Balance of £837k

4.3 Capital

4.3.1 *Capital Programme*: The Council approved a capital programme in February 2014 of £1.443 million. Since then At Executive 7 September 2015, carry forward requests from 2014/15 and In year approvals of £291K have been approved and are detailed below

Capital	£000's
Approved Programme (Council, 23 rd February 2015)	1.443
Slippage from 2014/15 (Executive, 7 th September 2015)	478
Schemes approved in year:	
Market PV Panels (Council, 30 th March)	67
Market LED lighting (Council, 21 st September)	47
S106 Grants (Executive 7 th September)	161
Other Minor Adjustments	16
TOTAL	2,212

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4.3.2 At 31st December, the capital project managers were requested to forecast the potential for slippage and underspend from the approved programme. The assessment is there will be £1.013 million slippage with associated funding into 2016/17 and £54K underspend against the approved programme. Details of individual schemes are detailed in Appendix. In particular, the majority of the slippage (£727K) relates to the Garage Site redevelopment. It is expected that the developments in Great Glen and Lubenham will take place in 2016/17. The Capital programme approved on 22nd February 2016 has already incorporated £313K of slippage into the approved capital programme.

4.3.3 Council in February approved flexibility to move capital allocations between financial years as part of a four year capital programme. No transfers were required in the first three quarters of the year.

5 Legal Issues

5.1 The Council is required to set and manage a legal balanced budget. The Quarter 2 monitoring indicates that the Council financial commitments are being managed within the resources approved by Council.

6 Resource Issues

6.1 The Resource issues are highlighted in the main report. Spending is being managed within the approved budgets agreed by Council in February 2015.

6.2 The Council's Revenue Budget performance is shown in **Appendix A**. Key Capital Programme details are shown in **Appendix B**.

7 Equality Impact Assessment Implications/Outcomes

7.1 There are no equality issues arising directly from this report.

8. Risk Management Implications

8.1 It is important to monitor the position against budget regularly in order to ensure any issues can be addressed appropriately.

9 Consultation

9.1 Budget holders and service accountants discuss the financial performance against budgets at monthly budget monitoring meetings.

10 Background Papers

10.1 Budget Working Papers and Monitoring for 2015/16

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Previous report(s): Council 23 February 2015 – General Fund Revenue & Capital Budget

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

- A. Revenue Monitoring & Portfolio Analysis**
- B. Capital Monitoring**