

**PAPER NO.6**

**REPORT TO THE EXECUTIVE MEETING OF 30<sup>th</sup> November 2015**

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**Meeting:** Executive  
**Date:** 30<sup>th</sup> November 2015  
**Subject:** 2015/16 Revenue and Capital Monitoring - Quarter 2  
**Report of:** Head of Finance and Commercial Services (s151 Officer)  
**Portfolio Holder:** Councillor Phil King  
**Status:** For Decision and Information  
**Relevant Ward(s):** All

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1 Purpose of the Report

1.1 To provide Executive with high level budget monitoring information for the period 1 April 2015 to 30 September 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 30 September 2015, Appendix B

2.2 To note the net expenditure against the budget for the first quarter to 30 September 2015, Appendix A.

2.3 To approve the setting up of an earmarked planning reserve and transfer £250k from the development management planning fee surplus in 2015/16

Subject to 2.4

2.4 To note the forecast contribution of (£652k) to the General Fund Balances which reflects the forecast underspend against the 2015/16 approved budget as shown in Appendix A.

3 Summary of Reasons for the Recommendations

3.1 The Council's financial performance up to 30 September 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 30 September 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.

**Appendix A** shows the financial position at the second quarter, to 30 September 2015. Overall this is forecasting a projected underspend of £902k (7%) 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

<b>Budget Area</b>	<b>Forecast Outturn saving £000s</b>
Income received above budget target	587
Expenditure Savings	92
Savings on Net Borrowing Costs	92
Disposal of Capital Interests	114
Other Varaiances	17
<b>Total</b>	<b>902</b>

4.1.3 The key variance in 2015/16 relates to Development Management. The Council in 2015/16 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. In addition, the Council has received £403K of planning fees for proposed logistic hubs in the Lutterworth Area.

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 planning staff at an additional cost of approximately £100K has been employed.

	2013/14 Major Applications over £5K No	2014/15 Major Applications over £5K No	2015/16 Major Applications over £5K 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	
November	1	1	
December	4	6	
January	4	1	
February	2	1	
March	1	1	
	32	19	28

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 2 are:

Portfolio	£000's
<b>Business Planning and Performance</b>	
None	
<b>Communities</b>	
<i>Lifeline Control Centre</i>	55
The Council's control centre has recently moved from Clover Court to the Police Station. The key variance identified in 2015/16 relates to income from private users and third parties for the lifeline service (£55K shortfall). Principally, this relates to the non achievement of the £50K growth target approved as part of 2015/16 budget. A revised marketing campaign commenced in the summer.	

<p><i>Community Partnerships</i></p> <p>The Council approved a growth bid for 2015/16 of £50K for Improved Access to Services - Community Led Solutions. Since the budget meeting there has been changes to the focus of the New Homes Bonus Grant process that means this growth bid is no longer required.</p>	(55)
<p><b>Corporate Services</b></p>	
<p><i>Revenue &amp; Benefits Partnership</i></p> <p>The partnership undertook a service review in the later part of 2014/15 which has secured salary savings of approximately £80K in 2015/16 through reduction in staff numbers and vacancies. Other operational savings are also identified.</p>	(103)
<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>	(30)
<p><b>Environment and Regulation</b></p>	
<p><i>Car Park Services</i></p> <p>Car Parking Income is forecast to be £20K in excess of the budget target of £693K. Savings of £10K in operational expenses has also been identified</p>	(31)
<p><b>Finance and Commercialisation</b></p>	
<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>	(46)
<p><i>Trade Waste</i></p> <p>Increase in disposal costs, £36K, partially offset by additional income (in excess of the stretch target included within the budget) and other operational savings. Marketing initiative to encourage trade clients to consider separate recycling collections.</p>	25
<p><i>Recycling Collections</i></p> <p>Increased need for wheeled bin delivery due to housing growth and</p>	47

replacement bins, £30K and reduction in material recycle income for wastepaper collections, £16K  <i>The Symington Building</i>  Revised arrangements have been put in place for Facilities Management and Mechanical and Electrical Engineering provided by third parties, (£39K)	(39)
<b>Planning and Regeneration</b>	
Development Management  See paragraph 4.1.3 for a more detailed breakdown	(367)
Other Net Variances (less than £25K) across all Portfolios	(191)
<b>Total savings on Service Portfolios</b>	<b>(735)</b>

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

<b>Central Items</b>	<b>£000's</b>
Interest Payable  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	(86)
Disposal of Capital Interests  Includes: Right to Buy, Sale of Garage Sites, Deed of Easement	(114)

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 2 would result in an increase in the General Fund Balance of £902k resulting in an estimated General Fund Balance at the 31 March 2016 of £4,296million. If the creation of the earmarked reserve is approved and £250K is transferred to the Planning Reserve the estimated general fund balance is £4.046million. Due to the uncertainty arising from the next comprehensive spending review and changes in the national funding framework the increase in General Fund balances could be used to smooth the impact of funding reductions in future years.

## 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 £275K have been approved and are detailed below

<b>Capital</b>	<b>£000's</b>
Approved Programme (Council, 23 <sup>rd</sup> February 2015)	1.443
Slippage from 2014/15 (Executive, 7 <sup>th</sup> September 2015)	478
Schemes approved in year:	
Market PV Panels (Council. 30 <sup>th</sup> March)	67
Market LED lighting (Council, 21 <sup>st</sup> September)	47
S106 Grants (Executive 7 <sup>th</sup> September)	161
<b>TOTAL</b>	<b>2,196</b>

4.3.2 At 30 September 2015, the capital project managers anticipated the following slippage within the approved Capital programme

Scheme	£000s
<i>Provisional Slippage</i>	
The Symington Building – External Signage	18
Market Hall – Mechanical and Electrical Schemes	66

Business Move on Space (Airfield Farm)	100
Town Centre Masterplan	100
ICT transformation workstream	38
Broadcasting of Member meetings	10
Commons Car Park – Pilling work	40
<b>Total</b>	<b>372</b>

4.3.3 As this half year stage it is recommended that the schemes remain in the 2015/16 Capital programme to explore opportunities to commence schemes in this year. Formal requests for slippage will be considered as part of Quarter 3 monitoring.

4.3.4 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 half 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**