

REPORT TO THE EXECUTIVE MEETING OF 5th DECEMBER 2016

Meeting: Executive
Date: 5th December 2016
Subject: 2016/17 Revenue and Capital Monitoring - Quarter 2
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 2016 to 30th September 2016, and to highlight the forecast outturn position for the revenue and capital budget for 2016/17.

2 Recommendations:

2.1 To note the net expenditure against the budget for the quarter to 30th September 2016, Appendix A.

2.2 To note Capital Programme expenditure for the quarter to 30th September 2016, Appendix B.

2.3 To approve the additions to the Capital Programme (para 4.3.2 and para 4.3.3) and to approve slippage of capital schemes into 2017/18 (para 4.3.4).

3 Summary of Reasons for the Recommendations

3.1 The Council's financial performance up to 30th September 2016, together with known commitments for the remainder of the financial year, indicates that the General Fund Revenue Account is likely to outturn approximately £900k under below the approved budget of £11.824 million.

4 Key Facts

4.1 Financial Position to 30th September 2016.

4.1.1 The Council's 2016/17 net budget requirement, as approved by Council in February 2016, is £11.824 million, this is shown in column A at **Appendix A**, attached.

Appendix A shows the financial position at the first quarter, to 30th September 2016. Overall this is forecasting a projected underspend of £900k (7.6%) of the approved budget at the end of the year.

4.1.2 The Council continues to perform well on its core income targets with the key income areas of Garden Waste exceeding its initial target by £395K and Development Control fees by £172K. Against both of these are additional costs of the gain share arrangement with FCC and extra planning agency staff to manage the high planning workloads, These are reflected in the key variances detailed in paragraph 4.1.3. Advance notifications of significant reserved matter applications for the Airfield Farm SDA area indicate that planning fee income is likely to exceed £1 million in 2016/17, though this has not yet been factored into the budget forecast. To put the Garden Waste income into context the increase in uptake means that 57% of the costs of the garden waste collection costs are covered by subscriptions compared to 46% of the costs covered by subscriptions included within the original business case.

4.1.3 There has been an increase in the forecast surplus from quarter 1 of £289K. This is primarily accounted for by increased net savings in direct costs of service (£213K), savings on net borrowing costs (£147K) offset by a number of minor variances on central items.

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

The key service budget forecasts, positive and adverse outturn variances (> £25,000) reported at the end of the first quarter are:

Portfolio	£000's
Business Planning & Performance None	
Communities None	
Corporate Services <i>Communication</i>	

Ongoing Website development savings following previous upgrade	(29)
<i>Housing Benefit</i>	
Transfer of Benefit Fraud Service to the DWP leading to recurrent savings as no financial transfer required	(26)
<i>S151 Officer</i>	
2016/17 Budget assumed £60K savings in travel costs. To be considered by Employment Committee, 14 th December. Maximum Part Year saving of £10K in 2016/17 if approved	50
<i>Corporate activities</i>	
1% saving (£70K) on establishment costs in 2016/17 budgeted for from vacancies etc. Mid Year position only ½ of this target achieved – prudent forecast that this target may not be met	35
Environment & Regulation	
<i>Car Parking</i>	
Car Parking Fees in excess of target	(31)
Finance & Commercialisation	
<i>Building Control</i>	
Increased income following a marketing drive, several large projects secured	(10)
Saving in salary costs offset partly by agency costs	(9)
Other Variances	(16)
<i>Market Hall</i>	
Electricity Saving due to installation of solar panels	(12)
Increased income/occupancy of Market Hall	(28)
Premise savings	(11)
New maintenance contract signed - savings made	(10)
<i>Environmental Services</i>	
Increased garden waste collection income, 9,250 customers were budgeted but to end of Sept 18,815 customers using the service	(395)
Additional Contractual Payments to FCC on Gain Share Basis	171
<i>The Symington Building</i>	
Facilities Management Fee Savings	(53)
Increase in service charges to partners renting space	(5)
Reduced premises costs	(17)
Planning & Regeneration	
<i>Development Management</i>	

Additional agency costs forecast to end of financial year to manage high levels of planning applications	164
Planning Fee Income in excess of target (secured to date – expected to rise by the end of the year)	(183)
Strategy/Economic Development	
None	

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

4.1.6 In February 2016 the Council approved £1.170 million of savings and income generation proposals. An assessment has been undertaken with the majority of the proposals being achieved in 2016/17 as planned. The two key exceptions (positive and negative) are:

Delivery of Savings/Income Generation	Target	Estimated Outturn	Comment
	£000s	£000s	
Introduction of subscription based garden waste service	360,000	755,000	Initial Business case was based on 9,250 subscribers. The Council now has over 18.800 subscribers
Rationalisation of Car Allowances	60,000	10,000	Consultation underway on changes in Council travel allowances scheme. Report going to Employment Committee on 14 th December. Subject to decision there would only be a part year saving

4.1.7 Through the final accounts process a review was undertaken of year-end creditors that had still not been paid 12 months on. This has identified a large creditor that subject to a forensic review of any outstanding liability could need to be reversed and be credited to the revenue budget.. This may result in a

windfall income within the consolidated income and expenditure account in 2016/17.

4.2 Reserves

4.2.1 The outturn at the end of Quarter Two results in an increase in the General Fund Balance of £900k. The revised MTFS reported in the Efficiency Plan Update has factored £611K of this into the three year financial strategy already.

4.3 Capital

4.3.1 *Capital Programme:* The Council approved a capital programme in February 2014 of £4.883 million. On the 5th September Executive approved capital carry-forwards of £1.487 million and associated funding from the 2015/16 Capital Programme. Further approvals for additional funding for The Symington Building roof, S106 Grant approvals and other in-year capital amendments (actioned by the S151 Officer) totalling £61K has increased the approved budget to £6.672 million

4.3.2 The indicative capital programme is as below:

Capital Schemes	£000's
Approved Programme (Council, 22 nd February 2016)	4,883
Slippage from 2015/16 (subject to approval by Executive, 5 th September 2016)	1,487
<i>Schemes approved in year:</i>	
The Symington Building Roof Repairs – Additional Costs (6th June) – funded from capital receipts reserve	121
S106 Grants Approvals –funded from S106 contributions	210
<i>Schemes recommended for inclusion into the Capital Programme</i>	
Harborough Leisure Centre Car Park – funded by HDLT Revenue Contribution	8
Property Appreciation Loan – funded from Capital Receipts	12

Reserve	
Addition Disabled Facility Grant arising from increased grant from the Better Care Fund	41
TOTAL	6,762

4.3.3 Since the end of September there are two further capital schemes totalling £90K that require formal capital approval by Council

Additional Schemes recommended for inclusion in the Capital Programme	£000's
Upgrade of CCTV Infrastructure (funded by Revenue contributions of £14K from Control Centre Budget, £40K Corporate Contingency)	54
Replacement of Car Parking Machines (funded by increase in unsupported borrowing in excess of the £90K already in the capital programme)	46
TOTAL	90

The investment in new car parking machines is a pre-requisite for the introduction of a revised car parking order (subject to the adoption of the car parking strategy)

4.3.4 An assessment of the deliverability of the capital programme has been undertaken since the end of Quarter 2 and it is recommended that the following schemes totalling £4.480 million and their funding are slipped into 2017/18.

Capital Slippage	SLIPPAGE TO
	2017/18
	£000s
Council Offices	
Symington Building Planned Maintenance	13
Market Hall	
Air Conditioning & Chiller Replacement	72
Lift Upgrade	29

Boiler Replacement	47
Controls Upgrade	9
Market Hall Planned Maintenance	34
Flood Prevention	
Flood Wall & Piling - Commons Car Park	98
ICT Transformation Programme	
ICT Workstream	9
ICT Hardware Refresh	15
Broadcasting of Council Meetings	10
Harborough Innovation Centre	
Café	68
Draught Lobby	47
District Growth Plan Priorities	
Business Move On	3,005
Investing For The Future	
Garage Sites Re-development - Paget Street	342
Garage Sites Re-development - St Cuthbert's Av	152
Garage Sites Re-development - Naseby Square	530
Total Capital Schemes	4,480

4.3.6 The majority of the slippage relate to the potential project for business move on space (which is subject to external funding) and slippage on the redevelopment of garage sites due to operational reasons. For both schemes little or no commencement on site will be undertaken in 2016/17, hence the slippage.

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 2016.

- 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. Key budget variances are discussed with Portfolio Holders
- 10 Background Papers
- 10.1 Budget Working Papers and Monitoring for 2016/17
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Previous report(s): Council 22 February 2016 – General Fund Revenue & Capital Budget

Executive, 5th September 2016 – Quarter 1 Monitoring 2016/17

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

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