

Quarterly Financial Monitoring

Summary

To inform Executive as to the position of the Council Finances as at 30th September 2015.

Portfolio - Finance

Date signed off: 10 November 2015

Wards Affected

All

Recommendation

The Executive is advised to **NOTE the Revenue, Treasury and Capital Position for the first half of 2015/16.**

1. Introduction

- 1.1 This is the second quarter monitoring report against the 2015/16 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at 30 September 2015 and an early view for the financial year.

2. Resource Implications

Revenue Budget

Services

- 2.1 Overall services expect to be £250,000 under budget at the end of the year due to:
- £50,000 underspend on the Business portfolio;
 - £280,000 underspend on Community portfolio;
 - £174,000 additional income in Corporate property.
 - Offset by £250,000 savings target included within the original budget
- 2.2 The Council set itself a strategy of generating additional income and has been particularly successful in this regard in relation to property whereby an investment in property is generating a return in excess of the cost of borrowing. This is clearly an area in which there is more potential provided the right investments can be found.

Interest Received

- 2.3 Despite the expected income being increased by £100k in 2015/16 budget the Council is on track to exceed this amount. A list of investments is shown in Annex B.

Wages and Salaries

- 2.4 It is estimated that there will be an underspend of £77k on wages and salaries at the end of the year based on expenditure to date. This has been achieved by managing vacancies in line with service requirements.

Capital Budget

- 2.5 There is a total capital programme for the year of £19.773m. Of this £17.289m has been spent during the year so far. The bulk of this has been spent on property acquisition with other sums being spent on air conditioning, computer software, car parks and disabled facilities grants.
- 2.6 The properties acquisitions have all been funded through borrowing from the Public Works Loans Board and/or the Local Enterprise Partnership.

Debtors

Sundry Debts

- 2.7 Sundry debts include all debts except those relating to benefits. At the 30th September debts there were invoices totalling £606k unpaid. This is a small reduction against the £627k outstanding last quarter.
- 2.8 Of the total due £218k relates to one invoice for Surrey County Council for recycling credits due in year. The second largest element, £80k, relates to invoices for temporary housing costs which are being chased.

Housing Benefit Debts

- 2.9 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. At the 30th September 2015 the balance was £643k which is an increase of £33k compared to the last quarter. Although £57k was recovered in cash or through benefits a further £139k was raised in invoices for new overpayments generated by fraud investigation or claimant information.

3. Options

- 3.1 Members can accept and note the report or reject it.

4. Proposals

4.1 It is proposed that the Executive is advised to NOTE the Revenue, Treasury and Capital Position for the first half of 2015/16.

5. Corporate Objectives and Key Priorities

5.1 This item addresses the Councils Objective of delivering services efficiently, effectively and economically.

6. Sustainability

6.1 Budget monitoring and financial control are important tools in monitoring the financial sustainability of the Council.

7. Risk Management

7.1 Regular financial monitoring enables risks to be highlighted at an early stage so that mitigating actions can be taken.

8. Officer Comments

8.1 None in addition to the matters raised above.

Background papers	None
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Head of Service	As above

Consultations, Implications and Issues Addressed

	Required	Consulted	Date
Resources			
Revenue	✓		
Capital			
Human Resources			
Asset Management			
IT			
Other Issues			
Corporate Objectives & Key Priorities			
Policy Framework			
Legal			
Governance			
Sustainability			
Risk Management			
Equalities Impact Assessment			
Community Safety			
Human Rights			
Consultation			
P R & Marketing			

Annex A

Detail on the Revenue Budget Position at 30th September 2015

1. The revenue budget was approved by members in February 2015. In previous years services heads have been asked to review their expenditure to date and predict whether there would be any variance to budget at the end of the year.
2. This year using the new financial system a new approach has been adopted where actual expenditure for the period under review is compared to the budget to date. Services spread or “profile” their budget over the year depending on when they anticipate income and expenditure to happen.
3. Differences between actual and the profiled budget to date can happen because:
 - Timing - Expenditure has not been incurred in the period it was predicted to have occurred when the budget profiling was set. In this case the profiling can be adjusted to take account of these timing issues in future month and the differences should reverse over the remainder of the year
 - Overspend/underspend – There is an underlying reason as to why actual expenditure is at variance to the budget i.e. Income being less than predicted or expenditure being higher. These differences may be permanent unless corrective action is taken to bring the actual figures in to line with the budget.
4. Services were asked to review compare their actual results to the profiled budget for the first quarter and where there was a variance over £25k to indicate whether this is due to a timing issue for which the budget profile needs adjusting or whether it indicates a potential risk of a year-end variance.
5. The results by portfolio are shown below:

Business Portfolio

Profiled Budget £564k, Actual £710k, Accounting variance £146k under budget

6. Major areas with variances over £25k:

Area	Value	Main Reason	Type of difference	Corrective action
CPE/CPZ	£31k under budget	Penalty notice income above budget	Timing due to budget profile	None

Theatre	£200k over budget	Income not meeting budget	£100k due to profiling of the programme but income likely to be £100k under budget at year end	See note below
Car Parks	£50k under budget	Increased income	Increased usage of car. Likely to be £75k up at year end	
Arena	£30k over budget	Invoicing of income	Likely to be £70k up at the end of the year.	None

7. In respect of the theatre specifically the Executive Head of Business states that it is difficult to predict the final year end outturn as the majority of the Theatre's income is over the winter period, including Panto and top selling shows. New initiatives, such as the bar, have been undertaken to reduce any deficit – early indications are that this is being successful. It is therefore anticipated that a significant proportion of this difference will be made up.

Community Services Portfolio

Profiled Budget £2,013k, Actual £1,810k, Accounting Variance £203k under budget

8. Major areas with variances over £25k:

Area	Value	Main Reason	Type of difference	Corrective action
Community Transport	£43k over budget	Shortfall in grant income	Timing – will be received	None
Recycling	£100k over budget	Shortfall in recycling credits processed	Timing – anticipate will be £41k under budget at year end.	None
Waste	£150k under	Reduction in contractor	Expect to be £140k under	None

	budget	costs	budget at year end	
Street Cleaning	£139k under budget	Savings on contractor costs	Expect to be £100k under budget at year end	None
PPP Funding	£40k under budget	Underspend due to timing	Will be on budget at year end	None

Financial Services Portfolio

Profiled Budget £887k, Actual £115k, Underspend variance £772k

9. Major areas with variances over £25k:

Area	Value	Main Reason	Type of difference	Corrective action
NNDR	£60k over budget	No summons fee income in ledger	Timing – will be entered as sitting in revenues system	None – budget will be met
Counter Fraud Fund	£60k under budget	Grant received not budgeted for	Will be spent over the year	None
Housing benefits	£790k under budget	Timing of benefit payments against grant receipts	Timing	None

10. At the moment no overall variance is anticipated for the year end

Regulatory Portfolio

Profiled Budget -£195k, Actual -£357k, Underspend variance -£162k

11. For the period so far there are underspends in Homelessness (£56k), due to low demand, Local Plan review work (£70k), as local plan has review has been deferred, and appeals (15k). In addition there is addition income from land charges (£43k). This has been offset by a fall in planning income of £71k The remainder of the differences is due to timing of works in areas such as drainage etc.

12. It is anticipated that at the end of the year planning applications could be £150k down unless a large application is received however this is offset by a £50k saving on consultants, £50k saving on housing costs and £50k additional income on land charges.

Transformation Portfolio

Profiled Budget £1,391k, Actual £1,380k, Variance £11k underspend

13. No significant affect yearend outturn is predicted at the moment.

Corporate Portfolio

Profiled budget £393k, Actual £385k, Variance £8k underspend

14. No effect on yearend outturn is predicted at the moment.

Legal and Property Services

Profiled budget £714k, Actual £334k, Variance £380k underspend

15. Difference arises because of £40k of staffing costs for building control committed but not paid. £248k re gross rents on new acquisitions not in budget and £91k variance on public offices due to savings on rent and timing of costs.
16. At year end it is predicted that there will be additional net income from property of £140k and a saving on business rates of £34k

Annex B

INVESTMENTS as at 30th September, 2015		
Lloyds Bank Call Account		501,661
Goldman Sachs Bank		2,000,000
	Total Banks	2,501,661
Debt Management Office		0
Nationwide Building Society		2,000,000
	Total Building Society	2,000,000
Icelandic Banks		676,779
	Total Banks, Building Societies and DMO	5,178,440
Greater London Authority		2,000,000
Lancashire County Council		1,500,000
The London Borough of Islington		2,000,000
Glasgow City Council		2,000,000
	Total Local Authorities	7,500,000
AAA Rated MM Fund - Aberdeen (SWIP)		2,956,200
AAA Rated MM Fund - Blackrock		2,000,595
AAA Rated MM Fund - CCLA		1,000,000
AAA Rated MM Fund - Insight		1,002,581
AAA Rated MM Fund - Standard Life (Igris)		2,000,000
	Total Money Market Funds	8,959,376
CCLA Property Fund		2,080,885
M & G Investments - Global Dividend Fund		833,883
M & G Investments - Strategic Corp Bond Fund		1,951,156
Threadneedle - Global Equity Income Fund		932,386
Threadneedle - Strategic Bond Fund		1,925,175
	Total Longer Term Investments	7,723,484
	Total Invested (excluding the NatWest SIBA)	29,361,300
NatWest SIBA		1,300,158
	Total Invested (including NatWest SIBA)	30,661,459
War Stock		13
	Total Invested (Including SIBA & War Stock)	30,661,472