

REPORT TO RESOURCES PDG

REPORT OF: CORPORATE FINANCE MANAGER

REPORT NO: CFM312

DATE: 19th March 2015

TITLE:	Financial Report for 2014/15 – Monitoring Information	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	None	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Mrs L Neal Leader of the Council	
CONTACT OFFICER:	Richard Wyles –Corporate Finance Manager 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ANALYSIS:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity	N/A	No
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council’s website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	HOF267 – Determination of Budget 2014/15 HOF289 – Monitoring Information HOF299 – Monitoring Information HOF308 – Monitoring Information The above reports can be located by putting the reference number in the search section of the committee website via the link below: http://moderngov.southkesteven.gov.uk/ieDocSearch.aspx?bcr=1	

1. RECOMMENDATIONS

1.1 Members are asked to review the comments and figures contained in this report and identify any variances that require further action.

2. PURPOSE OF THE REPORT

2.1 In order to ensure effective budget management it is important that the members are updated with budget monitoring information. This serves the purpose of ensuring members are kept informed of actual spend compared to budget and the forecast outturn position. The report provides a summary

of the year to date (YTD) position against original budget for 2014/15 and the forecast outturn covering the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Revenue Budget
- Capital Programme – General Fund and HRA

2.2 Forecast outturn work is undertaken during the course of the year by the service areas in order to anticipate the outturn position. This process enables options to be considered in respect of the spending proposals for the remainder of the year or alternatively it is used to identify emerging financial issues that can then be investigated and mitigating actions put in place. This report includes activity for the financial year 1st April 2014 – 31st January 2015.

3 DETAILS OF REPORT

General Fund Revenue Budget

3.1 The original net cost of service budget for 2014/15 was set at £15.038m. The financial position as at 31st January 2015 shows expenditure to date of £11.4M. The details are summarised in Table A below:

Table A - General Fund Total Revenue Summary

Corporate Area	Annual Budget £'000	YTD Budget £'000	Net Spend to Date £'000	YTD Variance £'000	Forecast outturn £'000	Forecast variance £'000	Forecast Movement £'000
Community Assets	3,206	1,051	1,035	(16)	3,251	45	(77)
Corporate	2,404	1,539	1,467	(72)	2,265	(139)	(24)
Development & Growth	1,730	677	328	(349)	1,213	(517)	(90)
Environmental Services	5,476	2,141	2,060	(81)	5,360	(116)	(24)
Finance	3,769	3,527	3,498	(29)	3,694	(75)	(18)
Housing & Neighbourhoods	681	471	452	(19)	665	(16)	(16)
Legal & Democratic	1,577	719	671	(48)	1,518	(59)	(33)
People, Projects & Performance	2,405	1,541	1,449	(92)	2,306	(99)	(91)
Property Development	1,468	287	215	(72)	1,312	(156)	(97)
Special Expense Areas	609	160	221	61	673	64	64
Workforce Efficiency Target	(357)	(297)	0	297	0	357	0
Recharged to Services	(7,482)	0	0	0	(7,482)	0	0
Cost of Service	15,486	11,816	11,396	(420)	14,775	(711)	(406)
Set-Asides 2013/14	(360)	0	0	0	(339)	21	0
Reserve Financing	(88)	(88)	(88)	0	(171)	(83)	(83)
Additional Expenditure Items	0	0	0	0	151	151	151
Set-Asides Proposed 2014/15	0	0	0	0	119	119	119
Net Cost of Service	15,038	11,728	11,308	(420)	14,535	(503)	(219)

3.2 The previous report presented to the Resources PDG on the 29th January 2015 identified a forecast under spend of £284k as at 31st October 2014. This represents a movement of £219k of which the key movements are summarised below;

3.2.1 **Community Assets**

Guildhall Arts Centre – Ticket sales in respect of the annual pantomime have exceeded the anticipated level by £10k.

Gravity Fields Festival – The forecast outturn has been increased by £28k due to additional expenditure being incurred for areas including security, printing and accommodation. The additional costs will be financed by the Events & Festivals reserve.

Leisure Centres – The management fee across all sites has been reduced by £156k following contract negotiation. This has however been partly offset by an increase in premises related expenditure due to vandalism, works in response to health and safety requirements and urgent water filtration works (£60k).

3.2.2 **Corporate**

Strategic Management – The forecast outturn has been reduced by £24k due to 2 vacant posts within the service area.

3.2.3 **Development & Growth**

Economic Development – A number of projects budgeted for in this financial year will not now be completed until 2015/16 due to the prioritisation of other projects. These include Town Centre Business Support and the development of a Business Improvement scheme. A set-aside has been requested for £62k to continue these works next financial year.

Conservation – A vacant Assistant Conservation Officer post has reduced the forecast outturn by £15k for the year.

3.2.4 **Environmental Services**

Closed Circuit Television – The Lincolnshire Police Crime Panel has confirmed it will no longer be allocating funding from second homes income from this financial year going forward. Income has therefore been reduced by £20k.

Health & Safety – Under spends in relation to a part year vacant advisor post and associated health and safety budgets (£37k) are requested to be used in 2015/16 to undertake health and safety initiatives and training programmes.

3.2.5 **Finance**

ICT Services – Grant funding has been received to support the new regulations with respect to Local Authority Open Data (£14k).

3.2.6 **Housing & Neighbourhoods**

Homelessness – a decrease in demand has been seen in the need for emergency accommodation and has resulted in a forecast reduction in expenditure of £16k for the year.

3.2.7 **Legal & Democratic**

Legal Services – the forecast outturn has been reduced by £15k due to vacant posts within the service.

Register of Electors – A saving of £18k has been identified as a full canvass of properties was not required.

3.2.8 **People, Projects & Performance**

Centralised Budgets – A number of key budget headings were centralised in year in order to identify efficiency savings and economies of scale to reduce expenditure. The forecast outturn has been reduced by £83k in respect of centralised stationery, postage, printing and advertising costs. A set-aside has been requested for 2015/16 to support Elections printing and statutory notices required for the cinema project in Grantham.

Communications – a vacancy within the service area has reduced the forecast outturn by £8k.

3.2.9 **Property Development**

Miscellaneous Property – Additional income of £38k has been forecast due to an increase in the rental space occupied by the NHS (£8k), full occupancy of industrial units (£6k) and new office leases (£24k).

Property Development – The forecast outturn has been reduced by £49k due to a number of high level vacancies within the service which have not been replaced pending a staffing review.

3.2.10 **Special Expense Areas**

The grounds maintenance costs in respect of special expense areas (specifically Stamford and Grantham) is currently showing a forecast overspend of £64k due to changes in the service delivery model. The service area is currently revisiting the contract and working with the contractor to reduce expenditure. Any over spend identified will need to be funded by the SEA reserve at the end of the financial year.

3.2.11 Additional Expenditure Items

The following items of expenditure have been identified during the budget setting process to be funded by current year under spends;

Description		Amount £
Stamford Leisure Centre	Refurbishment of pool water filters (health and safety requirement)	24k
Guildhall Arts Centre	Replacement of worn feature carpet	16k
Stamford Arts Centre	Replacement of worn feature carpet in main foyer, Victorian staircase, landing and ballroom.	15k
Lighting Maintenance	Maintenance works include replacement lamps, new supply boxes, the straightening of leaning columns, replacement of damaged column doors etc.	36k
Non Consolidated Payments	Following pay negotiations the National Employers and the Trade Unions agreed a formal pay award which covers the period 1 January 2015 to 31 March 2016. This includes a range of Non Consolidated one off payments to be made in 2015/16.	60k
Total		151k

In the event that these items cannot be delivered by the end of the financial year, it is proposed to create set-asides to complete the works in 2015/16.

3.2.11 General Fund Set-Asides for 2014/15

The following items have been proposed as set-a-sides from this year's budget framework totalling £119k;

- Economic Development Projects £62k
- Health & Safety Initiatives £37k
- Advertising for Cinema Project £10k
- Printing for Elections £10k

3.2.12 Workforce Efficiency Target

The workforce efficiency target of £357k is forecast to be fully achieved following the review of service arrangements and the overall target will be met by 31st March 2015.

Housing Revenue Account

- 3.3 The financial position as at 31st January 2015, shows a forecast under spend of £12k as summarised in Table B and Table C below:

Table B - HRA Expenditure Summary

Area	Annual Budget £'000	YTD Budget £'000	Net Spend To Date £'000	YTD Variance £'000	Forecast Outturn £'000	Forecast Variance £'000	Forecast Movement £'000
Expenditure	11,776	7,790	7,675	(115)	11,836	60	13
Other Expenditure	9,679	8,066	8,066	0	9,679	0	0
Interest	3,142	2,618	2,618	0	3,142	0	0
Total Expenditure	24,597	18,474	18,359	(115)	24,657	60	13
Workforce Efficiency Target	(110)	(91)	0	91	0	110	0
Reserve Financing	0	0	0	0	(182)	(182)	(112)
Deficit/ (Surplus)	24,487	18,383	18,359	(24)	24,475	(12)	(99)

- 3.3.1 Finance has worked with the service area over the last quarter to identify vacant posts that can contribute to achieving the workforce efficiency target of £110k. Savings of £123k have been identified and the target is now forecast to be fully met by 31st March 2015.
- 3.3.2 One off additional costs incurred as a result of the corporate re-design programme have been forecast and will be funded by the Transformation Reserve at the end of the financial year.
- 3.3.3 Grounds Maintenance is currently showing a forecast overspend of £26k due to changes in service delivery. The service area is currently revisiting the contract and working with the contractor to reduce expenditure

Table C - HRA Income Summary

Income	Total Income Due £'000	YTD Income Due £'000	YTD Income Received £'000	YTD Income Due %	YTD Income Received %
Dwelling rents, garage rents & service charges	(25,918)	(21,141)	(20,965)	81.57	80.89

Capital Programmes

3.4 The capital programmes include a number of significant capital projects for 2014/15. The current financial position as at 31st January 2015 is outlined in the table below;

Table D - Capital Programmes

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	YTD Variance £'000	Forecast outturn £'000	Forecast variance £'000	Forecast Movement £'000
General Fund	5,842	2,134	1,789	(345)	2,198	(3,644)	(117)
HRA	7,633	6,217	5,954	(263)	6,826	(807)	6
Total	13,475	8,351	7,743	(608)	9,024	(4,451)	(111)

Key Movements

3.4.1 The forecast outturn has reduced on the General Fund programme due to re-profiling in respect of the St. Peter's Hill Development.

Headcount and Budgets

3.5 The position as at 31st January 2015 shows that against an original FTE budget of 569.5 the actual FTE (including agency and wages staff) is 546.1 equating to a variance of (23.4) FTE.

3.6 Local Authority Mortgage Scheme (LAMS)

Scheme 1

The scheme went live in June 2012 and an analysis of the take up of the scheme is provided below.

Month	Offers made (cumulative total)	Completed	Cumulative indemnity amount
July 2012 - Sept 2014	0 (64)	46	£925,596*

*Remaining indemnity as at 30 January £74,404

In term of postcode analysis, the 64 applications received to date are received in respect of the following postcode areas:

NG31 – 47
NG32 – 2
NG33 – 2
PE9 – 12
PE6 – 1

Scheme 2

At the Council meeting in July 2013 a further £1M was approved to support the scheme and the maximum loan size per application was increased to £147,250 in order to increase the take up of the scheme. Unfortunately due to difficulties with the lender being unable to provide management information it has only been possible to obtain a cumulative figure for the period February – September 2014.

Scheme commenced in February 2014.

Month	Offers Not Completed in Month	Completed (cumulative)	Cumulative indemnity amount
Feb 14 – Sept 14	6	2	£204,258
Oct 14	8	3	£226,108
Nov 14	4	8	£249,738
Dec 14	5	10	£275,775
Jan 15	3	12	£317,775*

*Remaining indemnity as at 31st January 2015 £682,225

In terms of postcode analysis, the 12 completions are in respect of the following postcode areas:

NG31 – 11
NG32 – 0
NG33 – 1
PE9 – 0
PE6 - 0

4. OTHER OPTIONS CONSIDERED

None applicable

5. RESOURCE IMPLICATIONS

None applicable

6. RISK AND MITIGATION

None applicable

7. ISSUES ARISING FROM EQUALITY IMPACT ANALYSIS

None applicable

8. CRIME AND DISORDER IMPLICATIONS

None applicable

9. COMMENTS OF FINANCIAL SERVICES

Financial considerations are included in the report.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

As part of good governance it is important members are kept updated in respect of the financial position of the Council expenditure during the course of the year.

11. COMMENTS OF OTHER RELEVANT SERVICES

None applicable

12. APPENDICES:

None