
BUDGET MONITORING REPORT 2014/15

To: **Cabinet – 13 November 2014**

Main Portfolio Area: **Financial Services**

By: **Corporate Finance Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: **To inform Cabinet of the latest budget monitoring position against the General Fund, Housing Revenue Account and capital programme for 2014/15.**

For Decision

1.0 Introduction

1.1 This report enables Cabinet to take an informed view of the likely financial out-turn for the General Fund, as well as the likely outturn on the Housing Revenue Account and capital programme for 2014/15. The report summarises the main issues, with the detail being provided in the annexes.

2.0 Summary Outturn Position for the General Fund 2014/15

2.1 Monitoring has now been undertaken for the first half of the financial year 2014/15 and a breakeven position is anticipated. However, in achieving a breakeven position emerging pressures such as the on-going delivery of savings factored in as part of the 2014/15 Budget Build and the restructuring of Front Line Services have been assumed to be containable within existing resources. More detailed information covering the period to the end of September 2014 is shown below.

2.2 As indicated above savings factored in as part of the 2014/15 Budget Build will need to be carefully monitored in order to ensure that they are delivered as expected.

2.3 With six months monitoring data we have a better indication of the potential outturn position, although there remains pressure to deliver a breakeven position in the main due to reduced parking income, the current position will be carefully monitored over the coming months and corrective action will be taken to bring it back to a balanced budget position.

3.0 General Fund Detail

Chief Executive

3.1 There are no major variances to report at this time.

Operational Services

3.2 There is currently an anticipated overspend of £179k in this area, this is in the main due to reduced parking income, free Saturday parking has had a major impact on the income

generated from Offstreet parking, although this has been in place for some time, the take up this year at Leopold Street has drastically increased resulting in reduced income from Staffordshire Street (£64k), delays in the development at Vere Road Broadstairs has resulted in lower than anticipated income (£20k), this has further been impacted by Coach parking being displaced to St Peter's Park Road and more particularly Joss Bay resulting in an estimated impact of (£13k), coastal car parks including the three Marine Esplanade ones in Ramsgate are down due adverse weather patterns (£10k) and finally offstreet parking income overall is down (£72k). Budget monitoring taken to Cabinet 31 July identified pressures within Frontline Services as a result of delivering the new look Recycling and Waste Service. These pressures remain however, Finance continue to work with Managers in this area to ensure that a breakeven position is achieved by yearend. The same situation exists within Maritime where the Manager of this Service is accommodating reduced Windfarm activity and the ongoing impact of not having a Ferry Operation in place and looking to deliver within budget by yearend.

Director of Community Services

- 3.3 Currently within this area there is a projected overspend of around £57k. As identified at 2.2 above, savings factored into the 2014/15 budget build need to be monitored in order that they may be delivered. In some instances delays in delivering these savings through the agreed mechanisms have resulted in a need to cover from elsewhere within year. A large proportion of this variance is as a result of savings attached to the Media Centre not being achieved by the beginning of the year as anticipated £31k, there are also reductions in property income primarily due to reduced income from Staffordshire Street Market and lower occupancy at Forrester's Hall £61k although every effort is being made to offset within Service and increased income from Land Hire (£9k), savings resulting from External Funding (£11k) and additional Search Income (£15k) reduce this potential overspend.

Director of Corporate Resources

- 3.4 Currently within this area there is an anticipated breakeven position.

General

- 3.5 Financial Services will continue to work with Managers to achieve a balanced outturn position for the 2014/15 Financial year, given the current position as identified above this would leave £186k to be managed out over the remaining 6 months. Monitoring for Qtr 3 will be brought to Cabinet in January 2015 for consideration, by this time there will be a much clearer indication of the likely outturn position and whether balanced position has been achieved.

4.0 Housing Revenue Account

- 4.1 The Housing Revenue Account is reporting an overspend against budget of £172k.
- 4.2 Rental income on dwelling rents is showing an overall loss against budget of £95k this is due to a projected surplus of £78k on social housing rents due to void management and a projected surplus of £8k against shared ownership rents. This is offset by a projected shortfall in rental income against affordable rents of £181k due to slippage in the Empty Homes and Margate Intervention Programme
- 4.3 Non dwelling rental income is projected to be down by £4k in particular with regard to the garage rents. Income raised from tenant service charges is forecast to achieve £34k above budget again due to void management, although as with rents this can vary during the course of the year. Insurance recovery costs with regard to Leasehold Accounts have achieved a further £7k within the contributions to expenditure category.

4.4 Repairs and maintenance is showing a forecast unspent budget of £182k, of this £175k is due to not being able to undertake a full programme of painting and decorating whilst a new contract is in the process of being tendered. East Kent Housing are working towards having a new contractor in place by April 2015.

4.5 Cabinet agreed the funding of a loan to East Kent Housing from HRA Balances to fund the purchase of a single I.T system of £223K and this has been reflected in the monitoring report, see **Annex 1** for detail. The Capital expenditure funded from HRA has been adjusted to reflect this and changes in the capital programme.

5.0 Capital Programme

5.1 A report on the General Fund and HRA Capital programme is detailed in **Annex 2**.

5.2 General Fund property receipts remain the same as last quarter being £10k.

5.3 Due to the low amount of receipts achieved against a budget it has been necessary to undertake a review of the capital programme as the budgeted £886k is unlikely to be achieved in this financial year.

5.4 The extension of the Crematorium car park has been deemed not a core priority in line with other programmes with the capital programme such as disabled facility grants, replacement of the cleansing fleet etc. and has therefore been removed from the programme.

5.5 An underspend of £369k has been identified against the Minimum Revenue Provision due to deferred borrowing at the end of last financial year. It is therefore requested that this surplus is taken to the Capital Project Reserve to give stability to the current capital programme.

5.6 Remaining balances in the Capital Project Reserve will be fully utilised to reduce any shortfall in projected capital receipts at year end.

5.7 Housing capital receipts achieved to date through Right to Buy are £440k and are subject to specific conditions for their use and allocation in line with the 1-4-1 programme and Right to Buy conditions.

5.8 Members are asked to agree the budget virements detailed as per **Annex 3** for the General Fund capital programme.

6.0 Corporate Implications

6.1 Financial

6.1.1 The financial implications have been reflected within the body of the report.

6.2 Legal

6.2.1 Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, it is the Director of Corporate Resources, Paul Cook, and this report is helping to carry out that function.

6.3 Corporate

6.3.1 Corporate priorities can only be delivered with robust finances and this report gives Members the opportunity to review the Council's current position.

6.4 Equity and Equalities

6.4.1 There are no equity or equalities issues arising from this report.

7.0 Recommendations

7.1 That Cabinet notes the projected outturn position for 2014/15 for the General Fund.

7.2 That Cabinet notes the current Housing Revenue Account position.

7.3 That Cabinet approves the movement of the surplus on the Minimum Revenue Provision budget of £369k to the Capital Project Reserve.

7.4 That Cabinet notes the General Fund capital outturn and agrees the budget virements detailed as per **Annex 3** for the General Fund capital programme.

7.5 That Cabinet notes the HRA capital outturn and agrees the budget virements as detailed as per **Annex 4**

8.0 Decision Making Process

8.1 In the budget setting process, Cabinet makes recommendations to Full Council and Council makes the final decision on the matter. Cabinet can thereafter monitor the performance of the budget and make decisions within the agreed budget framework. Any substantive decisions on this matter is subject to call-in.

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Annex List

Annex 1	Housing Revenue Account Outturn Position
Annex 2	General Fund and HRA Capital Programme
Annex 3	General Fund Capital Programme
Annex 4	HRA Capital Programme

Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	Matthew Sanham, Corporate Finance Manager
Legal	n/a