
BUDGET MONITORING REPORT 2015/16

To: **Cabinet – 24 November 2015**

Main Portfolio Area: **Financial Services and Estates**

By: **Portfolio Holder for Financial Services and Estates**

Classification: **Unrestricted**

Ward: **All**

Summary: **To inform Cabinet of the latest budget monitoring position against the General Fund, Housing Revenue Account and HRA Capital Programme for 2015/16.**

For Decision

1.0 Introduction

1.1 The 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 (HRA) and HRA Capital Programme for 2015/16. The report summarises the main issues, with the detail being provided in the annexes.

2.0 Summary Outturn Position for the General Fund 2015/16

2.1 Monitoring has now been undertaken covering the period ending 30 September of the financial year 2015/16 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 2015/16 Budget Build and the restructuring of Front Line Services have been assumed to be containable within existing resources.

2.2 As indicated above savings factored in as part of the 2015/16 Budget Build will need to be carefully monitored in order to ensure that they are delivered as expected. With six months monitoring data we now have a more informed indication of the potential outturn position. There remains pressure to deliver a breakeven position, however the current position will be carefully monitored over the coming months and corrective action will be taken if necessary to bring it back to a balanced budget position.

2.3 However, at the end of last financial year the Council had to make increased provision for settlement payments with regard to the temporary ban on animal exports from earmarked reserves. To date settlement payments made total circa £3m with further on-going negotiations. In terms of liabilities, the Council is exposed to the outcome of the Health and Safety Executive report with regard to some employees and potential grant repayment. Increased activity at the Port may see further dredging costs incurred in order to achieve further commercial interest.

2.4 One off settlements such as these have put a substantial strain on the finances of the Council and seen a reduction of the available useable reserves. It has been necessary to

contain spending across the Council and put in place a number of constraints. A separate report is to be taken to Cabinet for approval to amend the funding of the Capital Programme in order to release some revenue funding sources to enable funds to be set aside for impending one off budgetary payments.

3.0 General Fund Detail By Directorate:

Chief Executive

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

Operational Services

3.2 There are no major variances to report at this time, however:

- Within Maritime, the Manager of this Service is accommodating reduced Windfarm activity, the on-going impact of not having a Ferry Operation in place and looking to deliver within budget by year end, any variance within this area will be covered from the Maritime Reserve although, indications at this time are that this will not be required.
- There remains pressure to deliver the new look Frontline Service and work is continuing to ensure that this remains within budget
- Currently there is pressure on this service to deliver a breakeven position. However; Managers will continue to do all they can to facilitate this across Frontline Services, exploring opportunities to deliver efficiencies.

Director of Community Services

3.3 There are no major variances to report at this time although, as indicated above there remains pressure to deliver savings factored in as part of the 2015/16 Budget Build:

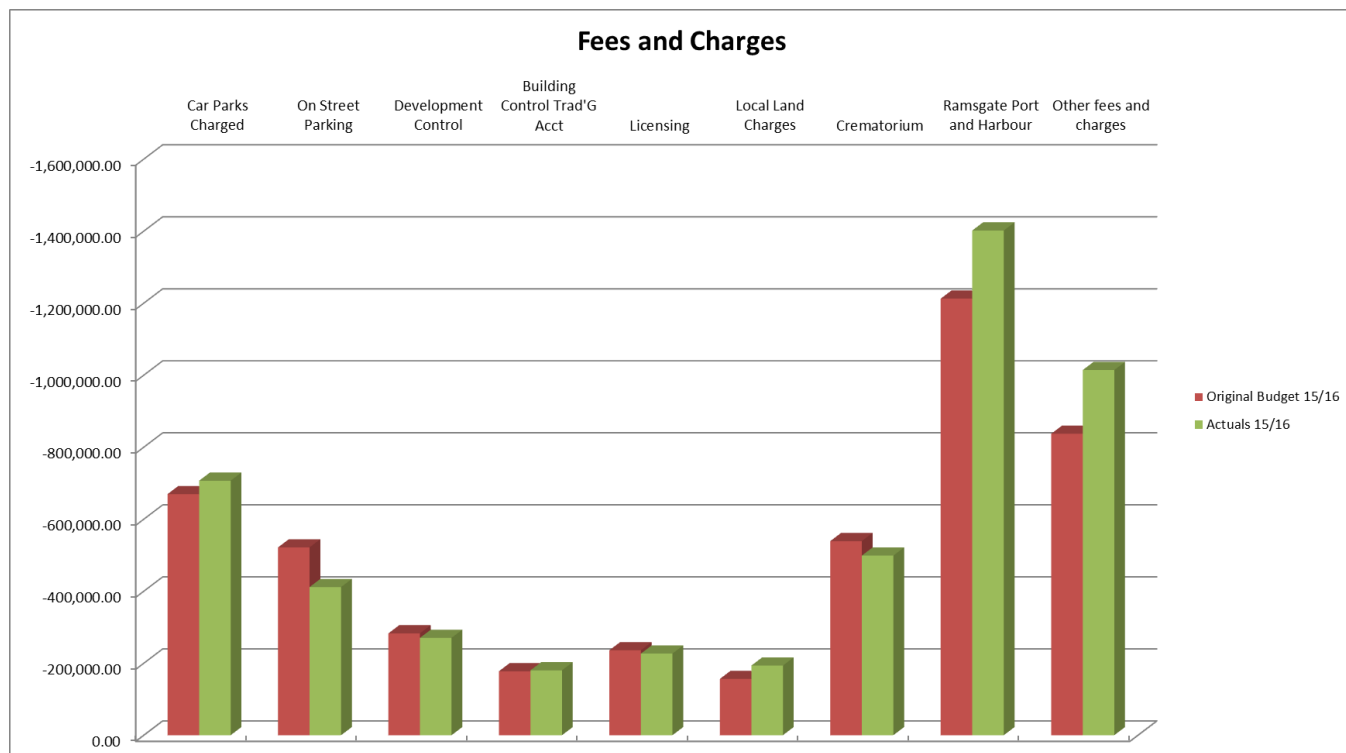
Director of Corporate Resource

3.4 There are no major variances to report at this time:

General

3.5 Financial Services have started to work with Managers to ensure that savings are assessed and that the impact if any is monitored managed and reported. This will include supporting the on-going change programme within Frontline Services to deliver the new look Recycling and Waste Service.

4.0 Fees and charges trends up to end of September 2015



4.1 Currently Fees and Charges appear on target for the year based on period ending 30 September, these will continue to be monitored over the balance of the year and any variance will be reported accordingly.

5.0 Treasury Management for Period ending September 2015

5.1 Key Highlights

- The average Jul-Sep cash balance invested was £37.908m (Q1 2015/16: £39.333m), ranging from £33.519m to £44.237m. The cash balance invested at the end of Sep was £41.442m. This relates to the Council's cash management operations and does not represent its reserves position.
- Investment interest income for the three months to the end of Sep was £0.058m, at an average rate of 0.61%.

6.0 Housing Revenue Account

6.1 There is currently an increased projection in respect of the use of balances of £1.3m against the original budget. A number of Cabinet reports have been agreed since the initial budget setting allowing for the utilisation of HRA balances to fund revenue contributions to the Capital Programme of works for the Fort Road Hotel and 93 Westcliffe Road, which total £816k of the increase.

Key Highlights

- Projected loss of achievable affordable rental income due to slippage in the Empty Homes and Margate Intervention programmes estimated at £80k;

- Projected loss of income on garage sites due to those identified for re-development being vacated and awaiting demolition estimated £98k;
- Increased revenue contribution to the Empty Homes capital programme £341K (see para 7.2).

6.2 A detailed breakdown is provided at **Annex 1**.

7.0 Capital Programme

7.1 A full mid-year review of the General Fund capital programme has been undertaken and is provided to Cabinet in a separate report for the 24 November Cabinet meeting.

7.2 A report on the HRA capital programme is detailed in **Annex 2**.

Key Highlights

- A number of virements are requested from savings achieved in previous year's structural repairs and repointing budgets to be re-allocated to the current programme of works for Hertford and Marlowe Road projects for structural repairs and repointing.
- There have been a number of payments made in this financial year that relate to last financial year's programme of works and members are requested to authorise a transfer of £73,424 from the Major Repairs Reserve to cover expenditure within the 2014/15 programme of works as detailed below:
 - Windows and Door Replacement;
 - Kitchen and Bathroom Replacement;
 - Heating;
 - Void Refurbishments;
 - Thermal Insulation.
- As the estate Improvement funding in 2014/15 was unspent it is proposed to reallocate this funding to the Smart Meter installation programme within the Tower Blocks to comply with the EU Directive which requires single heat supplies to be replaced with energy saving meters in each individual property.
- Members are asked to approve an increased contribution from HRA balances to fund £341k of works within the Empty Property programme to rectify a number of faults that have been identified as part of the void inspection process.

7.3 Members are asked to agree the budget virements detailed as per **Annex 2** for the HRA Capital Programme.

8.0 Corporate Implications

8.1 Financial

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

8.2 Legal

8.2.1 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, and this report is helping to carry out that function.

8.3 Corporate

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

8.4 Equity and Equalities

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

9.0 Recommendations

9.1 That Cabinet notes the projected outturn position for 2015/16 for the General Fund;

9.2 That Cabinet notes the projected Housing Revenue Account position;

9.3 That Cabinet approve a transfer of £73,424 from the Major Repairs Reserve as per para 7.2;

9.4 That Cabinet approve an increased revenue contribution of £341K from HRA balances for the Empty Property programme as per para 7.2;

9.5 That Cabinet notes the Housing Revenue Account Capital Programmes and agree the budget virements detailed as per **Annex 2**.

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| Reporting to: | Nicola Walker Interim Head of Financial Services, Tel. (01843) 577236 |

Annex List

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| Annex 1 | Housing Revenue Account 2015/16 |
| Annex 2 | HRA Capital Programme |

Background Papers

| Title | Where to Access Document |
|-------|--------------------------|
| None | N/A |

Corporate Consultation Undertaken

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| Finance | Matthew Sanham, Corporate Finance Manager |
| Legal | Tim Howes, Director of Corporate Governance |
| Communications | Hannah Thorpe, Head of Communications |