

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Budget Monitoring 2015/16 (Revenue & Capital)

Meeting/Date: Overview & Scrutiny – 9th July 2015
Cabinet – 16th July 2015

Executive Portfolio: Resources: Councillor J A Gray

Report by: Head of Resources

Ward(s) affected: All or list individual Ward(s)

Executive Summary:

Budget Monitoring 2015/16

Attached at Appendix 1 is the May Financial Performance Monitoring Suite, the highlights from this report are:

- **Revenue Forecast Outturn**

The net 2015/16 revenue budget that was approved by Council in February 2015 was £18.881m. After £0.262m carry forwards from 2014/15 were approved by the Cabinet in June 2015; this has resulted in an updated budget of £19.143m. As at the end of May, the year-end forecast outturn is some £0.681m less than planned.

- **Capital Forecast Outturn**

The 2015/16 capital programme of £11.065m was approved by the Cabinet in April 2015 and this resulted in a net budget of £9.637m. As a consequence of budget carry-forwards of £0.274m, the updated capital budget for 2015/16 is £9.363m. To date little has been spent of the capital programme.

- **General Fund Reserve**

The 2015/16 Medium Term Financial Strategy (MTFS) anticipated that the general fund balance at the end of 2015/16 would be £9.334m, this included a budgeted contribution to reserves of £0.797m. At this time, the forecast outturn is predicting a contribution of £1.216m to the general fund reserve. The potential estimated balance at the end of the year would be £10.503m.

- **New Homes Bonus**

The New Homes Bonus calculation is based on data collected over the twelve months between October and September each year. The target housing growth to the end of May 2015 was 560. Currently the position shows 374, a decrease of 186 properties resulting in an estimated reduction in New Homes Bonus of £0.244m.

Recommendation(s):

The Cabinet is requested to note the financial performance to date and comment as it considers necessary.

1. PURPOSE

- 1.1 To update Members, in line with best practice and agreed budget monitoring reporting cycles, on the revenue and capital forecast outturn for 2015/16 based on information available at the end of May 2015.

2. BACKGROUND

2.1 Budget Monitoring

- 2.1 Since December 2013, Members have been receiving the Financial Performance Monitoring Suite (FPMS), which incorporates the Financial Dashboard.

- 2.2 This report updates Members on the 2015/16 revenue and capital forecast outturn; including a forecast outturn for the General Fund. Detailed commentary is shown in the Financial Performance Monitoring Suite for the period April to May 2015/16.

3. REVENUE AND CAPITAL OUTTURN FORECASTS

Variations in Revenue Spend

- 3.1 As a consequence of Accountancy concentrating on the production of the Annual Financial Report, detailed budget monitoring has not started in earnest for 2015/16. However, it is opportune to report to Members the early strategic variances to budget and the resulting forecast outturn.

- 3.2 The net revenue budget approved in February 2015 was £18.881m. In June 2015 the Cabinet approved carry forwards of £0.262m from 2014/15 which resulted in an updated budget of £19.143m. At this time, the predicted net revenue forecast outturn is £18.462m, £0.681m lower than planned.

Variations in Capital Spend

- 3.3 The Council approved the 2015/16 capital programme of £11.065m in February 2015. In April 2015 the Cabinet approved the Finance Governance Board's (FGB) recommendations that the capital programme be reduced by £1.428m after further scrutiny and challenge. Together with the approved carry forwards of £0.274m the updated capital budget for 2015/16 is £9.363m as detailed in the table below.

Capital Summary	£'000
Original Approved Budget	11,065
Approved reductions by FGB	1,428
Approved carry forwards from 2014/15	274
Updated Capital Programme	9,363

- 3.4 As at the end of May 2015, the majority of capital projects have not started; however as a consequence of receiving Disabled Facility Grant there is currently a new surplus on the capital programme of £0.401m. A summary of the main reasons for the current position of the capital programme is shown below.

Capital Programme 2015/16 - Commentary on Actuals to May 2015

Head of Community

The camera replacement budget (£87,000) is reactive, and won't be spent until cameras breakdown and need replacing. Expenditure on Loves Farm Community Centre will be funded from S106 grants. Huntingdon West Development (£1.2m), until CIL payments are agreed this will not be paid, payments are likely to be in significant amounts.

Head of Leisure and Health

The synthetic pitch replacement (£118,000) at St Neots has been agreed by the Cabinet, but has not commenced yet. The expansion at One Leisure Huntingdon (£795,000) and Replacement Fitness Equipment (£200,000) are subject to further review by the Finance Governance Board before commencement. The retention for development works at One Leisure St Ives (£60,000).

Head of Resources

The sale of land at St Marys Street (£420,000), is expected to complete in July 2015, the Housing Association loan is subject to a due diligence process and will not be advanced until that is complete.

Head of Customer Services

The ICT Virtualisation budget (£75,000) is allocated to the Microsoft Enterprise licence, which is due later in the year. The server virtualisation and network budget (£20,000) is for replacement equipment and this will be spent as the need arises.

Head of Operations

The sale of the GreenHouse at St Ives (£235,000) is progressing with the house currently under offer. Vehicle Fleet Replacement (£761,000) is subject to a long lead time and so will not be spent until later in the year. The Salix Building Efficiency budget will be used to replace the air handling unit at One Leisure Huntingdon. The Environment Strategy budget (£30,000) is planned to be spent on Loves Farm Community Centre for installing energy saving measures. The contribution (£500,000) towards the multi-storey car park is expected imminently.

Head of Development

Expenditure on Disabled Facilities Grants (£1.1m) has commenced, with grant from government received in advance of expenditure (£554,000).

Use of General Fund Balances

- 3.5 The 2015/16 Medium Term Financial Strategy (MTFS) anticipated that the general fund balance at the end of 2015/16 would be £9.334m, including a contribution in year of £0.797m.
- 3.6 At this time, the forecast outturn is predicting a contribution of £1.216m to the general fund reserve. The potential estimated balance at the end of the year would be £10.503m. A summary of the general fund reserve is shown in the Financial Performance Monitoring Suite.
- 3.7 This has a consequential impact on the expected use of general fund reserves by:
- reducing the amount needed to balance the 2014/15 budget.
 - providing flexibility to spread the level of future savings over a longer period.

New Homes Bonus

- 3.8 Members will recall that the annual cycle for New Homes Bonus is October to September. Based on current information, the target for the end of May was 560 properties, to date 374 have been built - a shortfall of 186.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 4.1 *To be included after the Overview & Scrutiny Panel (Economic Well-Being) Committee on the 9th July 2015.*

5. LEGAL IMPLICATIONS

- 5.1 No direct legal implications arise out of this report.

6. RESOURCE IMPLICATIONS

- 6.1 The resource implications are noted within this report.

7 REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 To inform Members of the ongoing budgetary position to aid in good governance and financial stewardship.

8. LIST OF APPENDICES INCLUDED


- 8.1 Appendix 1 – Financial Performance Monitoring Suite

BACKGROUND PAPERS


Working papers in Accountancy

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