

Financial Performance Monitoring Suite September 2015

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Headlines – Financial Performance

The 2015/16 financial performance of the Council, based on September 2015 actuals, is as follows:

Page 3 The forecast net spend is £18.524m at the end of September.

The forecast “service” underspend at the end of September is £0.619m; this is made-up as follows:

	£m	
Total forecast contribution to reserve:	1.814	
Less budgeted contribution to reserve	(0.797)	Approved by Council February 2015
Less S.31 grant funding	(0.660)	See below
Plus 2014/15 carry forward adjustments	0.262	Unused budget from 2014/15
Net underspend from services	0.619	

I propose to allocate the £1.814m as follows:

- General fund: £0.535m (effectively the £0.797m less the £0.262m)
- Capital Investment Earmarked Reserve: £0.979m
- S.31 Reserve: £0.300m.

Forecast Outturn and General Fund Reserve as at September 2015

Revenue Forecast Outturn September 2015	2014/15 Provisional Outturn £'000	2015/16 Original Budget £'000	2015/16 Updated Budget £'000	Forecast £'000	Forecast Variation Compared to :-				
					Original Budget £'000	%	Updated Budget £'000	%	
Revenue by Service:									
Community	2,487	2,130	2,136	2,033	(97)	-4.6	(103)	-4.8	1
Customer Services	4,160	4,488	4,719	4,377	(111)	-2.5	(342)	-7.2	2
Development	1,268	1,691	1,700	1,388	(303)	-17.9	(312)	-18.4	3
Leisure & Health	320	58	60	(27)	(85)	-146.6	(87)	-145	4
Operations	4,546	4,593	4,593	4,587	(6)	-0.1	(6)	-0.1	5
Resources	2,997	3,930	3,929	3,901	(29)	-0.7	(28)	-0.7	
Directors and Corporate	2,845	2,377	2,392	2,265	(112)	-4.7	(127)	-5.3	6
Technical Adjustments	(452)	(386)	(386)	0	386	-100	386	-100	
Net Revenue Expenditure	18,171	18,881	19,143	18,524	(357)	-1.9	(619)	-3.2	
Contribution to Reserves	1,693	797	535	1,154	357	44.8	619	115.7	
Budget Requirement (Services)	19,864	19,678	19,678	19,678					
Financing:-									
NDR & Council Tax surplus	(6,222)	(4,242)	(4,242)	(4,902)	(660)	15.6	(660)	15.6	7
Government Grant (Non-specific)	(8,022)	(7,668)	(7,668)	(7,668)	0	0	0	0	
Contribution to Reserves (additional Funding)	2,018	0	0	660					
Council Tax for Huntingdonshire DC	7,638	7,768	7,768	7,768					
General Fund Reserve									
Balance as at 1st April	8,684	8,537	8,537	9,287 A	750	8.8	750	8.8	
Contribution to Service Expenditure	603	797	535	535	(262)	-32.9	0	0	
Outturn forecast as at 31 March	9,287	9,334	9,072	9,822	488	5.2	750	8.3	
Earmarked Reserves					Movement in Earmarked Reserves				
S106 agreements	1,141			1,141					
Commuted S106 payments	1,762			1,762					
Repairs and Renewals Funds	1,300			1,300					
Delayed Projects	262			262					
Collection Fund	2,768			2,768					
Capital Investment	4,737			5,716					
					979		Additional saving in excess of the contribution to General Fund Reserves		
NDR Reliefs				300			300 S31 New Burdens grant - Forecast repayment to DCLG		
Special Reserve	2,500			2,500					
Other Reserves	1,227			1,227					
Total Earmarked Reserves	15,697			16,976	1,279				

Definitions

Original Budget
Updated Budget
Provisional Outturn
(A)

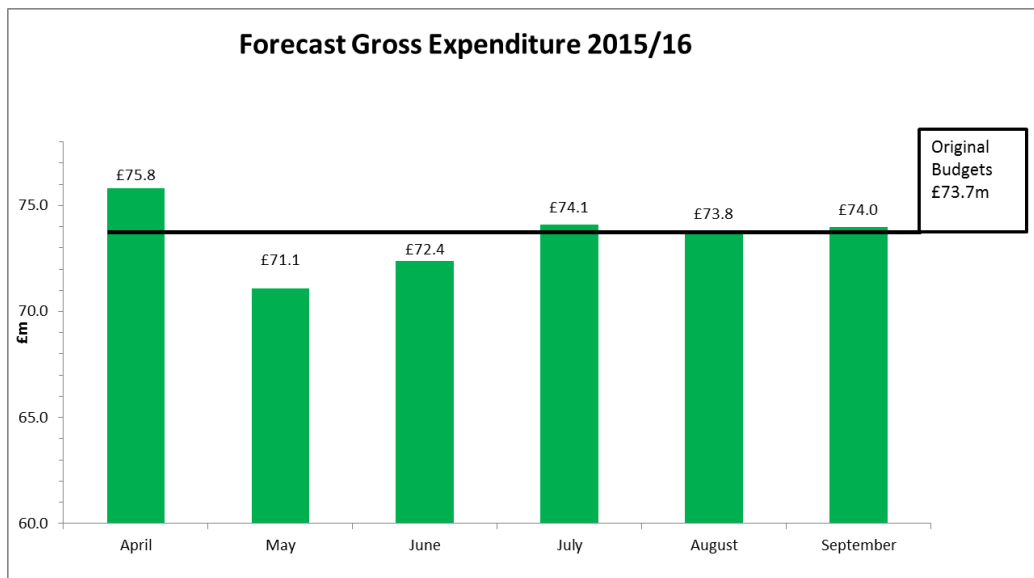
As approved by Council, February 2015
The Original Budget including approved carry forwards from 2014/15
Provisional Outturn reported to Cabinet in June 2015.
Actual General Fund Balance as at 31st March 2015

Forecast Outturn commentary for variances over £75,000 against Updated Budget

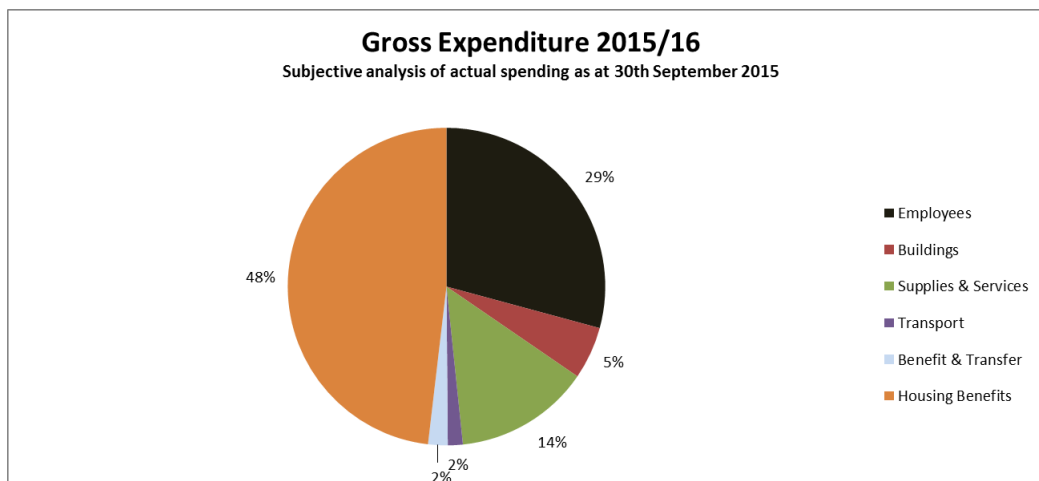
Revenue by Service:	No.as above	Commentary:
Community	1	£140,000 savings from 4 vacant posts partially off-set by £26,000 additional CCTV staff costs where 24 hour cover has had to be maintained.
Customer Services	2	£50,000 lower net Housing Benefits expenditure mainly due to lower use of temporary accommodation that doesn't attract full subsidy. £290,000 savings from 10 vacant posts mainly in Customer Services. Additional rent of £40,000 incurred on the call centre due to the delayed relocation. Additional £25,000 income from the recovery of old CTB overpayments.
Development	3	£304,000 savings from 5 vacant posts.
Leisure & Health	4	One Leisure is forecast to meet its budgeted surplus. The Sport & Active Lifestyles Team is expected to be £100,000 under budget, the main contributor to this is an error in the original budget. This will be corrected in this years ZBB exercise.
Operations	5	Recycling contract additional cost £167,000. Savings from 4 FTE vacancies £129,000. Consultants costs £90,000. General savings on Waste, Street Cleaning and Green Spaces transport costs £119,000.
Directors and Corporate	6	£77,000 staff savings (part year vacancies), £46,000 Electoral Registration Grant received.
Financing	7	Section 31 grant (NDR reliefs) additional funding known after Budget prepared, potential repayment once actuals are known in April 2016.

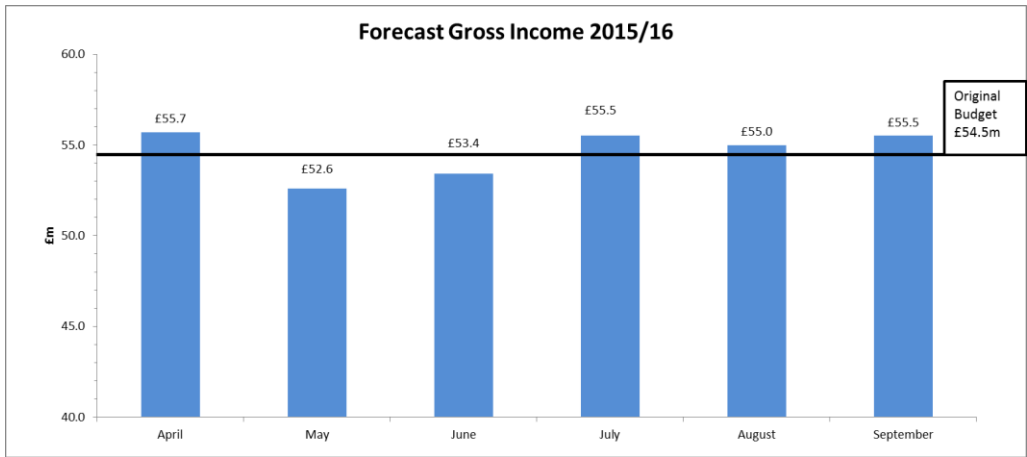
Financial Dashboard - September 2015

Revenue Income & Expenditure

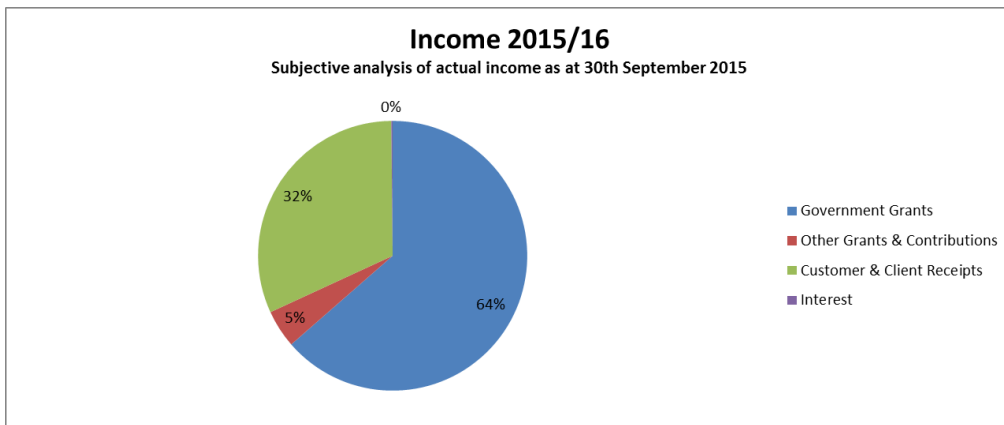


The 2015/16 original gross revenue expenditure budget of £73.7m is combined with the approved carry forwards from 2014/15 to give an updated budget of £74.0m. As shown below the main area of expenditure is Housing Benefits and employees.

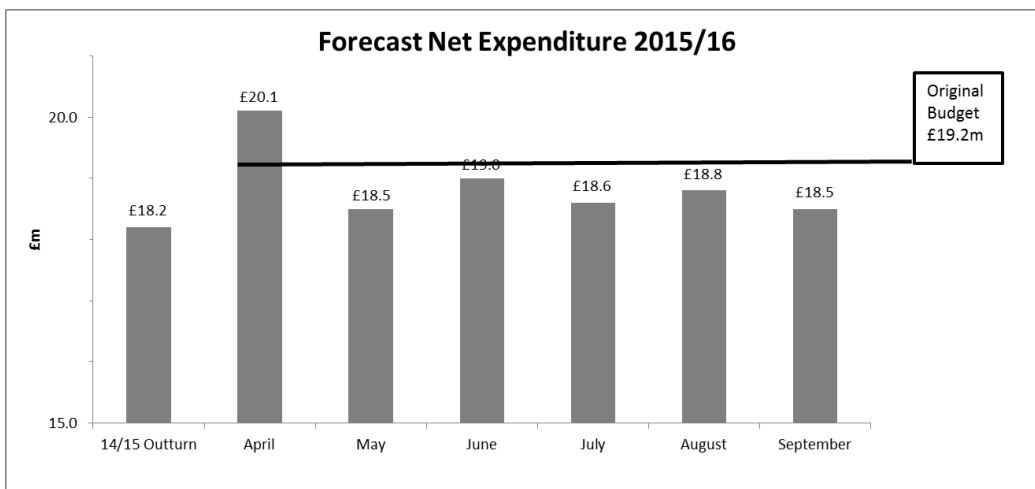




The gross revenue income budget as approved in February 2015 has not been affected by the approved carry forward budgets from 2014/15.



At the end of September 2015 net revenue expenditure is forecast to be at £18.524m, £0.619m below the updated net budget of £19.143m. Taking into account the budgeted contribution to reserves as well as the 2014/15 brought forward adjustment, the overall service related surplus is £1.154m by the year end.



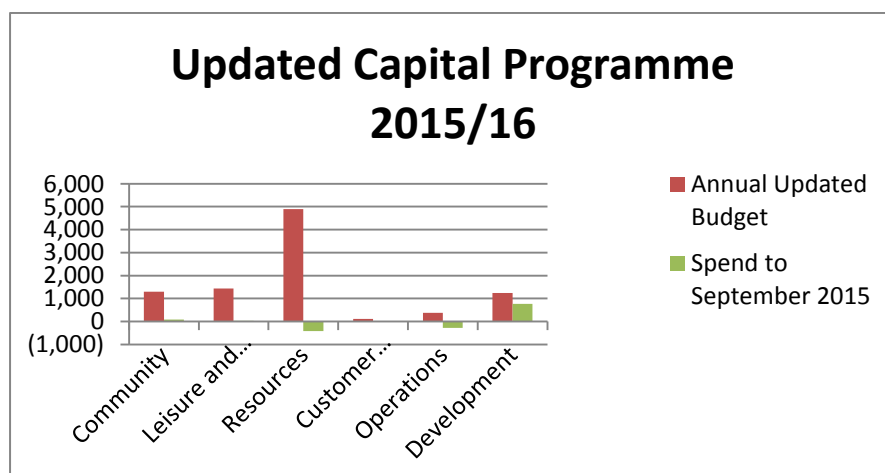
Capital Programme

The Council approved the 2015/16 capital programme of £11.065m in February 2015. This was following the February 2015 Cabinet that approved the Finance Governance Board's (FGB) recommendations that the capital programme be reduced by £1.428m. 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.

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

As at the end of September 2015, the capital programme showed a net spend of £188,000, this is low as a consequence of the receipt of government funding in respect of disabled facilities grant, sale of land, and a number of the planned projects not yet starting. The revised approval process requires business plans to be submitted to the finance governance board before funds are released, this has slightly delayed the programme whilst these are prepared and reviewed.

The significant items of expenditure are Disabled Facilities Grants £34,000, Housing Private Sector Grants £29,000, Loves Farm Community Centre £78,000, One Leisure Site Improvements £25,000, Pathfinder House Router £13,000. With receipts from Pathfinder House Site (£422,000), Green House Sale (£295,000).



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

Head of Community

The camera replacement budget (£87,000) is reactive, and will be spent if the cameras breakdown or need replacing. Expenditure on Loves Farm Community Centre, will be funded from S106 grants. Huntingdon West Development (£1.1m) once terms have been agreed, payment will be made, these are likely to be significant amounts.

Head of Leisure and Health

The St Neots synthetic pitch replacement (£118,000) has been agreed by Cabinet, but has not yet commenced. The expansion at One Leisure Huntingdon (£795,000) is progressing and the full business case and project plan will be submitted to FGB for approval in December. The Replacement Fitness Equipment (£185,000) is subject to further review by the Finance Governance Board before commencement. The retention for development works at One Leisure St Ives (£60,000) is expected to be finalised in the next couple of months.

Head of Resources

The sale of land at St Marys Street (£420,000), was received in July 2015, the first stage of the Housing Association loan is likely to be released in October, £2.25m of the loan has been rephased to 2016/17. The replacement roof at Phoenix Court has been approved by FGB and is now subject to approval by the Portfolio Holder before contracts are tendered.

Head of Customer Services

The ICT Virtualisation budget (£75,000) and the server virtualisation and network budget (£20,000) will not be spent this year. £13,000 has been spent on a replacement router, the budget for this was rephased from 2014/15.

Head of Operations

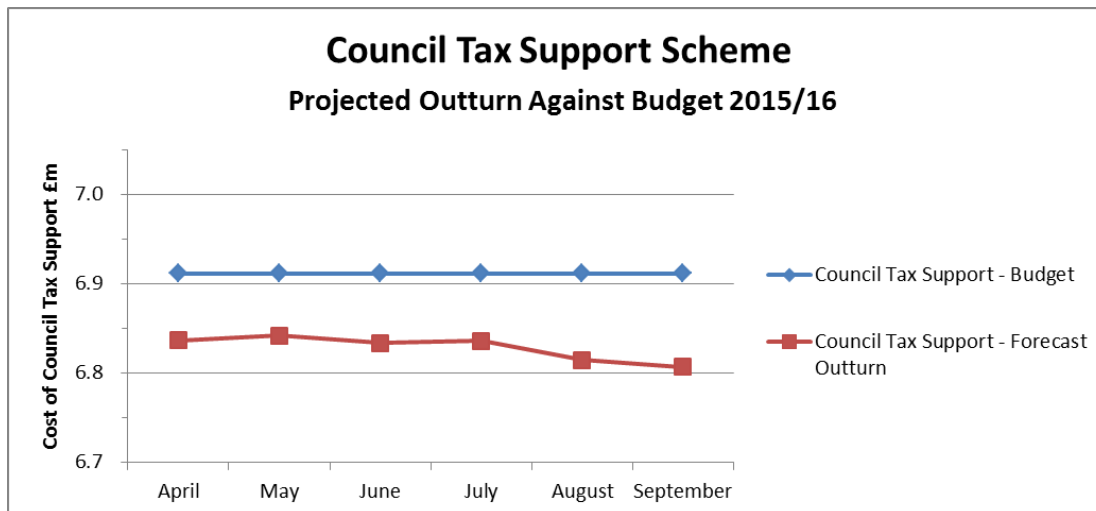
The sale of the GreenHouse at St Ives (£295,000) has now been completed. Vehicle Fleet Replacement, an increased forecast of £1,194,000 is subject to a long lead time and is anticipated to be spent later in the year, subject to a satisfactory business case to FGB. The Salix Building Efficiency budget 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 in January.

Head of Development

Expenditure on Disabled Facilities Grants (£1.1m) has commenced, with grant from government received in advance of expenditure (£554,000). A payment of £700,000 has been paid to Cambridgeshire County Council relating to the Hunts West Link Road project.

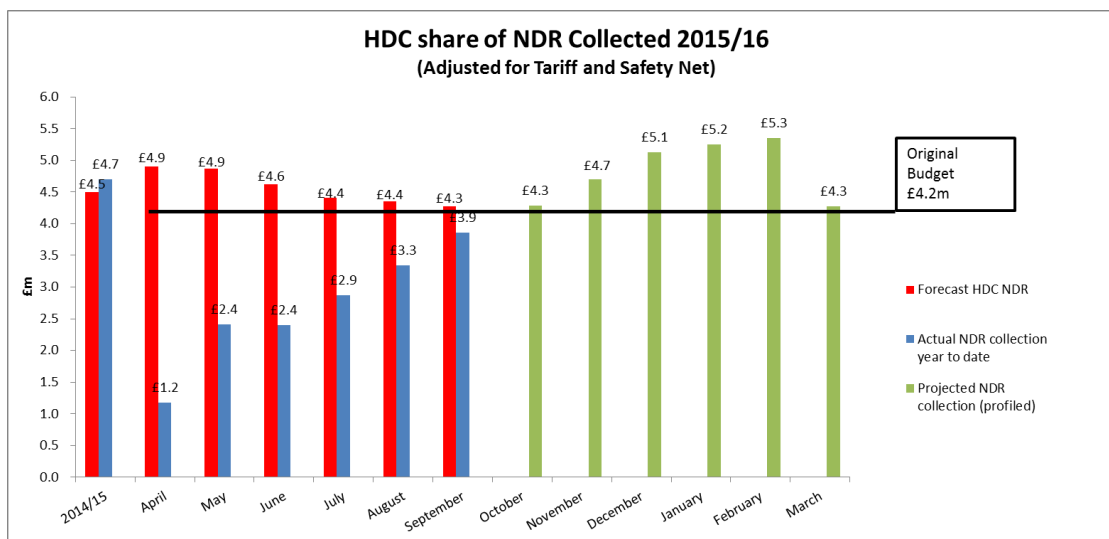
Council Tax Support Scheme

Reflecting improvements in local employment, take-up of the Support Scheme is lower than originally planned. Any 2015/16 saving due to the Support Scheme will impact in 2016/17.



The benefit to HDC will be proportionate to all Council Tax precepts (13.8% for HDC including parishes).

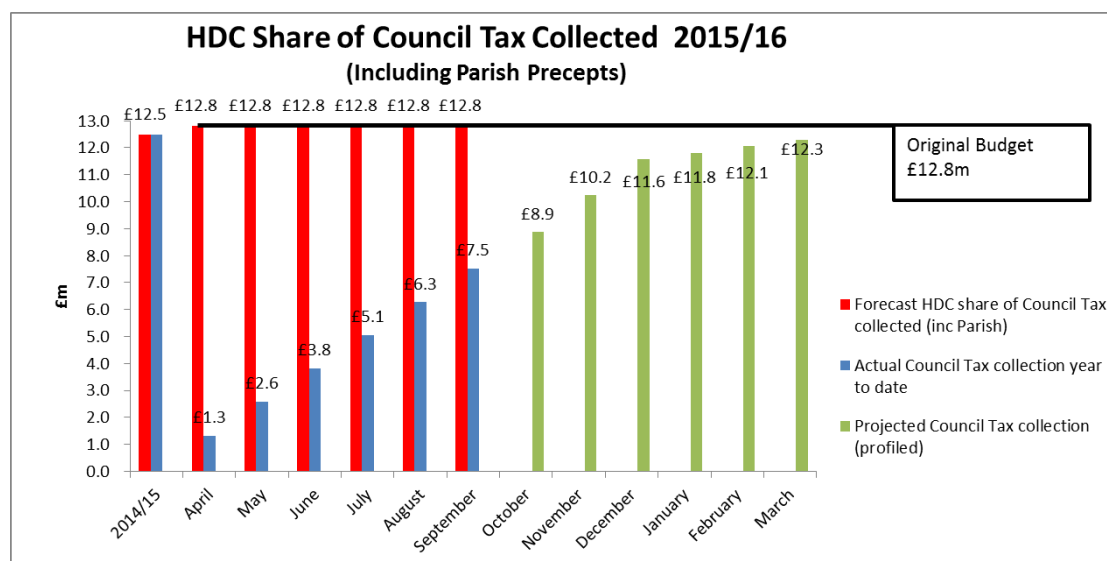
Collection of NDR and Council Tax



Forecast variation to the original budget is £0.2m. This additional funding comes from the new burdens grant identified during the completion of the NNDR1 submission to DCLG.

It should be noted that:

- the localisation of NDR has made the modelling of collectable NDR problematic; this is due to the fact that the position in respect of appeals is extremely volatile and further appeals could result in a reduced forecast. In May 2015 an appeal of £1.3m was upheld and the Councils share will be £0.520m (40%) and a number of appeals were upheld during July in respect of Doctors Surgeries. A provision for outstanding NDR appeals is included in the NDR calculations. However, if the cost of the appeals is more than this provision which reduces HDC's NDR income, DCLG will compensate HDC through a safety net payment in 2016/17.
- the uncertainty as to when new premises will come into valuation further increases this volatility.



The forecast reflects the actual liability for tax at the time of annual billing compared to the assumptions made at the time the tax base was set. The projection assumes 1% of tax due for 2015/16 will be collected during 2016/17.

New Homes Bonus

The New Homes Bonus reporting cycle is October to September; consequently any income will be attributable to 2016/17. The following forecasts exclude adjustments for long-term empty properties and affordable homes.

583 new homes were completed in the 12 months from October 2014 to the end of September 2015. The Planning Annual Monitoring Report (2014) estimated that completions of new homes would be approximately 550 for the New Homes Bonus calculation period (October 2014 to September 2015). The actual completions recorded slightly exceeded the projected completions. However, the anticipated New Homes Bonus was calculated on the annual average completion rate over the 25 year plan period. Thus, the completion rate achieved will result in a lower New Homes Bonus than originally anticipated for the year but will not impact until the next financial year (2016/17).

The draft Local Plan housing growth target is 840 new homes per year over 25 years (giving a total planned provision of 21,000 to 2036). On average this would equate to 70 new homes per month. However, the delivery of new homes is undertaken by private house builders and takes place within market conditions. A housing delivery trajectory is prepared annually in consultation with house builders and landowners to set out anticipated completions each year up to 2036. The housing delivery trajectory indicates the annual housing completions rate should rise significantly from 2018 onwards provided the three strategic expansion locations proposed in the draft Local Plan deliver as expected.

Work is progressing towards the estimate for the 2016/17 New Homes Bonus and should be available by December.

