

Cherwell District Council

Executive

2 March 2015

<p>Quarter 3 2014-15 – Revenue and Capital Budget Monitoring Report</p>
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Report of Director of Resources

This report is public

Purpose of report

This report summarises the Council's Revenue and Capital position and treasury management performance for the first nine months of the financial year 2014-15 and projections for the full 2014-15 period.

To receive information on treasury management performance and compliance with treasury management policy during 2014-15 as required by the Treasury Management Code of Practice.

1.0 Recommendations

The Executive is recommended:

- 1.1 To note the projected revenue and capital position at December 2014.
- 1.2 To note the quarter 3 (Q3) performance against the 2014-15 investment strategy and the financial returns from the funds.

2.0 Introduction

- 2.1 In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue and capital position is reported monthly to the Joint Management Team and formally to the Budget Planning Committee on a quarterly basis.
- 2.2 The revenue and capital expenditure in Q3 has been subject to a detailed review by Officers and reported monthly to management as part of the corporate dashboard.
- 2.3 The CIPFA Code of Practice on Treasury Management which this Council has adopted requires a regular budget monitoring report. This full report was reviewed by the Accounts Audit and Risk Committee on the 21 January 2015.

3.0 Report Details

Projected Revenue Outturn

- 3.1 At quarter three the Council is projecting an underspend of (£327,000) at the year end.

Directorate	Annual Budget	Projected Outturn	Projected Variance
Bicester Regeneration Projects	181	181	0
Community and Environment	9,346	9,587	241
Resources	2,870	2,747	(123)
Development	3,450	2,983	(467)
Chief Executive	192	214	22
Centrally Controlled Items	(1,648)	(1,648)	0
Cost of Services	14,391	14,064	(327)
Sources of Financing	(14,391)	(14,391)	0
(Surplus) / Deficit	(0)	(327)	(327)

- 3.2 Bicester Regeneration is projected to be on budget.

- 3.3 Community and Environment shows a projected overspend of £241,000.

Community and Environment	Annual Budget	Projected Outturn	Projected Variance
Community Services	3,514	3,638	124
Environmental Services	5,832	5,949	117
Community & Environment Total	9,346	9,587	241

- **Community Services (projected £124,000 overspend)**
The overspend is predominantly a result of reduced car parking income of £312,000. The projection takes into account the impact of the Sainsbury's car park in Bicester and falling demand generally which is also compounded by falling Excess Charge Notices and £73,000 refunds due to Meteor Parking Ltd from overcharging. These are mitigated in part by salary savings of (£121,000), and additional income from grants, contributions and fees and charges of (£140,000).
- **Environmental Services (projected £117,000 overspend)**
Additional salary and agency costs in Waste and Recycling has resulted in a net projected overspend of £114,000. Income is forecast to be £156,000 below target mainly as a result of lower recycling tonnages and MOT licenses. These are partly offset by reduced fuel and vehicle repair costs across the service of (£95,000) mainly due to lower than budgeted cost per litre, and general savings of (£57,000) across the service.

3.4 Resources shows a projected underspend of (£123,000).

Resources	Annual Budget	Projected Outturn	Projected Variance
Transformation	697	611	(86)
ICT	(13)	(13)	(0)
Finance & Procurement	1,083	1,218	135
Law & Governance	1,103	931	(172)
Resources Total	2,870	2,747	(123)

- Transformation (projected £86,000 underspend)**
 HR are forecasting an underspend due to additional income from the secondment of HR staff to SDC and unallocated training budgets (£48,000). The Communications team are forecasting a salary underspend (£17,000). They are also expecting to underspend (£21,000) on non-pay.
- Finance & Procurement (projected £135,000 overspend)**
 Finance is forecasting an overspend relating to Rent Allowances and an expected reduction in the level of Government subsidy.
- Law and Governance (projected £172,000 underspend)**
 The underspend is related to recovery of legal fees and salary savings on two vacant posts (£60,000), an increase in income from personal search fees (£59,000) and an underspend on canvass fees and Member Services of (£46,000).

3.5 Development shows a projected underspend of (£467,000).

Development	Annual Budget	Projected Outturn	Projected Variance
Strategic Planning & the Economy	800	1,124	324
Public Protection & Development Management	1,571	661	(910)
Regeneration & Housing	1,078	1,197	119
Development Total	3,450	2,983	(467)

- Strategic Planning and the Economy (projected £324,000 overspend)**
 This predominantly relates to the Local Plan which has cost significantly more than budget. This is the net projection after allowing for £300,000 use of the Planning Policy reserve.
- Development Management (projected £910,000 more income)**
 Pre-Application Fee income is currently predicting a (£110,000) surplus and Planning Fee Income is currently projecting a (£800,000) surplus.
- Regeneration and Housing (projected £119,000 overspend)**
 The main overspend (£82,000) relates to abortive costs from the Crown House scheme that have been transferred from Capital. A further £20,000 relates to revenue costs associated with capital projects (e.g. council tax).

There is concern over the current income prediction for Castle Quay and that the Council might not achieve the predicted level of income. The Q3 income still hasn't been received. The agents are currently being chased by the valuer. Once a response is received this will be fed into the latest projections for Executive (2 March 2105).

3.6 Chief Executive (projected £22,000 overspend)

This relates to a staffing overspend on Executive Support due to agency cover.

3.7 Centrally Controlled Items is projected to be on budget.

3.8 Sources of Financing

Investment is currently slightly higher than budgeted and this trend is expected to continue, however any income above budget will be transferred to reserves.

Income from Business Rates Growth / Pooling and Section 31 grants is expected to be significantly higher than budgeted. The figures will be finalised in Q4 when the NNDR1 return is completed.

3.9 Capital Projected Outturn Position at December (Period 9)

Directorate	Annual Budget	Projected Outturn	Slippage	Variance
Bicester Regeneration Projects	4,837	434	4,403	0
Community & Environment	4,093	1,641	2,098	(354)
Resources	839	851	0	12
Development	20,456	19,903	480	(73)
Total	30,225	22,829	6,981	(415)

The net Capital projection as at December 2014 is within budget tolerances at - 1.4% variance. The slippage predominantly relates to Bicester Community Building and South West Bicester Sports Village.

The above budget of £30.2m includes £16.3m of profiled spend on the Build! programme. The total budget for this programme was increased by £9.5m to £22m by Council in May 2014 and is to be complete by March 2016.

Treasury Management Performance Q3 2014-15

3.10 Investment rates available in the market have been broadly stable during the quarter and have continued at historically low. The annualised average level of funds available for investment purposes up to December 2014 was £58.368m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme and ECO Bicester.

3.11 It is worth noting that the revenue budget for 2014-15 has been prepared utilising £49,190 of investment income. However, total investment income received in year for 2014-15 is expected to be £320,000 (members took the decision in previous years to move away from reliance on investment income to help balance the budget). The balance above the £49,190 budget will be used to replenish reserves after transferring interest received in respect of Eco Town funds to the Eco Town reserve.

Investment Income position as at 31 December 2014

<i>d</i> <i>e</i> <i>s</i> <i>G</i> <i>*</i> <i>x</i> Fund	Average funds invested up to 31 Dec 2014	Interest Budget at 31 Dec 2014	Actual Interest at 31 Dec 2014	Variance	Rate of return %
elN House	£59,523,000*	£240,000	£275,767	£35,767	0.64**
Total	£59,523,000	£240,000	£275,767	£35,767	

*Excludes Glitnir Bank outstanding investment

** Rate of Return is shown on annualised basis

4.0 Conclusion and Reasons for Recommendations

- 4.1 It is recommended that the contents of this report are noted. The variance on capital projections are within the Council's stated tolerances of 5%.

5.0 Consultation

Cllr Ken Atack – Lead member
for Financial Management

Cllr Atack is content with the report and
supportive of the recommendations contained
within it.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.
- 6.2 Option 1: This report illustrates the Council's performance against the 2014-15 Financial Targets for Revenue and Capital. As this is a monitoring report, no further options have been considered. However, members may wish to request that officers provide additional information.

7.0 Implications

Financial and Resource Implications

- 7.1 These are contained in the body of the report. There are no direct costs or other direct financial implications arising from this report.

Comments checked by: Nicola Jackson, Corporate Finance Manager
01295 221731 Nicola.Jackson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 There are no legal implications. Presentation of this report is in line with the CIPFA Code of Practice.

Comments checked by: Kevin Lane, Head of Law and Governance
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Risk management

- 7.3 The position to date highlights the relevance of maintaining a minimum level of reserves and budget contingency to absorb the financial impact of changes during the year. Any increase in risk will be escalated through the corporate risk register.

Comments checked by: Louise Tustian, Acting Corporate Performance Manager
01295 221786 louise.tustian@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 7.4 Impact assessments were carried out in advance of setting the 2014-15 budget.

Comments checked by: Caroline French, Corporate Policy Officer
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8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Ken Atack – Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
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