

QUARTERLY FINANCIAL DIGEST – APRIL TO MARCH 2016

1 Purpose

- 1.1 This report presents the Quarterly Financial Digest for the period 1 April 2015 to 31 March 2016 and presents the year end outturn, which is subject to audit.

2 Recommendations

Members are requested to consider the digest and its contents.
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3 Supporting information

- 3.1 This report presents the financial digest covering the period from 1 April 2015 to 31 March 2016 for members' consideration. The financial digest has been circulated separately.
- 3.2 The Digest presents the draft outturn position after the fourth quarter point of the year. At the end of the quarter the year-end position is showing a contribution to balances of £717,000. This compares to the forecast position in December of £1,083,000.
- 3.3 Whilst, there is a contribution to balances of £0.717 million, the net increase is only £209,000 after a number of initiatives have been funded. These include £67,000 contribution to the HS2 fund, and 441,000 to cover the costs of the implementation of Commercial AVDC.
- 3.4 The increased contribution is the result of increased income in some areas and reduced expenditure in other areas. Page 1 of the digest outlines the main issues and shows the Top Five Over and Under Activities, the top five over reflect the costs associated with Commercial AVDC, mainly pension strain costs. Whilst the top five under budget areas relate to increased income from activities that were not budgeted for.
- 3.5 In the first area of increased income, the Council has raised more invoices to recoup overpaid housing benefit income than in previous years. During the year more work was undertaken on agreeing the service charge costs for the Waterside South development, which meant that the tenants would now be liable for the respective areas. Car park income over the year was higher than budgeted. Lastly, the domestic refuse service continue to generate more income from waste collection bin sales.
- 3.6 The majority of the forecast underspend is the result of reduced expenditure, mainly salary related, which is the result of a number of section reviews, the main one being the Leisure administration, which produced savings of £107,000. The domestic refuse service also generated sizable savings within salaries and fuel as the cost of diesel was lower throughout the year than originally expected. The combined underspend / savings from refuse was £435,000. The following paragraphs summarise the main changes to the services on a portfolio basis.
- 3.7 Business Transformation – During the year there were a number of Salix energy efficiency schemes introduced at a cost of £218,000, these will produce savings in utility bills in future years. Towards the end of the year £45,000 was incurred in setting up the new Vale Commerce company.
- 3.8 Economic Development Delivery – Within the portfolio the majority of the underspend was a result increased income from properties, £365,000 from the Waterside properties, bus station kiosk and land at Buckingham Park some of which was used to offset Exchange Street North feasibility costs,

£79,000 and the cost of replacing the microphones in the Oculus, £64,000. There was increased income from land charges search fees of £70,000, which £12,000 used to settle litigation around the property search fee.

- 3.9 Environment and Waste – As already mentioned the Waste Service produced an underspend of £435,000 some of which has been offset to cover costs associated with back filling senior management posts following a service review, £66,000 and covering redundancy costs in the workshop of £43,000. The Environment and Health section had increased costs from a pension strain contribution of £77,000 resulting from previous a redundancy.
- 3.10 Finance, Resources and Compliance – This portfolio has a combination of increased income and reduced expenditure across its services. Communications and Marketing showed savings of £85,000, over half was generated from savings from market research and the marketing strategy. IT was overspent losing £87,000 worth of income when a local authority contract ended and had increased costs of £150,000 associated with Commercial AVDC. Another service that overspent in the year was the legal section, higher agency staff, pension strain and consultancy costs plus reduced income meant a year end overspend of £242,000. There were salary savings of £78,000 within the People & Payroll Services and £70,000 higher court costs income from Revenues.
- 3.12 Growth Strategy – Within the Development Control and Planning Services areas, salary savings of £160,000 were realised following the service review alongside this there was increased fee income of £48,000 plus savings from the horticultural contract of £42,000.
- 3.13 Leader - £42,000 of savings have been identified within the Members Allowances budget as well as lower office and Chairman's car hire costs. These were used to offset the cost of the provision of Modern.gov. Within the Chief Executive's section salary savings of £80,000 were offset by increased consultancy costs of £71,000 and within the Central Core section more consultancy costs of £57,000 to IESE were partly offset by a reduction in pension costs. Other costs are associated with the shift towards Commercial AVDC.
- 3.14 Leisure, Communities and Civic Amenities – Within this portfolio salary savings as a result of service reviews have realised £145,000 from Housing Services, and £107,000 from Leisure Administration. Other savings have been identified within the Grants budget, £35,000, Waterside Theatre Community Initiatives, £58,000 and the Car Parking budget, 222,000. There was one area of additional expenditure, Community Centres, £27,000 and one area of additional income where the Arts service realised £31,000 of extra income.
- 3.15 Apart from the changes detailed in 3.3 to 3.14 there were other minor changes in other areas. These are detailed in the notes section against each portfolio within the digest.
- 3.16 As reported throughout last year, budget holders' are asked continually to review all of their areas and to reforecast their budgets both positively and negatively in order to have as accurate a year end position as early as possible.
- 3.15 The New Homes Bonus schedule has been updated to reflect the contribution received in 2015/16 and the payments made. It also shows the commitments still to be made against the resources.

- 3.16 As well as the revenue budget the digest, on page 14, also reports the level of reserves and provisions and any movements that have been made during the quarter. During the review of the overdue invoices at the year end debts it was found necessary to increase the Housing Benefit Overpayment bad debt provision by £800,000, this increase was funded from the Benefit Subsidy reserve. As in previous years surplus New Homes Bonus grant has been paid into its own reserve, the balance now stands at £10.6 million. Other contributions made at the year end were £1.1 million to the Planning reserve from additional fee income, £165,000 to the Interest reserve, £219,000 to the IT reserve, £287,000 to Corporate Repairs reserve, £120,000 to the Licensing reserve and a few minor contributions from service areas.
- 3.17 This means that the level of earmarked reserves rose from £27.7 million to £32.2 million during the year.
- 3.18 On page 16 there is information on the level of investments and borrowings held at the year end. During the last quarter no new long term borrowing was taken out so the current level of borrowing remains at £23.5m. The graph shows who the borrowing has been taken from, PWLB (Public Works Loan Board) or a Local Authority.
- 3.19 The council had £39.00 million invested at the end of the year. The graph shows who the investments are with, split between banks, UK and foreign, Building Societies and MMF (Money Market Funds). The level of investments has remained constant over the year due to the low level of capital expenditure, which has tailed off since the University was completed and the delay surrounding the Pembroke Road improvements..
- 3.20 This Committee is requested to consider the contents of the Quarterly Financial Digest.

4 Options considered

- 4.1 The report deals with issues of factual reporting and so options are not appropriate.

5 Resource implications

- 5.1 The resource implications are as detailed within the digest. The digest represents the main forum for reporting budget performance to members.

6 Response to Key Aims and Objectives

- 6.1 Budget monitoring helps us to ensure resources are deployed in a way that is consistent with our key aims and outcomes.