

Appendix 'H'

Financial Position Quarter Two 2014/15

1. General Fund Revenue Budget

1.1 The Council approved a General Fund Revenue Budget of £14,893,770 on 26 February 2014. The actual position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget. Regular reports are made available to members by the Portfolio Holder for Finance and Resources informing them of the current position, highlighting any significant factors giving rise to variances.

2. Capital Programme

2.1 A Capital Programme totalling £7,242,300, covering the two years 2013/14 to 2014/15, was approved at the same Council meeting. Of this total, £2,238,000 was estimated to be spent in 2014/15.

3. Revenue Budget Position

3.1 At this point in the financial year, we would have expected to have spent approximately £5,241,300; we have actually spent £5,291,700. Therefore, as at the end of the second quarter, the general fund budget shows an adverse variance of £50,400.

3.2 The main reasons for the overall adverse variance to date are:

- a. The overtime budget is overspent as no changes have yet been implemented to deliver the 2014/15 savings target of £100,000. Negotiations with the Trade Unions have been ongoing and a collective agreement is due to be signed imminently.
- b. Jubilee 2 is operating at a net overspend primarily due to income shortfall. A four point action plan is being pursued to both improve income and reduce costs. This consists of:
 - improvements to the J2 website;
 - a push on marketing and promotion with particular emphasis on digital marketing;
 - improvements to the management process for direct debits which will allow staff to focus on membership retention; and
 - reductions to utilities costs through improvements to the building management system
- c. Kidsgrove Sports Centre is also operating at a net overspend due to income shortfall.

There are also a number of favourable variances, the main ones being:

- a. Additional planning fee income in respect of major planning applications.
- b. Saving on Elections due to the European Elections being held and costs shared with Central Government.
- c. Employee costs in respect of a number of vacant posts and flexible retirements that have taken place across the Council.

3.3 Any changes to inflationary rates have not had any effect on the Councils budget as at the end of quarter 2.

4. Capital Programme Position

4.1 The Capital Programme approved by Council in February 2014 has been updated to take account of slippage in 2013/14. Where planned expenditure did not occur last year, this has been added to the budget for 2014/15 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2014/15 totals £4,067,100.

4.2 £1,247,700 of the revised budget was expected to be spent by 30 September; the actual amount spent was £1,137,835 resulting in a variance as at the end of quarter 2 of £109,865.

5. Investment Counterparties

5.1 Investment counterparties with whom money is invested, as at 30 September 2014 are as follows (with the parent company shown in brackets, where applicable):

Debt Management Account – Deposit Facility
Nationwide Building Society
Barclays Bank
Halifax Bank of Scotland
Coventry Building Society
Heritable Bank (*Landsbanki*)

5.2 With regard to the Council's frozen investment in Heritable Bank, the total amount repaid now amounts to some £2,357,691, which is 94% of the total that was frozen. The Administrators current prediction is that no further repayments will be made.