

Financial Position Quarter Three 2015/16

1. General Fund Revenue Budget

1.1 The Council approved a General Fund Revenue Budget of £13,830,450 on 25 February 2015. 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.

2. Capital Programme

2.1 A Capital Programme totalling £9,390,300, covering the two years 2014/15 to 2015/16, was approved at the same Council meeting. Of this total, £5,564,000 was estimated to be spent in 2015/16.

3. Revenue Budget Position

3.1 At this point in the financial year, we would have expected to have spent approximately £14,519,296; we have actually spent £14,545,483. Therefore, as at the end of the third quarter, the general fund budget shows an adverse variance of £26,187.

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

- a. The implementation of the staff related savings required to deliver the 2015/16 target of £50k has now been concluded and a Collective Agreement has been signed. It is anticipated that savings of £15k will be made this year and £30k in a full financial year.
- b. Jubilee 2 and Kidsgrove Sports Centre are both operating at net overspends primarily due to income shortfall. Officers have looked at ways to both retain current income levels and pursue additional income to eradicate the current shortfalls. This review has resulted in Jubilee 2 shortfall stabilising.
- c. Income from commercial rents and car parking is below the amount budgeted for. Active marketing of properties is continuing in order to try and secure new tenancies and a review of car parking income is underway.

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

- a. Employee costs in respect of a number of vacant posts and flexible retirements that have taken place across the Council.
- b. Additional interest income as a result of increased amounts available to invest following sales of land and buildings.

4. Capital Programme Position

4.1 The Capital Programme approved by Council in February 2015 has been updated to take account of slippage in 2014/15. Where planned expenditure did not occur last year, this has been added to the budget for 2015/16 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2015/16 totals £7,559,700.

4.2 £2,839,500 of the revised budget was expected to be spent by 31 December; the actual amount spent was £2,229,048 resulting in a variance at the end of quarter three of £610,452. This is due to savings made on a number of projects which forms part of the additional £500,000 that was included in the funding proposals for the new Civic Hub.

5. Investment Counterparties

5.1 Investment counterparties with whom money is invested, as at 31 December 2015 are as follows (with the parent company shown in brackets, where applicable):

Barclays Bank
Nationwide Building Society
Santander
Heritable Bank (*Landsbanki*)

5.2 With regard to the Council's frozen investment in Heritable Bank, a further payment was received in August which means the total amount repaid now totals £2,457,623, which is 98% of the total that was frozen.