

Financial Position Quarter One 2016/17

1. General Fund Revenue Budget

- 1.1 The Council approved a General Fund Revenue Budget of £14,138,550 on 24 February 2016. 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.
- 1.2 At this point in the financial year, we would have expected to have spent approximately £3,340,185; we have actually spent £3,392,599. Therefore, as at the end of the third quarter, the general fund budget shows an adverse variance of £52,414.
- 1.3 The main reasons for the overall adverse variance to date are:
- a. Kidsgrove Sports Centre is operating at a net overspend 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. It is pleasing to report that income is £12k (16%) higher in the first quarter compared to the same period in the last financial year.
 - b. Income from car parking is below the amount budgeted for. A review of options to increase income has been undertaken. Officers have investigated a range of initiatives which are currently being discussed with the relevant portfolio holders.
 - c. Income from Planning application fees is below the amount budgeted for and 15% below the income received in the first quarter of the last financial year. Significant income from a number of proposed major developments is expected to be received during the next few months but cannot be guaranteed. If received this income would be brought in line with the budget and may well exceed the budgeted sum.

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

- a. Employee costs in respect of a number of vacant posts and flexible retirements that have taken place across the Council.

2. Capital Programme

- 2.1 The Capital Programme approved by Council in February 2016 has been updated to take account of slippage in 2015/16. Where planned expenditure did not occur last year, this has been added to the budget for 2016/17 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2016/17 totals £15,498,147.
- 2.2 Due to the fact that the capital receipts to finance the programme are not likely to be received until 2017/18 a number of capital projects that were included in the 2016/17 capital programme have had to be put on hold as the Council would have to incur prudential borrowing costs which would have a significant effect on the General Fund and the future provision of services. Therefore, capital expenditure is only being incurred in the following areas

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- i.) the new recycling and waste service;
- ii.) the Civic Hub project;
- iii.) Disabled Facilities Grants;
- iv.) if a contractual commitment already exists;
- v.) any matters of a health and safety nature; and
- vi.) schemes wholly funded from external sources eg Section 106 agreements.

- 2.3 Taking this into account, £3,317,026 of the revised budget was expected to be spent by 30 June; the actual amount spent was £3,273,086 resulting in a variance at the end of quarter one of £43,940.
- 2.4 It is imperative that the sites earmarked for disposal within the Asset Management Strategy are progressed as soon as possible as any delays will only worsen the Council's overall financial position.

3. Investment Counterparties

- 3.1 Investment counterparties with whom money is invested, as at 30 June 2016 are as follows (with the parent company shown in brackets, where applicable):

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

- 3.2 With regard to the Council's frozen investment in Heritable Bank the total amount repaid now totals £2,457,623, which is 98% of the total that was frozen.