



Agenda item:

**Decision maker:** Cabinet Member for Resources Portfolio

**Subject:** Monitoring of the First Quarter 2015/16 Revenue Cash Limits and Capital Programme

**Date of decision:** 22nd October 2015

**Report by:** Director of Finance and Information Services

**Wards affected:** ALL

**Key decision:** No

**Budget & policy framework decision:** No

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## 1. Introduction

- 1.1 This report compares the forecast revenue outturn 2015/16 with the cash limited budget for that year and the forecast capital expenditure with the approved capital programme and provides information to enable an understanding of the reason for variances. It also lists the action to be taken to mitigate the effect of forecast overspends.

## 2. Purpose of report

- 2.1 To inform the Cabinet Member and Opposition Spokespersons of:
- The forecast revenue expenditure for the year compared with the cash limited budget.
  - The forecast capital expenditure against the revised capital programme for the Resources portfolio.

## 3. Recommendations

- 3.1 The content of this report be noted.

#### 4. Background

##### 4.1 Cash Limit 2015/16

	<b>£000's</b>
Net Requirement	24,252
Less;	
Capital Charges	(2,786)
Net Insurance Costs	(105)
FRS17	(860)
Employee Benefit Accruals	(468)
<b>Controllable Cash Limit 2015/16</b>	<u>20,033</u>

##### Forecast Outturn 2015/16

	<b>£000's</b>	<b>% of Budget</b>
Total Forecast Controllable Expenditure 2015/16	19,943	99.56%
Controllable Cash Limit	20,033	
<b>Forecast Variance - (Under)/Overspend</b>	<u>(89)</u>	0.44%

##### 4.2 Appendices

4.3 Analysis of this portfolio's variations from the revenue cash limit is attached at Appendix A.

4.4 Analysis of the portfolio's capital expenditure for 2015/16 is attached at Appendix B.

#### 5. Revenue Expenditure

(Please read in conjunction with the attached Appendix A)

5.1 The provisional forecast outturn for the portfolio compared to the cash limit indicates a net underspend of £89,500.

5.2 Within the portfolio there are services whose budgets are deemed 'windfall' budgets by the City Council. These services are, Rent Allowances, Rent Rebates, Discretionary Non-Domestic Rate relief, Land Charges and District Audit Fees (within Corporate Management). These 'windfall' budgets represent income and expenditure which is demand led and largely out of the control of budget managers. Consequently any under or overspending is absorbed corporately. Excluding 'windfall' variances gives a net underspend on the portfolio of £41,300 i.e. 0.21%.

5.3 Item 2 HR, Legal and Performance - forecast overspend £11,700

Based on current activity fee earning work is forecast to be a little below budget by the end of 2015/16. A review is under way aimed at increasing fee income to eliminate this shortfall.

5.4 Item 4 Customer & Community Services - forecast underspend £111,700

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements.

5.5 Item 6 Financial Service - forecast underspend £73,900

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements.

5.6 Item 7 Information Services - forecast underspend £37,500

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements.

5.7 Item 22 Corporate Management - forecast overspend £147,200

Previously approved budget reductions relating to additional income from the Housing Revenue Account (HRA) have not yet been identified within the portfolio.

These un-realised savings are currently shown as an additional cost to the corporate management budget. Work to specify how this income can be realised is on-going and will be complete by the end of 2015/16.

**6. Summary**

6.1 The overall forecast outturn position on the portfolio is a net underspend of £89,500 representing 0.44% of the total cash limited budget. Within this net position there are various other less significant under and overspendings as shown in Appendix A.

6.2 At the end of 2014/15 financial year the sum of £651,800 was transferred to the portfolio specific earmarked reserve. This reserve is to be used initially to cover future year end overspendings, budget pressures, contingent items and spend to save schemes. Once these instances have been satisfied, the reserve may be used for other developments or initiatives. The portfolio holder is responsible for approving any releases from the earmarked reserve in consultation with the Director of Finance and Information Services & S151 Officer.

6.3 Since the last meeting of this portfolio, the following applications have been approved from the portfolio reserve:

	£
Support to FOI	19,200
Meeting cost of shortfall on Scrutiny panel requirements	7,600
One year funding of contracts officer post	54,600
Software for revenue assessments	46,100

6.4 To date there is an uncommitted balance on the reserve of £791,800.

## 7. Capital Programme

(Please read in conjunction with the attached Appendix B)

7.1 The capital programme has been updated to reflect the impact of new schemes, further approved amendments, re-phasing of expenditure and the removal of completed schemes.

7.2	<b><u>Forecast Outturn 2015/16</u></b>	<b>£000's</b>	<b>£000's</b>
	Total Revised Budget 2015/16		7,020
	Actual Net Expenditure 1 Apr 2014 to 30 Jun 2015	1,258	
	Forecast Net Expenditure 1 Jun 2015 to 31 Mar 2015	<u>5,757</u>	
	Total Forecast Expenditure 2015/16		7,015
	<b>Forecast Variance - (Under) / Overspend</b>		<u>(5)</u>

7.3 Additions since the start of 2015/16 year:

<b>Scheme Name</b>	<b>£000's</b>
IS Road Map (item 11)	156
Super Connected Cities (item 21)	380

7.4 The provisional forecast outturn for the portfolio capital programme compared to the approved budget is a net underspend of £5,400.

Schemes which have materially altered the capital programme are described in more detail below.

7.5 Item 11 IS Road Map - additional approval £155,820

Representing a rolling programme of IT infrastructure renewal the IS road map aims to ensure that the Council has appropriate IT infrastructure over the medium term.

As part of an ongoing review of the projects resourcing, additional costs in respect of security architecture, mobile working and e-mail upgrades have been identified. These will be funded through a revenue contribution to capital from the IS core infrastructure rolling replacement reserve.

7.6 Item 21 Super Connected Cities - additional funding £555,445

Further funding has been secured for the 2015/16 financial year to continue with the Super Connected Cities project. The project has two strands, the provision of WiFi in council owned public buildings and a voucher scheme to enable small and medium size enterprises to access superfast broadband.

Current grant conditions will cover £1,188,000 of expenditure during the 2015/16 year which is in line with the projects expected completion date.

**8. Equality impact assessment (EIA)**

8.1 An Equality Impact Assessment is not required as there are no proposed changes to services, policies, or procedures included in the recommendations.

**9. Legal implications**

9.1 The City Solicitor has formally considered this report for legal issues.

**Director of Finance's comments**

9.2 This report represents the forecast outturn position on the Resources portfolio's approved revenue and capital budgets as at the end of June 2015.

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Signed by: Director of Finance and Information Services

**Appendices:**

- A Revenue Outturn Statement**
- B Capital Monitoring Statement**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Service Budget monitoring files	CRS Accountancy team

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Cabinet Member for Resources on 22nd October 2015

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Signed by: Cabinet Member for Resources