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# NOTICE OF MEETING

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## CABINET

THURSDAY, 25 SEPTEMBER 2014 AT 1PM

EXECUTIVE MEETING ROOM , THIRD FLOOR, THE GUILDHALL

Telephone enquiries to Joanne Wildsmith, Democratic Services Tel 9283 4057

Email: [joanne.wildsmith@portsmouthcc.gov.uk](mailto:joanne.wildsmith@portsmouthcc.gov.uk)

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## Membership

Councillor Donna Jones (Chair)

Councillor Luke Stubbs  
Councillor Ken Ellcome  
Councillor Frank Jonas  
Councillor Lee Mason

Councillor Robert New  
Councillor Linda Symes  
Councillor Steve Wemyss  
Councillor Neill Young

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(NB This agenda should be retained for future reference with the minutes of this meeting).

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

**Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.**

## AGENDA

1 Apologies for Absence

2 Declarations of Interests

3 Record of the Previous Decision Meeting - 14 August 2014

The record of decisions of the Cabinet meeting held on 14 August 2014 will follow.

**RECOMMENDED that the record of decisions of the Cabinet meeting held on 14 August 2014 be agreed as a correct record and signed by the chair.**

#### **4 Overlord Embroidery Liaison Committee Appointment**

As part of the annual appointments to outside bodies Councillors Margaret Adair, Frank Jonas and Phil Smith were confirmed as the Culture, Leisure & Sport representatives on this liaison committee, which meets annually with the Overlord Embroidery Trustees to discuss arrangements relating to the Overlord Embroidery at the D Day Museum. Councillor Linda Symes as the Cabinet Member for Culture, Leisure & Sport would like to attend and chair this meeting as a council appointee when it meets on 10 November 2014 at the City Museum. This was previously chaired by Paula Riches who represented the previous Cabinet Member for Culture, Leisure & Sport.

For the Cabinet meeting on 26 June 2014 the nominees were:

- Liberal Democrats - Councillors Margaret Adair and Phil Smith.
- Conservatives - Councillors Simon Bosher, Steve Wemyss and Frank Jonas.

**RECOMMENDED that the Cabinet reappoint the three Culture, Leisure & Sport portfolio representatives for this municipal year, to include the Cabinet Member for Culture, Leisure & Sport.**

#### **5 Treasury Management Outturn 2013/14 (Pages 1 - 24)**

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code requires local authorities to calculate prudential indicators before the start of and after each financial year. Those indicators that the Council is required to calculate at the end of the financial year are contained in Appendix A of this report.

The CIPFA Code of Practice on Treasury Management also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown in Appendix B of the report.

**RECOMMENDED that the following recommendations relating to Appendices A and B of this report be approved:**

**Appendix A - that the following actual prudential indicators based on the unaudited draft accounts be noted:**

- (a) The actual ratio of non Housing Revenue Account (HRA) financing costs to the non HRA net revenue stream of 10.3%;**
- (b) The actual ratio of HRA financing costs to the HRA net revenue stream of 12.2%;**
- (c) Actual non HRA capital expenditure for 2013/14 of £61,687,000;**
- (d) Actual HRA capital expenditure for 2013/14 of £30,110,000;**
- (e) The actual non HRA capital financing requirement as at 31 March 2014 of £267,848,000;**
- (f) The actual HRA capital financing requirement as at 31 March 2014 of £143,557,000;**
- (g) Actual external debt as at 31 March 2014 was £441,970,134 compared with £450,283,442 at 31 March 2013.**

**Appendix B - That the following actual Treasury Management indicators for 2013/14 be noted:**

- (a) **The council's gross debt less investments at 31 March 2014 was £145,209,000;**  
 (b) **The maturity structure of the council's borrowing was:**

	Under 1 Year	1-2 Years	3-5 Years	6-10 Years	11-20 Years	21-30 Years	31-50 Years	41-50 Years
Actual	4%	1%	3%	5%	9%	13%	16%	49%

- (c) **The Council's sums invested for periods longer than 364 days at 31 March 2014 were:**

	Actual £m
31/3/2014	108
31/3/2015	66
31/3/2016	51

- (d) **The council's fixed interest rate exposure at 31 March 2014 was £247m, i.e. the Council had net fixed interest rate borrowing of £247m**  
 (e) **The council's variable interest rate exposure at 31 March 2014 was (£189m), i.e. the council had net variable interest rate investments of £189m**

## **6 Landlords Maintenance Capital Budget (Pages 25 - 32)**

This report highlights the potentially significant adverse implications of reducing the Landlords Maintenance Capital Budget going forward, and seeks to establish an on-going commitment to fund our Priority 1 landlord maintenance requirements.

**RECOMMENDED that the Cabinet:**

- 1. Note the shortfall in funding required to fulfil the backlog of repairs required to Portsmouth City Council's operational assets and recognises the implications of not delivering the required Priority 1 repairs.**
- 2. Agree to consider the content of this report, as part of the capital resource allocation process.**

## **7 Purchase of Equity Shares in Municipal Bonds Agency (Pages 33 - 36)**

The attached report by the Head of Finance and Section 151 Officer seeks Cabinet approval to subscribe for £150,000 of share in the Municipal Bonds Agency.

**RECOMMENDED that the Cabinet agree:**

1. That the City Council subscribes for £150,000 of ordinary shares in the Local Capital Finance Company Limited which will operate the municipal bonds agency.
2. That the purchase of the shares be financed from a revenue contribution to capital outlay funded from the contingency provision in the revenue budget.

**8 Budget and Performance Monitoring 2014/15 1st Quarter (to end June 2014) (Pages 37 - 72)**

The purpose of the attached report by the Head of Finance & Section 151 Officer is to update members on the current Revenue Budget position of the council as at the end of the first quarter for 2014/15 in accordance with the proposals set out in the "Portsmouth City Council - Council Tax Setting 2014/15 to 2017/18 & Medium Term Budget Forecast 2014/15 to 2017/18" report approved by the City Council on the 11<sup>th</sup> February 2014.

To also take the opportunity to report on the key performance measures of the council and highlight any relationships between financial performance and service performance that may indicate any potential or emerging matters of concern in relation to either.

**RECOMMENDED that:**

1. The contents of this report be noted, in particular the overall forecast overspend of £3,073,600 representing a variance of 1.76% against the City Council Budget (as adjusted) of £175,029,925.
2. Reports are prepared setting out the options for significantly reducing or eliminating the adverse budget position presently being forecast within Children & Education, Health & Social Care and Traffic & Transportation Portfolios, including the associated impact of doing so.
3. That the Council Leader works with the relevant portfolio holder to consider measures necessary to significantly reduce or eliminate the adverse budget position presently being forecast within Children & Education, Health & Social Care and Traffic & Transportation Portfolios and any necessary decisions presented to a future meeting of the relevant portfolio.

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

Full Council and Cabinet meetings are digitally recorded, audio only.

# Agenda Item 5

Agenda item:

**Decision maker:** Cabinet  
City Council

**Subject:** Treasury Management Outturn 2013/14

**Date of decision:** 25 September 2014 (Cabinet)  
26 September 2014 (Governance and Audit and Standards Committee)  
14 October 2014 (City Council)

**Report by:** Chris Ward, Head of Financial Services & Section 151 Officer

**Wards affected:** All

**Key decision:** No  
**Budget & policy framework decision:** No

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## 1. Purpose of report

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code requires local authorities to calculate prudential indicators before the start of and after each financial year. Those indicators that the Council is required to calculate at the end of the financial year are contained in Appendix A of this report.

The CIPFA Code of Practice on Treasury Management also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown in Appendix B of the report.

## 2. Recommendations

That the following recommendations relating to Appendices A and B of this report be approved:

Appendix A - that the following actual prudential indicators based on the unaudited draft accounts be noted:

- (a) The actual ratio of non Housing Revenue Account (HRA) financing costs to the non HRA net revenue stream of 10.3%;
- (b) The actual ratio of HRA financing costs to the HRA net revenue stream of 12.2%;
- (c) Actual non HRA capital expenditure for 2013/14 of £61,687,000;
- (d) Actual HRA capital expenditure for 2013/14 of £30,110,000;

(e) The actual non HRA capital financing requirement as at 31 March 2014 of £267,848,000;

(f) The actual HRA capital financing requirement as at 31 March 2014 of £143,557,000;

(g) Actual external debt as at 31 March 2014 was £441,970,134 compared with £450,283,442 at 31 March 2013.

Appendix B - That the following actual Treasury Management indicators for 2013/14 be noted:

(a) The Council's gross debt less investments at 31 March 2014 was £145,209,000;

(b) The maturity structure of the Council's borrowing was

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Actual	4%	1%	3%	5%	9%	13%	16%	49%

(c) The Council's sums invested for periods longer than 364 days at 31 March 2014 were:

	Actual £m
31/3/2014	108
31/3/2015	66
31/3/2016	51

(d) The Council's fixed interest rate exposure at 31 March 2014 was £247m, ie. the Council had net fixed interest rate borrowing of £247m

(e) The Council's variable interest rate exposure at 31 March 2014 was (£189m), ie. the Council had net variable interest rate investments of £189m

### **3. Background**

The Local Government Act 2003 requires local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities.

The Prudential Code requires local authorities to adopt the CIPFA Code of Practice for Treasury Management in the Public Sector, which the City Council originally adopted in April 1994. Under the Code of Practice for Treasury Management an Annual Policy Statement is prepared setting out the strategy and objectives for the coming financial year. The Cabinet approved the policy statement for 2013/14 on 19 March 2013.

The Code of Practice also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown under Appendix B of the report.

This report is based on the Council's unaudited draft accounts as the audit is not due to be completed until the end of September. Basing the report on the unaudited draft accounts will enable the report to be considered in the September / October meeting cycle rather than in November.

### **4. Reasons for Recommendations**

The net cost of Treasury Management activities and the risks associated with those activities have a significant effect on the City Council's overall finances.

### **6. Legal implications**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

### **7. Head of Finance's comments**

All financial considerations are contained within the body of the report and the attached appendices

.....  
Signed by Head of Financial Services & Section 151 Officer

**Appendices:**

**Appendix A: Prudential Indicators**

**Appendix B: Treasury Management Outturn**

**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><u>Title of document</u></b>	<b>Location</b>
1 Treasury Management Files	Financial Services
2	

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 25 September 2014.

.....  
Signed by: the Leader of the Council



**ACTUAL PRUDENTIAL INDICATORS**

**1. RATIO OF FINANCING COSTS TO NET REVENUE STREAM 2013/14**

This ratio reflects the annual cost of financing net debt as a proportion of the total revenue financing received. It therefore represents the proportion of the City Council's expenditure that is largely fixed and committed to repaying debt. The higher the ratio, the lower the flexibility there is to shift resources to priority areas and/or reduce expenditure to meet funding shortfalls.

For the General Fund, this is the annual cost of financing debt and as a proportion of total income received from General Government Grants, Non Domestic Rates and Council Tax. The ratios of financing costs to net revenue streams for the General Fund in 2013/14 were as follows:

	<b>Original Estimate</b>	<b>Actual</b>
	£'000	£'000
<b>Financing Costs:</b>		
Interest Payable	17,541	17,738
Interest Receivable	(1,146)	(1,659)
Provision for Repayment of Debt	8,948	3,618
Effect of financial regulations on finance leases, premiums & discounts	(664)	(662)
<b>Total Financing Costs</b>	<b>24,679</b>	<b>19,035</b>
<b>Net Revenue Stream</b>	<b>186,054</b>	<b>184,415</b>
<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>13.3%</b>	<b>10.3%</b>

Interest Receivable was £0.5m more than the original estimates. This was due to the interest rates on the Council's investments being higher than had been anticipated.

The provision for the repayment of debt was £5.3m less than the original estimate. This is mainly because on 3 June 2013 the City Council resolved to use City Deal grant to repay the entire principal due on the Council debts in 2013/14 and to reduce the revenue provision for the repayment of debt by the amount of principal repaid using City Deal grant. The City Deal grant from the Government is conditional on it being applied to fund capital expenditure or to repay the principal on borrowing by 30 June 2015. This will help to ensure that the 30 June 2015 deadline is achieved.

The ratio of Housing Revenue Account (HRA) financing costs to net revenue stream is shown below. For the HRA, this is the annual cost of financing long term debt, as a proportion of total gross income received including housing rents and charges.

	Original Estimate	Actual
HRA	12.4%	12.2%

The actual percentage of HRA financing costs to net revenue stream is lower than anticipated. This is because the actual HRA Item 8 Credit consolidated interest rate, ie. the interest rate applied to surplus HRA cash, was higher than estimated.

## 2. ACTUAL CAPITAL EXPENDITURE 2013/14

There has been significant under spending against the original budget. This is mostly due to slippage or funding not being available. Therefore the under spend does not represent additional capital resources. Actual capital expenditure in 2013/14 was as follows:

	Estimate £'000	Actual £'000
Culture & Leisure	4,283	2,245
Children's & Education Services	19,027	9,554
Environment & Community Safety	636	812
Health & Social Care (Adults Services)	1,162	1,455
Resources	7,770	3,368
Millennium	812	(254)
Planning, Regeneration & Economic Development	2,503	1,169
Commercial Port	1,379	959
Traffic & Transportation	29,375	31,643
Housing General Fund	2,810	2,061
Local Enterprise Partnership	-	8,675
<b>Total Non HRA</b>	<b>69,757</b>	<b>61,687</b>
HRA	34,723	30,110
<b>Total</b>	<b>104,480</b>	<b>91,797</b>

Actual capital expenditure was £12.7m below the original capital programme. The main variances were as follows:

#### Culture & Leisure - £2.1m Underspend

This underspend is due to slippage on a number of capital schemes. The relocation of the Council's archives to Southsea Library took longer to implement than had been anticipated. The final contract payment for the Mountbatten Centre upgrade is being withheld pending the outcome of a legal dispute over responsibility for the sports hall floor. The original proposal to build 100 new beach huts has been withdrawn following public consultation and a revised scheme has yet to be prepared and approved. Expenditure on the D Day Museum has been re-profiled over 5 years.

#### Children's and Education Services - £9.5m Underspend

The principal reason for this underspend was the removal of £7m of unsupported borrowing from the capital programme regarding the Schools Strategy scheme (formerly Building Schools for the Future). In addition there was £1.4m of slippage on the extension and re-modelling of Goldsmith Infants School due to changes to the design, and £1.1m of slippage due to the re-profiling of expenditure on the establishment of Milton Park Primary School.

#### Resources - £4.4m Underspend

The principal reason for this underspend is the re-phasing £3.6m of capital investment at the Council's subsidiary company, MMD (Shipping Services) Ltd over a further two years. This also has the effect of spreading the planned capital advances to MMD by the Council over a longer period. In addition, the contingency provision built into the landlord's maintenance budget was not required.

#### Millennium - £1.1m Underspend

The original capital programme included provision to complete the Millennium walkway from Gunwharf Quays to the Historic Dockyard. It was subsequently decided that this scheme did not provide the best value for money and it was abandoned. The abandonment of the scheme also meant that £0.3m of capitalised costs that had previously been incurred had to be written off to revenue.

#### Planning, Regeneration and Economic Development - £1.3m Underspend

This was due to delays in the design and planning of the Northern Quarter redevelopment scheme.

#### Local Enterprise Partnership - £8.7m Overspend

After the original capital programme was approved, the Council changed its accounting policy in relation to the Solent Local Enterprise Partnership (LEP) which receives government grants which are then used to lend to other organisations. The Council amended its accounting policy because it believes that it is the principal in the LEP's transactions as it has a veto on all lending and bears the credit risk of lending by the LEP. The new approach is to include the Solent LEP's income, expenditure (including capital expenditure), assets and liabilities in its accounts. This has resulted in the Council's accounts including £8.7m of capital expenditure that had not been included in the original estimates.

#### Housing Revenue Account (HRA) - £4.6m Underspend

The underspend of £4.6m, is due to a number of projects that have slipped from 2013/14 into future years of the capital programme. This slippage was partly due to wet weather conditions over the winter which hampered the progress of building projects.

### **3. ACTUAL CAPITAL FINANCING REQUIREMENT**

This represents the underlying requirement to borrow for capital expenditure. It takes the total value of the City Council's fixed assets and determines the amount that has yet to be repaid or provided for within the Council's accounts. The capital financing requirement also forms the basis of the calculation of the amount of money that has to be set aside for the repayment of outstanding General Fund debt. The capital financing requirement is increased each year by any new borrowing and reduced by any provision for the repayment of debt. The higher the capital financing requirement, the higher the amount that is required to be set aside for the repayment of debt in the following year.

The actual capital financing requirements as at 31<sup>st</sup> March 2014 were as follows:

	<b>Original Estimate</b>	<b>Actual</b>
	£'000	£'000
Non HRA	290,697	267,848
HRA	141,744	143,557
Total	432,441	411,405

The capital financing requirement is lower than the original estimate due to less capital works financed by borrowing being undertaken in 2012/13 which led to a lower than anticipated opening capital financing requirement at 1 April 2013, and further underspending on capital works financed by borrowing in 2013/14.

#### **4. ACTUAL EXTERNAL DEBT**

At 31 March 2014, the City Council's level of external debt amounted to £441,970,134 consisting of the following:

- Long Term Borrowing £354,822,109
- Finance leases £3,775,310
- Service concessions (including PFI schemes) £83,372,715

The overall level of debt, excluding debt managed by Hampshire County Council, has reduced between 2012/13 and 2013/14 by £8,313,308.

#### **5. CODE OF PRACTICE**

The Prudential Code requires local authorities to adopt CIPFA's Code of Practice for Treasury Management in Local Authorities. The City Council has complied with this code.

**TREASURY MANAGEMENT DECISIONS 2013/14**

**1. GOVERNANCE**

Treasury management activities were performed within the Prudential Indicators approved by the City Council.

Treasury management activities are also governed by the Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council. Treasury management activities were performed in accordance with these policies with the exception of investment activity on 28 March when the Council received £48.8m of City Deal Grant. The Council was only informed that it would be receiving this grant in 2013/14 on 25 March. Consequently this was not taken account in the Treasury Management Policy, and the limit on investments in money market funds and the variable interest rate exposure limit were exceeded for one day on 28 March.

When the City Deal Grant of £48.8m was received on 28 March, it had to be invested that day. Rather than invest all of this sum over a longer term on 28 March at the interest rates available on that day, it was decided to invest this sum in instant access AAA rated money market funds until better longer term investment opportunities arose. This resulted in the limit for investments in money market funds of £80m being exceeded by £5.2m on 28 March. AAA rated money market funds are a low risk form of investment as they are well diversified and the constituent investments are of short durations. However, money market funds can invest in the same institutions as the Council, and different money market funds can invest in the same institutions as each other, which can result in a concentration of risk in a particular institution.

This also resulted in the Council's variable interest rate exposure limit of (£189m), ie. net variable interest rate investments of £189m, being exceeded by £10.8m on 28 March. Short term variable interest rate investments expose the Council to the risk that interest rates could fall and the Council's investment income will fall. Variable interest rate exposures carry the risk of budget variances caused by interest rate movements. However, these risks are currently mitigated by the very low interest rates currently offered by the market for investments.

## 2. FINANCING OF CAPITAL PROGRAMME

The 2013/14 capital programme was financed as follows:

Source of Finance	Anticipated £'000	Actual £'000
Corporate Reserves (including Capital Receipts)	12,380	2,581
Grants & Contributions	43,630	62,757
Revenue & Reserves	33,745	23,970
Long Term Borrowing	14,725	2,489
Total	<u>104,480</u>	<u>91,797</u>

There was significant slippage in the capital programme and some schemes were curtailed or abandoned. This meant that less capital resources were used to finance the capital programme.

In addition the Council received £48.8m of City Deal Grant which must be applied to finance capital expenditure or to the repayment of principal on borrowing by 30 June 2015. In order to ensure that this deadline is achieved, the amount of capital expenditure financed by City Deal Grant has been maximized. This has resulted in more capital expenditure being financed from grants and contributions than had been anticipated and less capital expenditure being financed from other sources than had been anticipated.

## 3. ECONOMIC BACKGROUND

After strong UK GDP growth of 0.7%, 0.8% and 0.7% in quarters 2, 3 and 4 respectively in 2013, it appears that strong growth will continue into 2014 as forward surveys are very encouraging. There are also positive indications that recovery is starting to broaden away from reliance on consumer spending and the housing market into construction, manufacturing, business investment and exporting. This strong growth has resulted in unemployment falling much faster towards the threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. In the February 2014 Inflation Report, the MPC therefore broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of indicators. Accordingly, markets are expecting a first increase around the end of 2014, though recent comments from MPC members have emphasised they would want to see strong growth well established, and an increase in labour productivity / real incomes, before they would consider raising Bank Rate.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.6% in March: forward indications are that inflation will continue to be subdued. The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19.



The Federal Reserve has continued with its monthly \$10bn reductions in asset purchases which started in December; asset purchases have now fallen from \$85bn to \$55bn and are expected to stop by the end of 2014, providing strong economic growth continues in the remainder of the year.

#### 4. GROSS AND NET DEBT

The Council's net borrowing position at 31 March 2014 excluding accrued interest was as follows:

	<b>1 April 2013</b>	<b>31 March 2014</b>
	£'000	£'000
Borrowing	358,173	354,822
Finance Leases	4,538	3,775
Service Concession Arrangements (including PFIs)	84,221	83,373
<b>Gross Debt</b>	<b>446,932</b>	<b>441,970</b>
Investments	(246,068)	(296,761)
<b>Net Debt</b>	<b>200,864</b>	<b>145,209</b>

The Council has a high level of investments relative to its gross debt due to a high level of reserves, partly built up to meet future commitments under the Private Finance Initiative schemes and future capital expenditure. The £84m of borrowing taken in 2011/12 to take advantage of very low PWLB rates has also temporarily increased the Council's cash balances. The Council's investments increased by £51m in 2013/14. This was mainly due to the receipt of £48.8m of City Deal grant on 28 March 2014. However these reserves are fully committed and are not available to fund new expenditure.

The current high level of investments increases the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. In the interim period where investments are high because loans have been taken in advance of need, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested. The level of investments will fall as capital expenditure is incurred and commitments under the Private Finance Initiative (PFI) schemes are met.

## 5. DEBT RESCHEDULING

Under certain circumstances it could be beneficial to use the Council's investments to repay its debt. However this normally entails paying a premium to the lender, namely the Public Works Loans Board (PWLB). Debt rescheduling is only beneficial to the revenue account when the benefits of reduced net interest payments exceed the cost of any premiums payable to the lender. Debt rescheduling opportunities have been limited in the current economic climate and by the structure of interest rates following increases in PWLB new borrowing rates in October 2010.

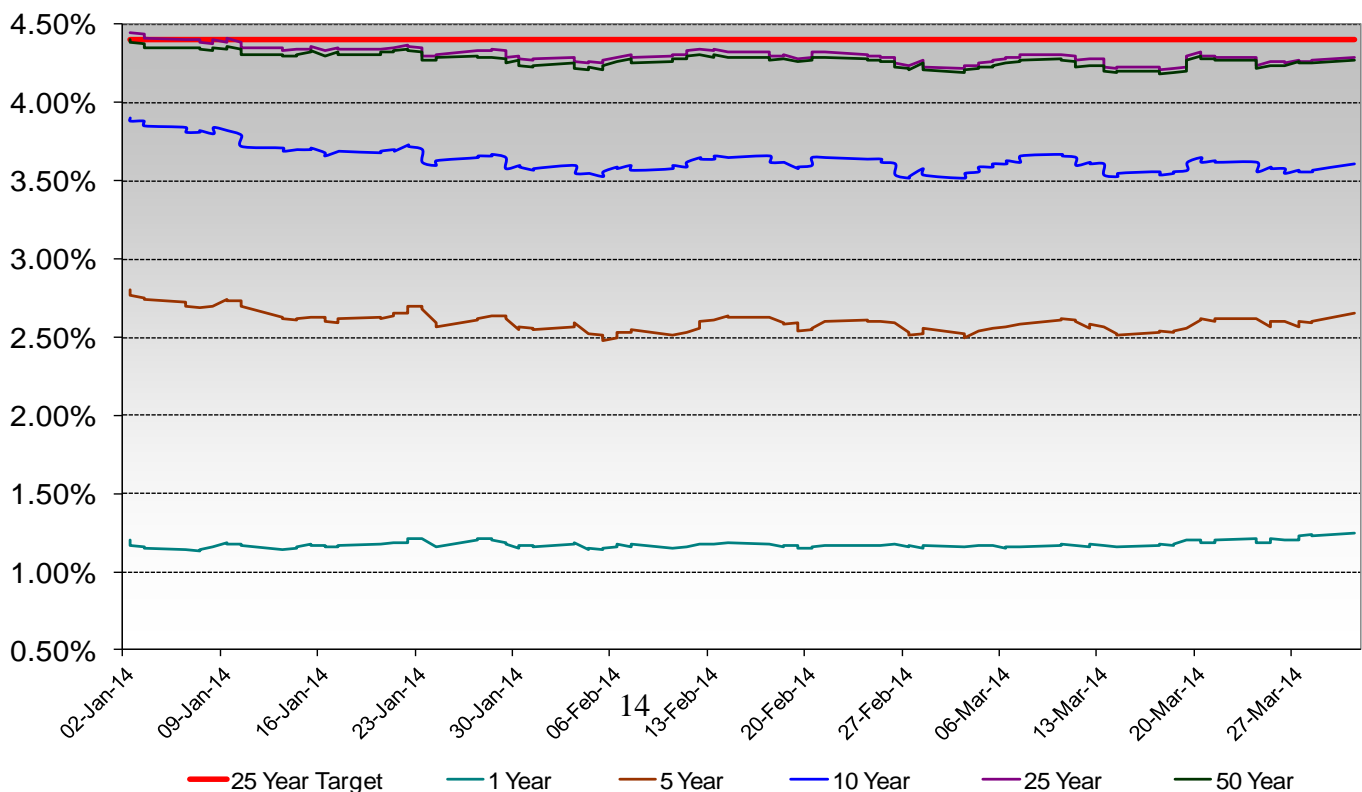
No debt rescheduling was undertaken in 2013/14.

## 6. BORROWING ACTIVITY

On 20<sup>th</sup> March 2012 the Council gave the Head of Financial Services and Section 151 Officer delegated authority to borrow up to £50m in advance of need as measured by the Capital Financing Requirement from 23<sup>rd</sup> March 2012 in order to fund the HRA Self Financing payment at the National Loans Fund rates offered by the Government. This was the estimated borrowing required to support the Council's capital programme until 2016/17.

On 28<sup>th</sup> March 2012 the Council borrowed £88.6m from the PWLB at NLF rates. As a consequence the Council's external debt exceeded its capital financing requirement by £30.6m at 31<sup>st</sup> March 2014.

The table below shows the PWLB rates in 2013/14.



No new long term borrowing was undertaken in 2013/14.

## **7. REFINANCING RISK**

In recent years the cheapest loans have often been very long loans repayable at maturity.

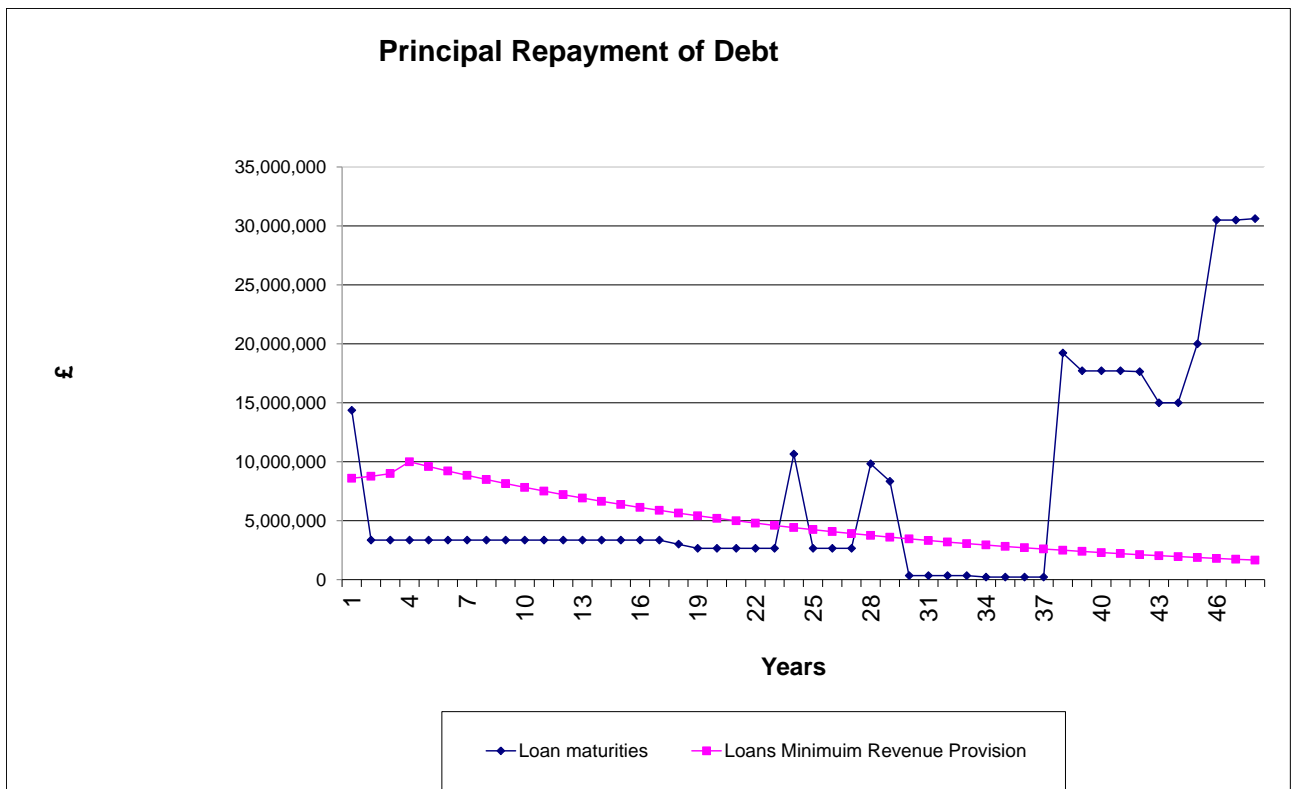
During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable on the Council's debt and to lengthen the maturity profile of the Council's debt.

£50m of new borrowing was taken in 2008/09 to finance capital expenditure. Funds were borrowed from the PWLB at fixed rates of between 4.45% and 4.60% for between 43 and 50 years.

A further £173m was borrowed in 2011/12 to finance capital expenditure and the HRA Self Financing payment to the Government. Funds were borrowed from the PWLB at rates of between 3.48% and 5.01%. £89m of this borrowing is repayable at maturity in excess of 48 years. The remaining £84m is repayable in equal instalments of principal over periods of between 20 and 31 years.

As a result of interest rates in 2007/08 when the City Council rescheduled much of its debt and interest rates in 2008/09 and 2011/12 when the City Council undertook considerable new borrowing 49% of the City Council's debt matures in over 40 years time.

The Government has issued guidance on making provision for the repayment of debt which the Council is legally obliged to have regard to. The City Council is required to make greater provision for the repayment of debt in earlier years. Therefore the City Council is required to provide for the repayment of debt well in advance of it becoming due. This is illustrated in graph below.



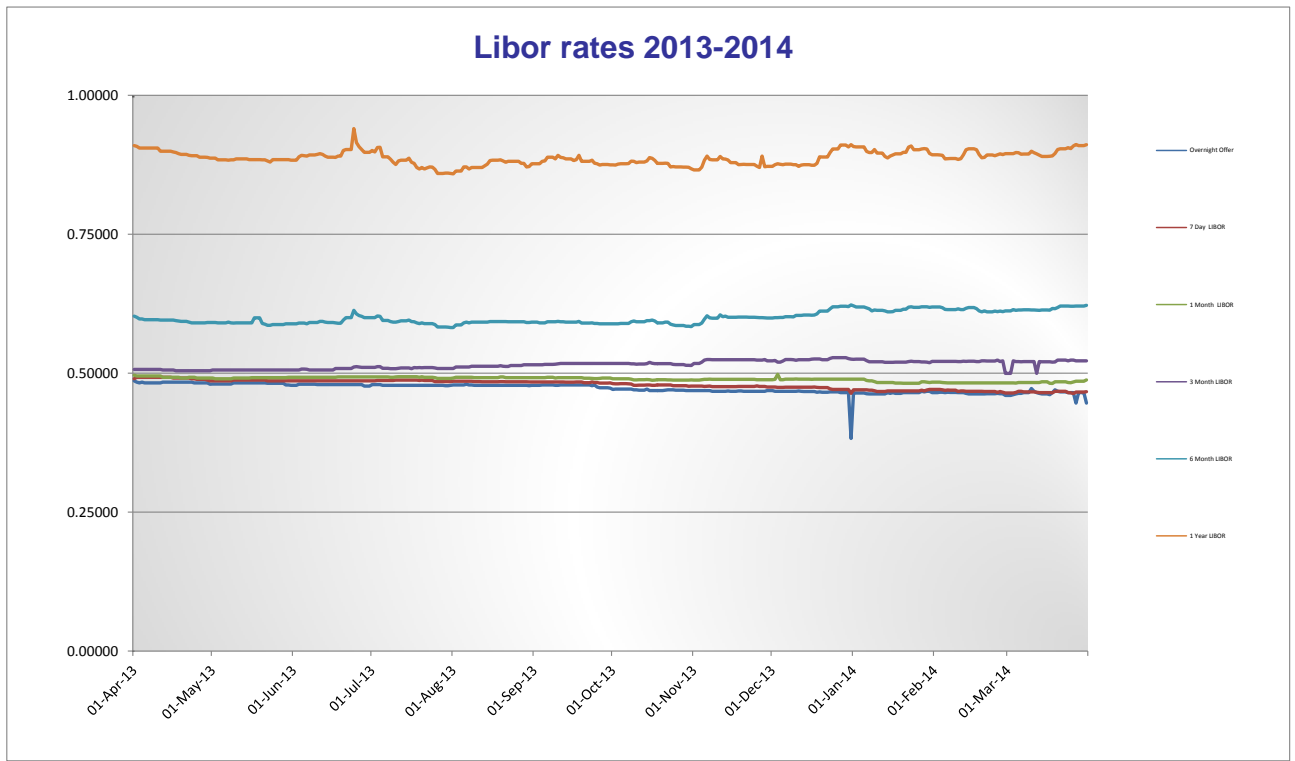
This means that it is necessary to invest the funds set aside for the repayment of debt with its attendant credit and interest rate risks (see sections 9 and 11). The City Council could reschedule its debt, but unless certain market conditions exist at the time, premium payments have to be made to lenders.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper and lower limits for the maturity of borrowings in defined periods. The Council’s performance against the limits set by the City Council is shown below.

	<b>Under 1 Year</b>	<b>1 to 2 Years</b>	<b>3 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 20 Years</b>	<b>21 to 30 Years</b>	<b>31 to 40 Years</b>	<b>41 to 50 Years</b>
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	25%	25%	25%	25%	30%	30%	30%	70%
Actual	4%	1%	3%	5%	9%	13%	16%	49%

## 8. INVESTMENT ACTIVITY

London inter bank lending rates in 2013/14 are shown in the graph below:



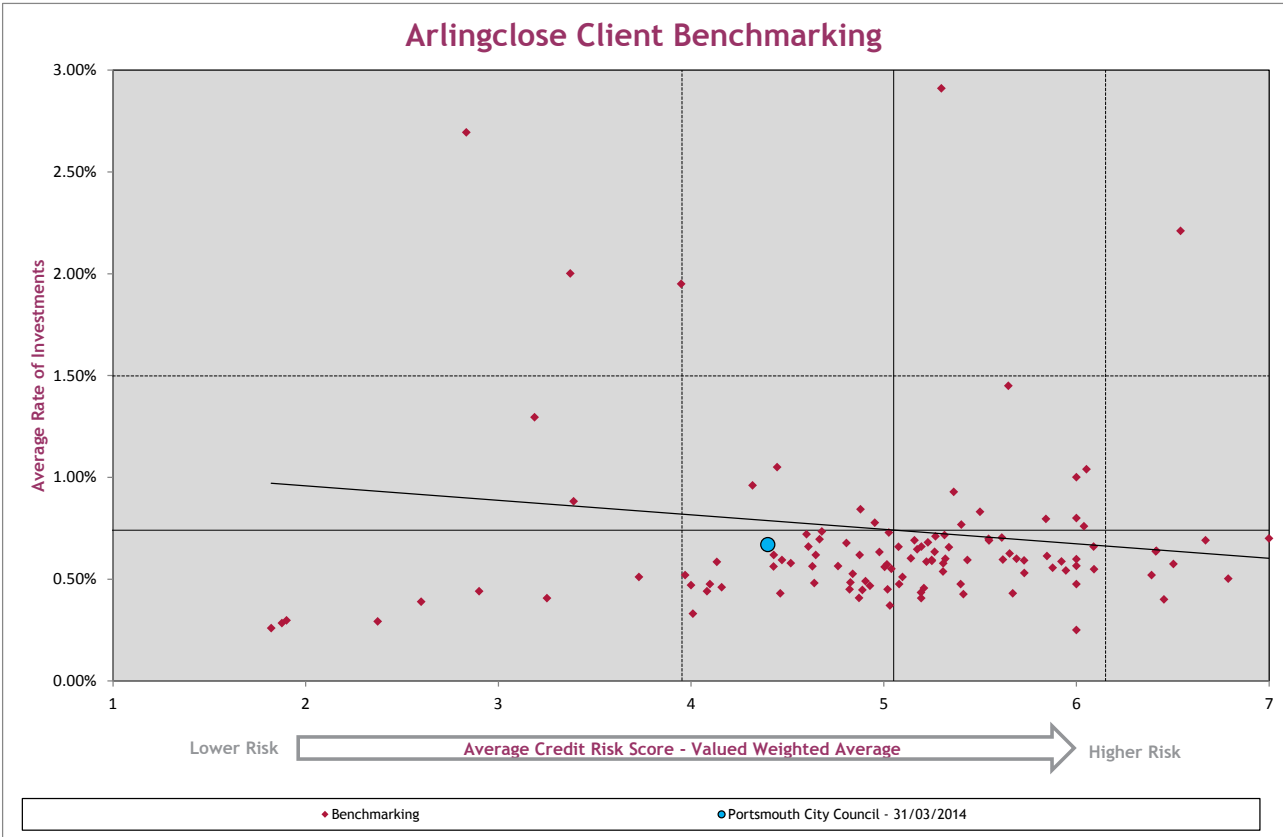
Bank base rate remained at 0.5% over the financial year and has remained unchanged since March 2009.

The City Council's overall returns on its investments fell as existing investments made in earlier periods matured and were replaced by new investments at the lower rates which were available at the time.

The average return on the Council's investments fell from 0.96% in 2012/13 to 0.74% in 2013/14. The average return on the Council's investments on 31 March 2014 was 0.67%. This is largely a consequence of the Council receiving £49m of City Deal grant from the Government on 28 March 2014 as it had to be invested in instant access money market funds which pay a relatively low rate of interest until it could be invested over a longer term.

The Councils Annual Investment Strategy sets an investment limit for each institution. A number of investment limits were revised as part of the Mid-Year Review approved by the City Council on 10 December 2013. The investment limits for unrated building societies are set at 0.5% of their total assets. As part of the review the investment limits of unrated building societies were revised to reflect the latest data published by KPMG. As part of this review the investment limit for Darlington Building Society was reduced by £0.1m from £2.7m to £2.6m, and the investment limit for Hanley Economic Building Society was also reduced by £0.1m from £1.7m to £1.6m. The Council had invested £2.7m in Darlington Building Society and £1.7m in Hanley Economic Building Society prior to the investment limits being reviewed. As a consequence of this, the Council's investments in both of these building societies now exceeded their investment limit by £0.1m. These investments matured on 10 January 2014 and 17 April 2014 respectively.

The City Council's investment activities are benchmarked by Arlingclose against its other clients. The graph below shows the councils' average rates of return as at 31 March 2014 against credit risk.



Portsmouth is below the line of best fit and to the left of the average. This indicates that Portsmouth's investment portfolio has a relatively low risk, but that its returns are below average. This situation has arisen following the receipt of £48.8m of City Deal grant on 28 March 2014 which was invested in instant access money market funds, which are low risk but offer low returns, pending investment over a longer term.

## 9. SECURITY OF INVESTMENTS

The risk of default has been managed through limiting investments in any institution to a maximum £26m, setting investment limits for individual institutions that reflect their financial strength and spreading investments over countries and sectors.

The 2013/14 Treasury Management Policy approved by the City Council on 19 March 2013 and amended by the City Council on 10 December only permitted deposits to be placed with the Council's subsidiaries, namely MMD (Shipping Services) Ltd, the United Kingdom Government, other local authorities and institutions that have the following minimum credit ratings:

### Short Term Rating

F2 (or equivalent) from Fitch, Moody's (P-2) or Standard and Poor (A-2)

### Long Term Rating

BBB (except for the Co-operative Bank who hold the Council's main current accounts) or equivalent from Fitch, Moody's or Standard & Poor

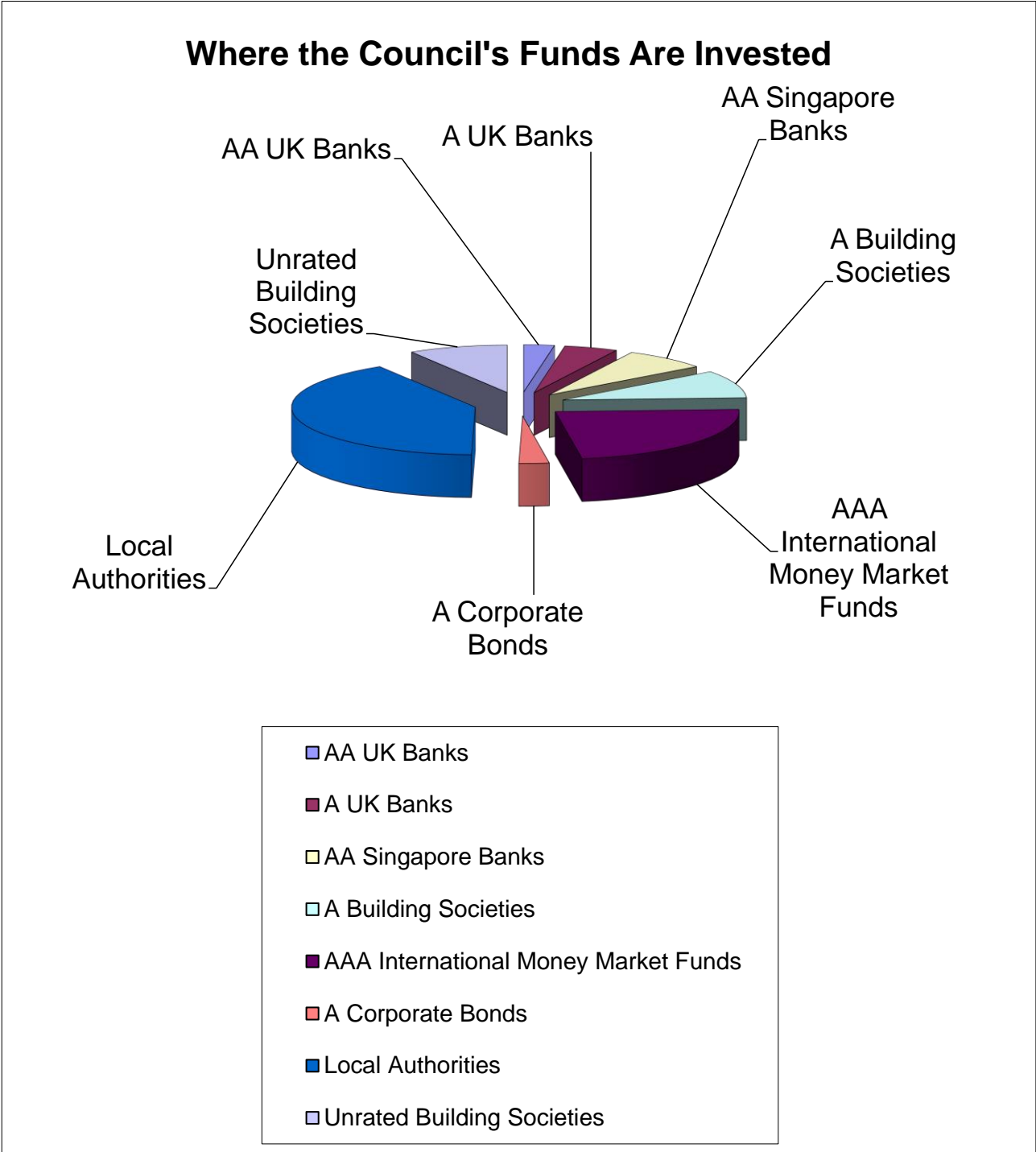
### Individual / Financial Strength Rating

C from Fitch or Moody's (Standard & Poor do not provide these ratings)

In addition the Council may invest in 23 unrated building societies and one building society with a single credit rating. These were drawn from the 36 largest building societies, but excluding those with especially large proportions of non-mortgage lending or wholesale funding, and those with particularly low levels of capital or liquidity, compared with the sector average.

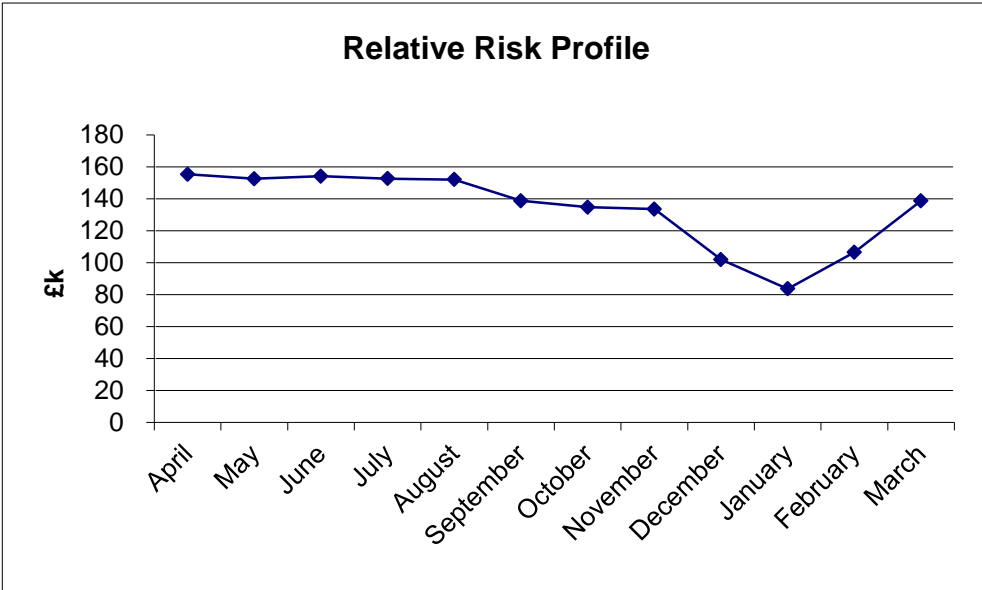
At 31 March 2014 the City Council had on average £6.7m invested with each institution.

The chart below shows how the Council's funds were invested at 31 March 2014.





The credit rating agencies publish default rates for each rating category. Multiplying these default rates by the amount invested in each credit rating category provides a measure of risk that can be used as a benchmark to determine whether the City Council’s investment portfolio is becoming more or less risky over time as shown in the graph below.



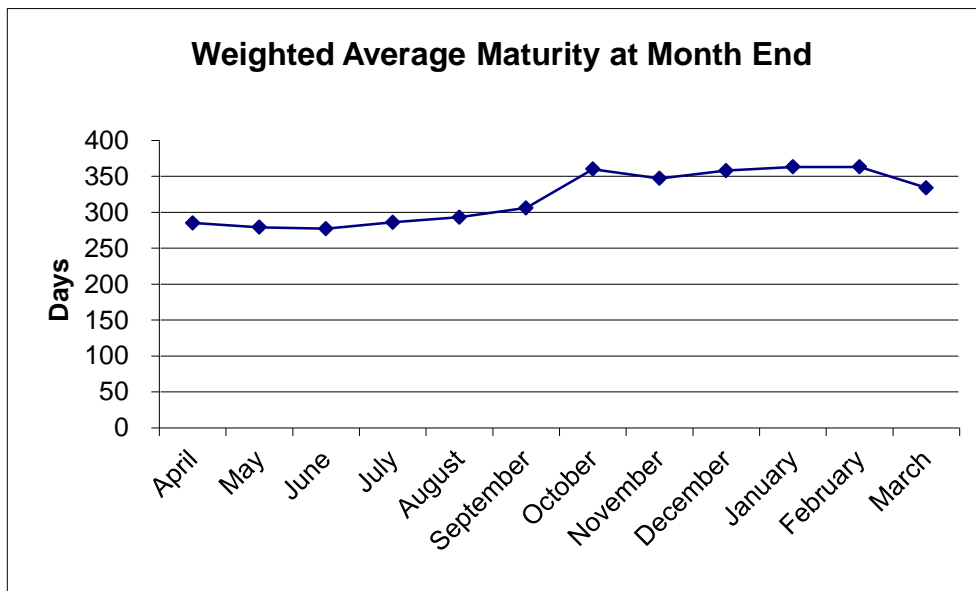
The City Council’s investment portfolio became relatively less risky in December and January. This is largely due to much less use being made of unrated building societies. More investments in unrated building societies were made in February and March.

The above graph should be read in relative terms. A default occurs when sums due are not paid on time. A default does not mean that the sum invested will be lost permanently.

**10. LIQUIDITY OF INVESTMENTS**

The 2013/14 Treasury Management Policy seeks to maintain the liquidity of the portfolio, ie. the ability to liquidate investments to meet the Council’s cash requirements, through maintaining at least £10m in instant access accounts. At 31 March 2014 £69.5m was invested in instant access accounts. Whilst short term investments provide liquidity and reduce the risk of default, they do also leave the Council exposed to falling interest rates.

The weighted average maturity of the City Council’s investment portfolio started at 285 days in April and increased to 334 days in March as funds were available to invest longer to get a higher return. The weighted average maturity of the City Council’s investment portfolio dipped in March due to the receipt of £48.8m of City Deal grant which had to be invested in instant access money market funds until it could be invested over a longer term in 2014/15. This is shown in the graph below.



Under CIPFA's Treasury Management Code it is necessary to specify limits on the amount of long term investments, ie. Investments exceeding 364 days that have maturities beyond year end in order to ensure that sufficient money can be called back to meet the Council's cash flow requirements. The Council's performance against the limits set by the City Council on 19th March 2013 is shown below.

	<b>Limit</b> <b>(Not Exceeding)</b>  £m	<b>Actual</b>  £m
31/3/2014	218	108
31/3/2015	208	66
31/3/2016	198	51

## 11. INTEREST RATE RISK

This is the risk that interest rates will move in a way that is adverse to the City Council's position.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for fixed interest rate exposures. Fixed interest rate borrowing exposes the Council to the risk that interest rates could fall and the Council will pay more interest than it need have done. Long term fixed interest rate investments expose the Council to the risk that interest rates could rise and the Council will receive less income than it could have received. However fixed interest rate exposures do avoid the risk of budget variances caused by interest rate movements. The Council’s performance against the limit set by the City Council as at 31 March is shown below.

	<b>Limit</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
Maximum Projected Gross Borrowing – Fixed Rate	401	355
Minimum Projected Gross Investments – Fixed Rate	(39)	(108)
Fixed Interest Rate Exposure	362	247

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes also require local authorities to set upper limits for variable interest rate exposures. Variable interest rate borrowing exposes the Council to the risk that interest rates could rise and the Council’s interest payments will increase. Short term variable interest rate investments expose the Council to the risk that interest rates could fall and the Council’s investment income will fall. Variable interest rate exposures carry the risk of budget variances caused by interest rate movements. The Council’s performance against the limit set by the City Council as at 31 March is shown below.

	<b>Limit</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
Minimum Projected Gross Borrowing – Variable Rate	-	-
Maximum Projected Gross Investments – Variable Rate	(189)	(189)
Variable Interest Rate Exposure	(189)	(189)

## 12. REVENUE COSTS OF TREASURY MANAGEMENT ACTIVITIES IN 2013/14

Expenditure on treasury management activities against the revised budget is shown below.

### Interest 2013/14

	Revised Estimate 2013/14 £	Actual 2013/14 £	Variance +/- £
PWLB – Maturity Loans	10,570,396	10,570,396	-
PWLB - E.I.P Loans	3,997,745	3,997,745	-
Other Long Term Loans	511,500	511,500	-
HCC Transferred Debt	521,347	518,986	(2,361)
Interest on Finance Lease	218,998	214,662	(4,336)
Interest on Service Concession Arrangements (including PFIs)	8,984,691	8,995,048	10,357
Interest Payable to External Organisations	8,556	(2,242)	(10,798)
	<hr/>	<hr/>	<hr/>
	24,813,233	24,806,095	(7,138)
<u>Deduct</u>			
Investment Income	(3,541,004)	(3,503,396)	37,608
	<hr/>	<hr/>	<hr/>
	<b>21,272,229</b>	<b>21,302,699</b>	<b>30,470</b>
<b>Provision for Repayment of Debt</b>	<b>10,775,990</b>	<b>5,909,524</b>	<b>(4,866,466)</b>
<b>Debt Management Costs</b>	<b>310,942</b>	<b>323,394</b>	<b>12,452</b>
	<hr/>	<hr/>	<hr/>
	<b>32,359,161</b>	<b>27,535,617</b>	<b>(4,823,544)</b>

There is a £4.8m underspend against the revised estimate. This is principally due to the City Council resolving to use part of the City Deal Grant to repay the principal on borrowing. This reduced the provision for the repayment of debt to be met from revenue by £4.9m. This saving has been appropriated into the City Deal earmarked reserve in accordance with the Revised Minimum Revenue Provision for the Repayment of Debt Policy approved by the City Council on 3 June 2014. This reserve will be required to finance future capital expenditure on the City Deal.

# Agenda Item 6

Agenda item:

**Title of meeting:** Cabinet  
**Date of meeting:** 25<sup>th</sup> September 2014  
**Subject:** Landlords Maintenance Capital Budget  
**Report by:** The Head of Housing & Property Services.  
**Wards affected:** ALL wards  
**Key decision:** Yes  
**Full Council decision:** No

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## 1. Purpose of report

- 1.1 The purpose of this report is to highlight the potentially significant adverse implications of reducing the Landlords Maintenance Capital Budget going forward, and seeks to establish an on-going commitment to fund our Priority 1 landlord maintenance requirements.

## 2. Recommendations

It is recommended that Cabinet:

- (i) Note the shortfall in funding required to fulfil the backlog of repairs required to Portsmouth City Council's operational assets and recognises the implications of not delivering the required Priority 1 repairs.
- (ii) Agree to consider the content of this report, as part of the capital resource allocation process.

## 3. Background

### The Capital Strategy

- 3.1 On the 4<sup>th</sup> February 2009 the City Council approved the Capital Strategy 2008 - 2018. The key features of that strategy, which have been considered in the development of all subsequent capital programmes, are as follows:
- Contribution to the Corporate Plan & Vision for Portsmouth for non-commercial activities
  - Rate of return and payback for commercial activities
  - Retention of Community Assets

- Retention and maintenance of Heritage Assets
- The extent and level of surety of external funding
- The use of capital investment options appraisal
- Delivery of value of money
- The approach to risk - the expected benefits must outweigh risks
- Any overspending on approved Capital Schemes being the first consideration for the use of any available capital resources.

3.2 On 24<sup>th</sup> January 2012 the City Council approved the "Capital Investment Aspirations and Priorities 2011/12 and the Future". This update report to the Capital Strategy 2008-2018 revised the Capital Investment Priorities, as the Capital Strategy was in its third year, and proposed the following categories of Capital Schemes that are priorities for attracting Corporate Capital Funding:

- Category 1 Programmes of a recurring nature that are essential to maintain operational effectiveness
- Category 2 Specific schemes that:
  - Have a significant catalytic potential to unlock the regeneration of the City
  - Are significant in terms of the council strategies that they serve
  - Are significantly efficiency generating
  - If not implemented would cause severe disruption to Service delivery.

### **Capital Funding for Landlords Maintenance**

3.3 On 12<sup>th</sup> November 2013, the Capital Programme for 2014/15 was approved. Landlord Maintenance received a total of £235,000 of additional corporate capital resources, to fund Civic Office Ductwork maintenance and an Information Services Generator.

3.4 Landlords Maintenance - Capital Contingency also received £546,000, of which £134,000 has been earmarked for the Civic boilers, leaving £412,000 available. This funding is for unexpected emergency repairs and is the funding of last resort. Any use must be approved by the Head of Finance and Section 151 Officer in advance. Approval would normally only be given if in the event the repair was not carried out, the asset would have to close, resulting in severe service disruption.

<b>Capital Scheme</b>	<b>Exp to 31/3/2013 £</b>	<b>2013/14 £</b>	<b>2014/15 £</b>
Landlords Maintenance	1,145,577	1,407,068	265,989
Replacement Emergency Generator			145,000
Civic Office Ducting			90,000
Major Repairs to Corporate Property Portfolio	876,112	413,858	45,000
Landlords Maint - Capital Contingency			546,000
<b>Total</b>	<b>2,021,689</b>	<b>1,820,926</b>	<b>1,091,989</b>

### **Operational Assets Repairs Backlog**

3.5 Housing and Property Services have landlord maintenance responsibility for over 2,000 operational assets. Detailed surveys have been carried out and updated annually to ensure that the maintenance needs of all assets are recognised and planned into a medium term maintenance programme.

3.6 The most recent survey identified over 200 operational assets that had some form of backlog repair outstanding, although due to restrictions of safe access to survey roofs, these may be missing from the condition data, and consequently the overall condition of the Operational and Education portfolio of properties may be worse than presented. The repairs are categorised across 4 priorities:

- Priority 1 Works due within 1 year
- Priority 2 Works due within 2 years
- Priority 3 Works due within 3-5 years
- Priority 4 Works due greater than 5 years

3.7 The monetary value of the backlog repairs and the impacts of the works not being undertaken are detailed in Appendix 1, and can be summarised as follows:

<b>Priority</b>	<b>Total Operational Backlog Repairs* £</b>
1	1,375,000
2	9,398,298
3	3,781,156
4	485,170
<b>TOTAL</b>	<b>15,039,624</b>

\* Data correct as at 04/09/2014

3.8 As can be seen from the tables above, the level of resources approved for Landlord Maintenance in 2014/15 is insufficient to deliver the repairs that have been deemed to be required within a year. This will have a significant impact on the assets in question, and decisions will need to be made regarding whether assets are maintained, closed, or disposed of.

3.9 To avoid this scenario and in recognition of the Council's priority for Capital spend being for programmes of a recurring nature that are essential to maintain operational effectiveness (as per paragraph 3.2), it is recommended that Council's existing Policy for capital resource allocation, be amended to set aside capital funding for the ongoing maintenance of existing operational assets, in advance of any new capital bids being considered.

### **Operational Education Assets Repairs Backlog**

3.10 Currently Portsmouth City Council receives Capital Grants from the Department for Education (DFE) to maintain and improve its schools. This is provided in two parts.

Capital Maintenance Funding To support the maintenance needs of the schools and Sure Start children's centres in their area.

Basic Need Funding To provide additional school places where needed in their area.

3.11 The table below shows the amount of funds allocated to Portsmouth by the DFE for capital purposes and compares it to the value of capital scheme approved by PCC.

	<b>Voluntary Aided</b>	<b>Other LA maintained schools</b>	<b>Amount approved by Council</b>
2011/12	304,120	3,257,114	£2,500,000
2012/13	282,663	2,879,218	£3,742,000
2013/14	269,937	2,256,975	£1,800,000
2014/15	262,505	2,246,807	£1,136,000
<b>TOTAL</b>	<b>1,119,225</b>	<b>8,383,139</b>	<b>9,178,000</b>

3.12 As mentioned in paragraph 3.5, Property Services carry out regular maintenance surveys to identify the works required to ensure that the maintenance needs of the assets are recognised and planned into a medium term maintenance programme. The monetary value of the education backlog repairs are detailed in Appendix 2, and can be summarised as follows:



<b>Priority</b>	<b>Total Education Backlog Repairs* £</b>
1	4,366,500
2	11,480,841
3	12,824,515
4	8,883,072
<b>TOTAL</b>	<b>37,554,928</b>

\* Data correct as at 04/09/2014

- 3.13 Once again, as can be seen from the tables above, the level of resources approved for the maintenance of Education Assets is insufficient to deliver the repairs that have been deemed to be required within a year. Again, this will have a significant impact on the assets in question, and the result of not carrying out these repairs could have a significant environmental impact on the pupils and consequently educational standards.

#### **Implications of not meeting the Operational Assets Repairs Backlog**

- 3.14 As discussed above and detailed in Appendix 1, there could be significant negative implications if the identified backlog repairs fail to be carried out. These range from the required closure of the asset, to the causing of severe health and safety risks, which could put the health and wellbeing of the public at risk.
- 3.15 In addition to the above, with a large majority of Property Services Staff relying on capital schemes against which to charge their time, reducing the maintenance programme reduces the staff levels required by Property services. This will not only result in additional redundancy costs, but reduces the Council's ability to deliver work efficiently and effectively in the future, as if resources are made available in the future, we would not have the staff to deliver the increased programme, and resources would need to be bought in again, and this may prove difficult in a sector that doesn't remunerate staff to the same extent as the private sector, resulting in the need to pay more expensive consultant rates. Reducing staff would also reduce the effectiveness of our contract management, as the local and technical knowledge of asset maintenance and how that relates to our property portfolio, would be lost.

#### **4. Equality impact assessment (EIA)**

- 4.1 A preliminary EIA has been carried out which indicates that the requirement for a full EIA is low.

#### **5. Legal Implications**

- 5.1 The body of the report contains a discussion of the key legal issues, and the Cabinet is empowered to approve the recommendations for consideration by the Full Council.

**6. Head of Finance’s comments**

6.1 The Head of Finance has been consulted and is in agreement with the recommendations to this report. It should be noted however, that this will result in a reduction in the level of pooled resources that will be available for other priority schemes.

Signed by:

.....  
Owen Buckwell, Head of Housing & Property Services

**Appendices:**

- 1 Operational Assets Backlog Repairs
- 2 Operational Education Asset Backlog Repairs

**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:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....

**Priority 1 Operational Assets Backlog Repairs (over £5,000)**

Site Name	Sum of Priority 1	Implications of Not Undertaking Work
Guildhall Square - Civic Centre	£243,000	Several works with risks of roof damage and pedestrian risk if dislodged; H & S liabilities incl escape/emergency lighting; risk of water circulation failure and legionella; risk of lack of heating & cooling control.
Northern Road, Cosham - Portsmouth Craft & Manufacturing Unit	£170,000	Danger to occupants of non-compliant fire alarm installation.
Alec Rose Lane - Isambard Brunel Multi Storey Car Park	£140,000	Lift failure imminent due to component corrosion - no DDA access to upper floors.
Guildhall Square - The Norrish Central Library	£100,000	Increase in legionella risk by not replacing the wet system.
The Hard - Round Tower	£100,000	Deterioration of walls if repairs not undertaken. Reputation loss to public and English Heritage.
The Hard - Square Tower	£100,000	Electrical installation and emergency lighting non-compliance. Liability for staff and customers/public.
Casement Arches adjacent to Round Tower	£75,000	Non asphalt replacement under paving would lead to deterioration of tourist attraction. Reputation loss to public and English Heritage.
Long Curtain Road - Kings Bastion	£75,000	Deterioration of tourist attraction and listed structure due to structural repairs to fortification and moat not being carried out. Reputation loss with public and English Heritage.
Farlington Pavilion - Eastern Road	£68,000	Deterioration and reputation loss with tenants/clubs and public because of roof/windows/walls works not being undertaken.
The Hard - Saluting Battery Walls	£60,000	Deterioration of sea defence and listed walls.
London Road, Hilsea - Gatcombe Park Wall	£50,000	Ongoing repairs on this historic feature. Deterioration of wall and reputation loss with public.
Omega Street, Southsea - Omega Centre	£45,000	Deterioration and reputation loss to public and English Heritage
Clarence Esplanade - Southsea Castle	£44,000	Non-repairs to walls, windows and doors will deteriorate the tourist attraction. Reputation loss to public and English Heritage.
Cosham Community Centre - Wootton Street	£40,000	Discomfort to staff and public due to non replacement heating to bar and function areas.
The Hard - Round Tower, under-viewing platform	£35,000	Deterioration of tourist attraction due to non-asphalt replacement. Reputation loss to public and English Heritage.
Wilson Road - Stamshaw and Tipner Leisure Centre	£30,000	Non-roof replacement would lead to deterioration and discomfort to tenant, staff and public.
<b>Total Capital R+M</b>	<b>£1,375,000</b>	

**Priority 1 Operational Education Assets Backlog Repairs (over £5,000)**

<b>Education Site</b>	<b>2015/16 Sum</b>	<b>Implications of Not Undertaking Work</b>
Penhale Road - Penhale Infant School and Nursery Unit	£684,000	School closure due to leaks, loose tiles, decayed masonry and windows.
St Ronans Road - Craneswater Junior School	£485,000	Windows beyond repairs and leaks to class rooms; loss of heating and school closure.
Meon Road - Meon Junior School	£418,000	Water penetration to masonry; loss of heating and school closure.
City Boys School (Co-Education)	£386,000	Continued deterioration of structure with leaks/damp to walls - works required in advance of transfer.
Solent Road - Solent Junior School	£380,000	Loss of heating and school closure.
Mayfield Road - Mayfield School	£360,000	Felt roofs beyond repair. Leaks to corridors and Hall H&S.
Penhale Road - Harbour School	£270,000	School closure due to leaks and loose tiles; continuing structure damage.
Shelford Road - Meon Infant School	£237,000	Loss of heating and school closure
Fernhurst Junior	£210,000	Loss of Heating and school closure.
Fernhurst Junior School	£120,000	Loss of Heating and school closure.
Corpus Christie RC Primary School	£120,000	Non-compliant installation. H+S risk
Central Road - Springfield School	£100,000	Felt roof beyond repair. Possible closure of block
Wimborne Junior School	£90,000	Erosion of pointing resulting in unstable outer masonry
Copnor Road - Copner School	£80,000	Chimneys defective and damaging classroom ceilings.
Albert Road - Southsea Infant School (Lodge )	£70,000	Corroded iron fire escape not safe for use. Closure of upper floors. Windows beyond repair above playground.
Langstone Junior School	£62,500	School will have continued disruptions due to power failures.
Medina Road - Medina Primary School	£43,000	Non-compliant emergency lighting installation. H+S risk.
Doyle Avenue - Northern Parade Primary School	£40,000	Loss of heating and school closure. Design only 2015/16.
Wimborne Infant School	£35,000	Window frames decayed. Risk of glass failures
Hilary Avenue - Court Lane Junior School	£32,000	Loss of electronic heating controls and reversion to manual operations
Ascot Road - Langstone Infant School	£30,000	Loss of electronic heating controls and reversion to manual operations
Tipner Road - Stamshaw Infant School	£25,000	Windows beyond repair and leaks to class rooms.
Eveleigh Road - Solent Infant School	£24,000	Continued leaks to staff room (demoralising).
<b>Total Capital R+M</b>	<b>£4,366,500</b>	

# Agenda Item 7



Portsmouth  
CITY COUNCIL

Agenda item:

**Title of meeting:** Cabinet

**Date of meeting:** 25 September 2014

**Subject:** Purchase of Equity Shares in Municipal Bonds Agency

**Report by:** Head of Finance and Section 151 Officer

**Wards affected:** All wards

**Key decision:** No

**Full Council decision:** No

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## 1. Purpose of report

To obtain the Cabinet's approval to subscribe for £150,000 of shares in the municipal bonds agency.

## 2. Recommendations

- 1) That the City Council subscribes for £150,000 of ordinary shares in the Local Capital Finance Company Limited which will operate the municipal bonds agency.
- 2) That the purchase of the shares be financed from a revenue contribution to capital outlay funded from the contingency provision in the revenue budget.

## 3. Background

Most local authority borrowing is undertaken with the Public Works Loans Board (PWLB). The PWLB accounts of 97% of the City Council's borrowing. PWLB rates are driven by gilt rates, ie. government borrowing, but include a margin to cover potential losses. PWLB rates were raised to 1% above gilts in 2010 (from 0.2% above gilts previously), subsequently reduced to 0.8% above gilts in 2012. This is an effective increase of 0.6%. The PWLB has a long history of changing the amount, and the rate at which it lends to local authorities.

The Local Government Association (LGA) has proposed to set up a municipal bonds agency. The municipal bonds agency will sell bonds in the capital markets. These are tradable debt instruments where by pension funds, financial institutions and other lenders will lend to the municipal bonds agency. The municipal bonds agency will then lend the funds raised to local authorities. This should increase competition in the market and reduce the cost of local authority borrowing. The LGA estimates the demand for borrowing by local authorities to be between £3bn and £5bn annually over the next 3 years. The LGA estimates that £8m to £10m will be required to cover the launch and early operating costs.

#### **4. Reasons for recommendations**

The reason for the recommendations is to help facilitate the establishment of a municipal bonds agency which would offer a number of long term benefits including:

- Cheaper access to borrowing for local authorities - expected to be between 20 to 25 basis points (or £20,000 p.a. to £25,000 p.a. per £10m borrowed or £600,00 to £750,000 over the life of a 30 year loan);
- Loans from the municipal bonds agency should be cheaper to reschedule (ie. redeem and replace);
- Increased opportunities for local authorities to lend to each other;
- The ordinary shares purchased in the Agency may provide a dividend in future years
- Insulate local authorities from future policy changes by the PWLB regarding interest rates.

#### **5. Equality impact assessment (EIA)**

The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

#### **6. Legal Implications**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

#### **7. Finance Comments**

The purchase of shares in the municipal bonds agency will score as capital expenditure. This will need to be financed by revenue contributions to capital expenditure funded from the contingency provision.

The Council's investment should bring financial benefits as set out in paragraph 4, but it is not possible to quantify the returns on the Council's investment because the dividends generated by the ordinary shares purchased are not known. Indefinite long term savings on the Council's borrowing are possible, but these will not accrue until the Council needs to borrow.

There are a number of risks that may ultimately prevent the establishment of a municipal bonds agency including:

- Being unable to raise the required level of operating capital of £8m to £10m;
- Local authority demand for the agency may not materialise;
- The market pricing for the bond issuance may not be attractive;
- The agency may not be able to attract personnel of sufficient calibre on a timely basis.

If the municipal bonds agency does not come to fruition any funds that have been spent on establishing the agency will be lost. The extent of the loss will depend on the point at which the establishment of the agency is abandoned and the amount of expenditure incurred up until that point. Any unspent funds will be returned to the shareholders.

A further risk is that the PWLB may reduce its margin over gilts sufficiently to render the municipal bonds agency an unattractive choice for local authority borrowing. However, if the municipal bonds agency does not go ahead because it is priced out of the market by the PWLB, the Council will have achieved its objective of lower borrowing costs.

.....  
Signed by Head of Financial Services and Section 151 Officer

**Appendices:**

**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>
Local Capital Finance Company Limited Information Memorandum	Financial Services

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet on 25 September 2014.

.....  
Signed by the Leader



# Agenda Item 8

Agenda item:

**Decision maker:** Cabinet 25<sup>th</sup> September 2014  
City Council 14<sup>th</sup> October 2014

**Subject:** Budget & Performance Monitoring 2014/15 (1<sup>st</sup> Quarter) to end June 2014

**Report by:** Head of Finance & Section 151 Officer

**Wards affected:** All

**Key decision (over £250k):** Yes

## 1. Purpose of Report

- 1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the first quarter for 2014/15 in accordance with the proposals set out in the "Portsmouth City Council - Council Tax Setting 2014/15 to 2017/18 & Medium Term Budget Forecast 2014/15 to 2017/18" report approved by the City Council on the 11<sup>th</sup> February 2014.

To also take the opportunity to report on the key performance measures of the Council and highlight any relationships between financial performance and service performance that may indicate any potential or emerging matters of concern in relation to either.

## 2. Recommendations

- 2.1 It is recommended that:
- (i) The contents of this report be noted, in particular the overall forecast overspend of £3,073,600 representing a variance of 1.76% against the City Council Budget (as adjusted) of £175,029,925.
  - (ii) Reports are prepared setting out the options for significantly reducing or eliminating the adverse budget position presently being forecast within Children & Education, Health & Social Care and Traffic & Transportation Portfolios, including the associated impact of doing so.
  - (iii) That the Council Leader works with the relevant portfolio holder to consider measures necessary to significantly reduce or eliminate the adverse budget position presently being forecast within Children & Education, Health & Social Care and Traffic & Transportation Portfolios and any necessary decisions presented to a future meeting of the relevant portfolio.

## 3. Background

- 3.1 A Budget for 2014/15 of £174,363,725 was approved by City Council on the 11<sup>th</sup> February 2014. This level of spending enabled a contribution to General Reserves of £3.383m after in-year spending was met from in-year income from all sources.

- 3.2 Since the 11<sup>th</sup> February City Council meeting the Council has been allocated additional one off non ring-fenced grants totalling £566,200 in 2014/15. In order to achieve the government's priorities in these areas, service budgets have been amended accordingly. In addition, the adjusted budget includes a transfer to the PFI Reserve in respect of maintenance undertaken within the PFI for on-street parking.
- 3.3 In summary, changes to the budget as approved on 11<sup>th</sup> February 2014 are as follows:

	£
Budget Approved 11 <sup>th</sup> February 2014	174,363,725
Individual Voter Registration	131,200
Special Education Needs Reform	253,600
Adoption Reform	181,400
Transfer to PFI Reserve	100,000
<b>Adjusted 2014/15 Budget</b>	<b>175,029,925</b>

- 3.4 Once the above budget changes are taken into account, the Budget (as adjusted) for 2014/15 has increased to £175,029,926. After the additional non ring fenced grant funding is taken into account this results in an overall contribution to General Reserves of £3.283m for 2014/15 (i.e. assuming no overall budget variance).
- 3.5 This is the first quarter monitoring report of 2014/15 and reports on the forecast 2014/15 outturn as at the end of June 2014. The forecasts summarised in this report and detailed in the attached papers are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.
- 3.6 Any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any "windfall cost" from within their areas of responsibility in order to protect the overall Council financial position. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.
- 3.7 The Financial Pack attached at Appendix A has been prepared in Portfolio format and is similar in presentation, but not the same as, the more recognisable "General Fund Summary" presented as part of the Budget report approved by Council on 11<sup>th</sup> February 2014. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

#### 4 Forecast Outturn 2014/15 – As at end June 2014

4.1 At the first quarter stage, the revenue outturn for 2014/15 is forecast to be overspent by £3,073,600 representing an overall budget variance of 1.76%.

4.2 The quarter 1 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 1 stage are:

	Quarter 1 (Adjusted Budget)
	£
Children and Education	2,950,600
Health and Social Care	751,200
Traffic and Transportation	340,100

These are offset by the following significant forecast underspends at the quarter 1 stage:

	Quarter 1 (Adjusted Budget)
	£
Environment and Community Safety	134,700
Commercial Port	218,400
Resources	233,000
Asset Management Revenue Account	973,800

#### 5 Quarter 1 Significant Budget Variations – Forecast Outturn 2014/15

##### 5.1 Children and Education – Overspend £2,950,600 (or 9.3%)

The cost of Children and Education Services is forecast to be £2,950,600 higher than budgeted.

The key variances are:

- Home to school and college transport is forecasting an overspend of £317,600 due to the number of children being supported. New transport policies are being implemented from September and it is anticipated that the overspend will begin to reduce.
- Fieldwork Services are experiencing significant budget pressures as a result of a combination of the inability to deliver vacancy savings, additional supernumerary front line posts and the need to employ agency workers to cover practice leader posts. The supernumerary posts have been employed by the service as part of the strategy to reduce Looked After Children numbers, whilst also focusing on the government's adoption agenda to move

children into permanent arrangements; as a result this service is forecast to overspend by £1,076,000. Changes in transport charging policy have also resulted in a substantial staff parking cost of £143,000 now being levied on the service; opportunities to reduce this by looking at working practices are currently being explored.

- Whilst placements with independent foster carers continue to reduce, this has been at a slower rate than that anticipated and this budget area is forecast to overspend by £844,800.
- Management and Support (£395,600 overspend): The Independent Reviewing Officer (IRO) service is experiencing budget pressures of £202,000 as a result of not achieving vacancy savings targets, combined with the additional cost of 2 supernumerary specialist posts, which were recruited to lower the number of cases held by the IRO officers. The service is also experiencing additional pressures due to the increased contribution to the Integrated Commissioning Unit (this investment is intended to deliver future cost reductions through commissioning arrangements) as well as increased requirements associated with medical and legal costs.

Whilst there are individual variances within budget areas covered by the Dedicated Schools Grant, in aggregate these are neutral.

#### 5.2 Health and Social Care – Overspend £751,200 (or 1.6%)

The cost of Health & Social Care is forecast to be £751,600 higher than budgeted.

The key variances are:

- Social Care Activities is forecast to overspend by £366,500 due to recent changes in legislation that has placed a requirement on local authorities to carry out Deprivation of Liberties assessments which presently are being completed at a rate of 25 per week.
- Assistive Equipment & Technology is forecast to overspend by £171,300 due to higher demand than expected.
- Increased activity regarding Joint Carers Breaks (£65,900) and a small number of disability care packages being reviewed later than originally anticipated (£89,000)

#### 5.3 Traffic & Transportation – Overspend £340,100 (or 2.00%)

The Portfolio is forecasting an overspend of £340,100

The main causes of the underlying forecast overspend relate to:

- Off Street Parking is forecasting a net revenue income shortfall of £394,700 as a result of savings planned to arise in previous years within the parking service not being fully achieved. As in previous years this shortfall will be met by a transfer from the Off Street Parking Reserve.

- As a result of the Highways PFI Contract renegotiations currently taking place, Highways Street Lighting (Electricity) is forecasting an overspend of £340,100 due to the delay in the installation of LED Street lighting enhancements approved by Council in November 2013, which are anticipated to result in significantly lower energy costs.

#### 5.4 Environment and Community Safety – Underspend £134,700 (or 0.7%)

The Portfolio is forecasting an underspend of £134,700 due to:

- Waste volumes being lower than expected coupled with additional income arising from an improvement in the market price of dry mixed recyclables (£50,000)
- Additional income arising from charges for project related work and staff vacancies £51,800

#### 5.5 PRED (Port) – Underspend £218,400 (or 4.9%)

Overall net income from the Port is forecast to be £218,400 above target income.

The improvement over the target net income is as a result of:

- Increased operational dues following the introduction of the new Transfennica and Brittany Ferries Etretat services coupled with a reduction in Management and General expenses offset by;
- Higher Operational Expenses as a result of higher dredging and Business Rate costs mitigated by quay assistant vacancies and lower energy costs.

#### 5.6 Resources – Underspend £233,000 (or 1.0%)

The portfolio is forecasting an underspend of £233,000.

The main reasons for the net underspend are that:

- The Local Welfare Assistance scheme, which supports those in greatest need, is expected to underspend by £245,500 following a refund relating to 2013/14 of £140,000 and, based on previous levels of demand, an underspend relating to the current year of £140,000. This favourable variance will reduce if a bid to the Big Lottery 'Fresh Start' programme which is aimed at working with 15-25 year olds who are not currently in education, employment or training is successful (match funding of £90,000 will be required). Trading income of the Spinnaker Tower is also expected to be £100,000 greater than originally budgeted.
- The main area offsetting these underspends is HR, Legal and Performance which is forecasting an overspend of £141,800 as a result of restructurings that have not yet been fully implemented.

## 5.7 Asset Management Revenue Account – Underspend £973,800 (or 4.3%)

This budget funds all of the costs of servicing the City Council's long term debt portfolio that has been undertaken to fund capital expenditure. It is also the budget that receives all of the income in respect of the investment of the City Council's surplus cash flows. As a consequence, it is potentially a very volatile budget particularly in the current economic climate and is extremely susceptible to both changes in interest rates as well as changes in the Council's total cash inflows and outflows.

The forecast underspend relates to:

- Higher returns on investment balances than anticipated leading to increased interest earned due to higher cash balances than originally expected (primarily due to £49 million City Deal Grant received 28<sup>th</sup> March 2014), improving interest rates and a reduced level of contingency to guard against interest rate fluctuations.

## 6 **Other Minor Budget Variations – Forecast Outturn 2014/15**

### 6.1 Culture, Leisure & Sport - No Forecast Variance

### 6.2 Housing – Minor Overspend £20,000 (or 1.1%)

### 6.3 Leader – Minor Overspend £5,600 (or 2.4%)

### 6.4 Licensing Committee – Minor Underspend £6,500 (or 4.5%)

### 6.5 Governance and Audit Committee – Underspend £49,600 (or 11.9%)

The Committee is forecasting an underspend of £49,600

The principle reason for the forecast underspend is due to higher income than budgeted of £51,800 within the Registrars Service due to increased income generated from new initiatives, higher demand for existing services and the introduction of a competitive pricing structure.

### 6.6 Levies – No Forecast Variance

### 6.7 Insurance – No Forecast Variance

### 6.8 Other Miscellaneous – No Forecast Variance

## 7. **Relationships between Financial Performance and Service Performance**

The Quarter 1 performance report will be considered by the Governance, Audit and Standards committee on 26th September. The report sets out the highlights, concerns and areas for improvement for all services.

As is usual with quarter one reports, trends are at an early stage of development. However, whilst many projects are proceeding well, and targets are being achieved, a

number of services are expressing concern around capacity and sustainability of services with reduced resources.

## 8. Conclusion - Overall Finance & Performance Summary

- 8.1 The overall forecast outturn for the City Council in 2014/15 as at the end of June 2014 is forecast to be £178,103,500. This is an overall overspend of £3,073,600 against the Amended Budget and represents a variance of 1.76%.
- 8.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 8.3 The overall financial position is deemed to be “red” since the forecast outturn is higher than budget. However, finance is not having a negative impact on the overall performance status of the Council’s activities.
- 8.4 In financial terms, the forecast overspend within the Children and Education, Health and Social Care and Traffic and Transportation Portfolios represent the greatest concerns in terms of the impact that they have on the overall City Council budget for 2014/15. Consequently, it is recommended that the Council Leader works with the relevant portfolio holder to consider measures to significantly reduce or eliminate the adverse budget position presently being forecast by these Portfolios, and any necessary decisions presented to a future meeting of the relevant portfolio.
- 8.5 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2014/15 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2015/16 and therefore the appropriate Heads of Service in consultation with Portfolio Holders should prepare an action plan outlining how their 2014/15 forecast outturn or 2015/16 budget might be reduced to alleviate the adverse variances currently being forecast.
- 8.6 Based on the Budget (as adjusted) of £175,029,925 the Council will remain within its minimum level of General Reserves for 2014/15 of £6.0m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2014	23.426
<u>Less:</u>	
Forecast Overspend 2014/15	(3.073)
<u>Add:</u>	
Planned Contribution to General Reserves 2014/15	3.283
<b>Forecast General Reserves carried forward into 2015/16</b>	<b>23.636</b>

Levels of General Reserves over the medium term are assumed to remain within the Council approved minimum sum of £6.0m in 2014/15 and future years since any ongoing budget pressures / savings will be reflected in future years' savings targets.

8.7 Financial resources are not seen as a primary barrier during the current year to either performance achievement or performance improvement. Although there are currently no specific requests for additional resourcing within this report to ensure that targets are achieved or objectives met, in the future, resources are more likely to pose a risk to future delivery and this ought to be considered in the context of all other current and emerging budget pressures and evaluated in context with each other.

**9. City Solicitor’s Comments**

9.1 The City Solicitor is satisfied that it is within the Council’s powers to approve the recommendations as set out.

**10. Equalities Impact Assessment**

10.1 This report does not require an Equalities Impact Assessment as there are no proposed changes to PCC’s services, policies, or procedures included within the recommendations.

.....

**Chris Ward**

**Head of Finance & S151 Officer**

**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 –

Title of Document	Location
Council Tax Setting 2014/15 to 2017/18 & Medium Term Budget Forecast 2014/15 to 2017/18	Office of Deputy Head of Finance & Section 151 Officer
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 25<sup>th</sup> September, 2014

Signed: .....



Approved / Approved as amended / Deferred / Rejected by the City Council on 14<sup>th</sup>  
October, 2014

Signed: .....

**FINANCIAL & SERVICE  
PERFORMANCE**

**QUARTER 1  
2014/15**

**INFORMATION PACK**

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15			
<b>PORTFOLIO</b>	City Council General Fund		
<b>BUDGET</b>	Total General Fund Expenditure		
<b>TOTAL CASH LIMIT</b>	175,029,925	Budget Total Not Equal to Cash Limit Control Total by £1	
<b>CHIEF OFFICER</b>	All Budget Holders		
<b>MONTH ENDED</b>	June 2014		

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET FORECAST 2014/15			
		Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
				£	%			£	%
1	Children & Education	83,867,695	54,446,039	(29,421,656)	(35.1%)	31,695,893	34,646,487	2,950,594	9.3%
2	Culture, Leisure & Sport	2,207,064	2,381,330	174,266	7.9%	8,259,684	8,259,684	0	0.0%
3	Environment & Community Safety	3,312,147	2,909,050	(403,097)	(12.2%)	16,001,767	15,897,108	(104,659)	(0.7%)
4	Health & Social Care	12,089,490	10,256,692	(1,832,798)	(15.2%)	48,357,943	49,109,099	751,156	1.6%
5	Housing	440,738	422,188	(18,550)	(4.2%)	1,815,700	1,835,700	20,000	1.1%
6	Leader	56,312	55,133	(1,179)	(2.1%)	235,300	240,900	5,600	2.4%
7	PRED	213,169	(353,692)	(566,861)	(265.9%)	(1,144,373)	(1,144,373)	0	0.0%
8	Port	(1,710,035)	84,562	1,794,597	104.9%	(4,434,000)	(4,652,410)	(218,410)	(4.9%)
9	Resources	6,209,763	5,636,933	(572,831)	(9.2%)	22,564,023	22,739,600	175,577	0.8%
10	Traffic & Transportation	2,785,800	2,264,343	(521,457)	(18.7%)	16,594,392	17,275,957	681,565	4.1%
11	Licensing Committee	(35,775)	(46,043)	(10,268)	(28.7%)	(143,100)	(149,584)	(6,484)	(4.5%)
12	Governance, Audit & Standards Com	58,310	17,884	(40,426)	(69.3%)	416,200	366,600	(49,600)	(11.9%)
13	Levies	180,025	0	(180,025)	(100.0%)	821,000	820,900	(100)	(0.0%)
14	Insurance	185,000	184,454	(546)	(0.3%)	1,230,100	1,230,100	0	0.0%
15	Asset Management Revenue Account	1,256,633	567,400	(689,233)	(54.8%)	22,483,297	21,509,478	(973,819)	(4.3%)
16	Other Miscellaneous	93,400	1,432,400	1,339,000	1433.6%	10,276,100	10,276,100	0	0.0%
<b>TOTAL</b>		<b>111,209,736</b>	<b>80,258,673</b>	<b>(30,951,063)</b>	<b>(27.8%)</b>	<b>175,029,926</b>	<b>178,261,347</b>	<b>3,231,421</b>	<b>1.8%</b>
<b>Total Value of Remedial Action (from Analysis Below)</b>						(780,021)			
<b>Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)</b>						<b>175,029,926</b>	<b>177,481,326</b>	<b>2,451,400</b>	<b>1.40%</b>
<b>Total Transfers To Portfolio Specific Reserves</b>						622,200			
<b>Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)</b>						<b>175,029,926</b>	<b>178,103,526</b>	<b>3,073,600</b>	<b>1.76%</b>

Note All figures included above exclude Capital Charges

Income/underspends should be recorded in brackets and expenditure/overspends without

## VALUE OF REMEDIAL ACTIONS

Item No.	Reason for Variation	Remedial Action	Value of Remedial Action
1	Children & Education		0
2	Culture, Leisure & Sport		0
3	Environment & Community Safety		(30,000)
4	Health & Social Care		0
5	Housing		0
6	Leader		0
7	PRED		0
8	Port		0
9	Resources		(408,600)
10	Traffic & Transportation		(341,421)
11	Licensing Committee		0
12	Governance, Audit & Standards Com		0
13	Levies		0
14	Insurance		0
15	Asset Management Revenue Account		0
16	Other Miscellaneous		0
<b>Total Value of Remedial Action</b>			<b>(780,021)</b>

Note Remedial Action resulting in savings should be shown in brackets

## FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

### MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

**PORTFOLIO** Children and Education  
**BUDGET** 7,432,693 Education  
 24,263,200 Children's Social Care & Safeguarding

**TOTAL CASH LIMIT** 31,695,893

**CHIEF OFFICER** Julian Wooster

**MONTH ENDED** June 2014

Risk indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING	
1	ISB	Nursery
2	ISB	Primary
3	ISB	Secondary
4	ISB	Special
5	DSG	
6	Strategic Commissioning	
7	Early Support	
8	Education Improvement	
9	Child Support Services	
10	Joint Priorities	
11	Family Support Service	
12	Fieldwork Services	
13	Looked After Children	
14	Services Commissioned And Provided	
15	Safeguarding Management And Support	
16	Youth Support (IYSS)	
<b>TOTAL</b>		

BUDGET PROFILE 2014/15				
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
£	£	£	%	
7,445,900	3,801,007	(3,644,893)	(49.0%)	
50,951,198	48,763,968	(2,187,230)	(4.3%)	
31,641,071	25,462,734	(6,178,337)	(19.5%)	
3,250,000	3,180,000	(70,000)	(2.2%)	
(17,556,579)	(32,661,080)	(15,104,501)	(86.0%)	
172,711	245,394	72,683	42.1%	
696,117	250,572	(445,545)	(64.0%)	
124,586	(274,913)	(399,499)	(320.7%)	
1,029,544	498,290	(531,254)	(51.6%)	
(54,079)	(692,025)	(637,946)	(1179.7%)	
363,251	352,078	(11,173)	(3.1%)	
1,861,921	1,735,076	(126,845)	(6.8%)	
2,846,508	3,140,329	293,821	10.3%	
252,751	3,914	(248,837)	(98.5%)	
247,942	297,089	49,147	19.8%	
594,853	343,606	(251,247)	(42.2%)	
<b>TOTAL</b>				
83,867,695	54,446,039	(29,421,656)	(35.1%)	

BUDGET FORECAST 2014/15					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
7,445,900	7,695,900	250,000	3.4%		L
50,951,198	50,951,198	0	0.0%		L
31,641,071	31,641,071	0	0.0%		L
3,250,000	3,250,000	0	0.0%		L
(93,288,169)	(93,538,169)	(250,000)	(0.3%)		L
951,500	1,056,400	104,900	11.0%		L
2,785,500	2,785,500	0	0.0%		M
1,010,100	1,040,100	30,000	3.0%		H
3,546,400	3,863,955	317,555	9.0%		M
531,793	531,793	0	0.0%		M
1,317,900	1,421,500	103,600	7.9%		M
5,979,800	7,055,843	1,076,043	18.0%		M
11,120,200	11,964,995	844,795	7.6%		H
908,000	1,034,115	126,115	13.9%		M
1,473,500	1,869,186	395,686	26.9%		M
2,071,200	2,023,100	(48,100)	(2.3%)		M
<b>TOTAL</b>					
31,695,893	34,646,487	2,950,594	9.3%		

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action)

31,695,893    34,646,487    2,950,594    9.3%

**Note** All figures included above exclude Capital Charges, Levies and Insurances  
Income/underspends is shown in brackets and expenditure/overspends without brackets

**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
1	The overspend here is due to the continued growth in private, voluntary and independent nursery places for 3 & 4 Year olds being funded in the City. The EFA funding is lagged and therefore is creating a pressure in year.	250,000
5	Whilst the Authority is seeing growth in the numbers of 2 year olds accessing early education an underspend is expected in 2014 - 2015 as income is received on a per head basis.	(250,000)
6	The service have agreed to contribute to the cost of the new posts in the Integrated Commissioning Unit.	104,900
8	The over spend here relates to the establishment of the new "virtual schools" team and the creation of new posts.	30,000
9	The Home to school and college transport budget will be overspent this year due to the numbers of children being supported. The new transport polices will begin to be implemented in September and it is anticipated that the over spend will begin to reduce.	317,555
11	The over spend here is due to the teams having a full establishment of staff, which means that the service is finding difficult to meet any vacancy savings.	103,600
12	The overspending is primarily related to staffing levels which remain high thus not achieving the vacancy savings levels built into the budget nor offsetting the loss of Social Work Matters funding this year. There has also been an increase in the cost of the parking permits provided to staff.	1,076,043
13	Whilst placements with independent foster agencies are reducing it is at a lower pace than anticipated in the budget and generally numbers are still above the budgeted levels.	844,795
14	Reduced expectation of parental contributions coupled with increasing contract costs	126,115
15	The need for additional Independent Reviewing Officer posts, Agency coverage and a contribution towards Integrated Commissioning posts are creating financial pressures.	395,686
16	Secondment and delayed backfill of the vacant commissioning manager post.	(48,100)
<b>TOTAL PROJECTED VARIANCE</b>		<b>2,950,594</b>

Remedial Action	Value of Remedial Action
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

**PORTFOLIO** Culture, Leisure & Sport

**BUDGET** 4,741,783 City Development & Cultural Services  
3,517,900 Transport & Street Management

**TOTAL CASH LIMIT** 8,259,683

**CHIEF OFFICER** Kathy Wadsworth

**MONTH ENDED** June 2014

Risk indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Parks, Gardens & Open Spaces
2	Seafront Management
3	Golf Courses
4	Pyramids
5	Mountbatten & Gymnastic Centres
6	Other Sports & Leisure Facilities inc (POC)
7	Sports Development
8	Departmental Establishment (Leisure)
9	Libraries
10	Museum Services
11	Cultural Partnerships (Previously Arts Service)
12	Community Centres
13	Events
<b>TOTAL</b>	

BUDGET PROFILE 2014/15				
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
£	£	£	%	
752,163	501,640	(250,523)	(33.3%)	
54,070	(18,235)	(72,305)	(133.7%)	
(161,266)	(126,539)	34,727	21.5%	
95,750	433,353	337,603	352.6%	
70,884	70,753	(131)	(0.2%)	
76,622	(45,405)	(122,027)	(159.3%)	
83,607	87,159	3,552	4.2%	
112,150	127,715	15,565	13.9%	
650,844	749,606	98,762	15.2%	
222,630	231,912	9,282	4.2%	
95,160	153,004	57,844	60.8%	
75,920	85,815	9,895	13.0%	
78,530	130,552	52,022	66.2%	
<b>2,207,064</b>	<b>2,381,330</b>	<b>174,266</b>	<b>7.9%</b>	

BUDGET FORECAST 2014/15				
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR
£	£	£	%	
2,469,191	2,469,191	0	0.0%	L
116,128	116,128	0	0.0%	L
(191,499)	(191,499)	0	0.0%	H
506,000	506,000	0	0.0%	L
283,535	283,535	0	0.0%	L
306,530	306,530	0	0.0%	H
220,579	238,279	17,700	8.0%	M
470,412	470,412	0	0.0%	L
2,140,933	2,140,933	0	0.0%	M
820,675	795,375	(25,300)	(3.1%)	M
381,175	380,775	(400)	(0.1%)	L
390,457	374,457	(16,000)	(4.1%)	L
345,568	369,568	24,000	6.9%	L
<b>8,259,684</b>	<b>8,259,684</b>	<b>0</b>	<b>0.0%</b>	

Total Value of Remedial Action (from Analysis Below)	0
<b>Total Net Forecast Outturn (after remedial action)</b>	<b>8,259,684</b>

	0		
<b>8,259,684</b>	<b>8,259,684</b>	<b>0</b>	<b>0.0%</b>

Note All figures included above exclude Capital Charges, Levies and Insurances  
Income/underspends is shown in brackets and expenditure/overspends without brackets

**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
7	Various options for the future of the Interaction Service are being explored. Savings previously approved have not been achieved.	17,700
10	Visits to the D Day Museum have increased as a result of this years high profile D Day 70 commemorations. This has resulted in additional fee and merchandising income being received which will be used to offset the projected overspending in other areas of the service.	(25,300)
11	Non material variance - unspent element of core revenue grants budget.	(400)
12	A budget exists for the future employment of a technician. There is an expectation that income will be generated by the post holder and that the full budget provision will not be required.	(16,000)
13	There is pressure to deliver the programmed events within the budget available. Provision has been made to fund this shortfall from underspending in other service areas.	24,000
<b>TOTAL PROJECTED VARIANCE</b>		<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

**PORTFOLIO** Environment & Community Safety

**BUDGET**

930,951	Corporate Assets, Business & Standards
119,400	City Development & Cultural Services
12,751,985	Transport and Street Management
2,199,431	Community Safety

**TOTAL CASH LIMIT** **16,001,767**

**CHIEF OFFICER** Kathy Wadsworth

**MONTH ENDED** June 2014

Risk Indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Environmental Protection
2	Environment Admin & Management
3	Community Safety Administration & Management
4	Environmental Health - Commercial Services
5	Port Health
6	Trading Standards
7	Welfare Burials
8	Refuse Collection
9	Waste Disposal
10	Waste Recycling
11	Public Conveniences
12	Street Cleansing
13	Clean City
14	Built Environment
15	Control Of Dogs
16	Projects & Procurement Management
17	Sea Defences And Drainage
18	Coastal Partnership
19	LATS
20	Cemeteries
21	Contaminated Land
22	Carbon Allowances
23	Street Enforcement
24	Motiv8
25	Hidden Violence And Abuse
26	Community Safety Strategy And Partnership
27	CCTV
28	PYOP
29	Community Wardens
30	Anti Social Behaviour Unit
31	Substance Misuse (including Alcohol)
32	Civil Contingencies (Emergency Planning)
<b>TOTAL</b>	

BUDGET PROFILE 2014/15				
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
		£	£	%
110,676	113,316	2,640		2.4%
3,357	9,443	6,086		181.3%
3,543	3,459	(84)		(2.4%)
72,201	62,344	(9,857)		(13.7%)
(2,535)	(6,926)	(4,391)		(173.2%)
74,314	102,089	27,775		37.4%
3,024	3,209	185		6.1%
856,957	809,137	(47,820)		(5.6%)
468,757	488,363	19,606		4.2%
32,580	32,272	(308)		(0.9%)
130,473	125,715	(4,758)		(3.6%)
741,042	741,042	0		0.0%
999	0	(999)		(100.0%)
19,590	19,384	(206)		(1.1%)
24,439	6,714	(17,725)		(72.5%)
25,536	(3,480)	(29,016)		(113.6%)
41,018	46,104	5,086		12.4%
130,341	130,958	617		0.5%
		0		-
(7,751)	(56,325)	(48,574)		(626.7%)
29,920	21,933	(7,987)		(26.7%)
3,801	260,299	256,498		6748.2%
48,407	(48,407)			(100.0%)
20,450	(20,450)			(100.0%)
110,297	(110,297)			(100.0%)
42,702	(42,702)			(100.0%)
56,414	(56,414)			(100.0%)
0	0			-
177,703	(177,703)			(100.0%)
46,724	(46,724)			(100.0%)
0	0			-
47,167	(47,167)			(100.0%)
<b>TOTAL</b>	<b>3,312,147</b>	<b>2,909,050</b>	<b>(403,097)</b>	<b>(12.2%)</b>

BUDGET FORECAST 2014/15				
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR
		£	%	
321,286	321,286	0	0.0%	L
33,027	33,027	0	0.0%	L
14,361	14,361	0	0.0%	L
285,285	285,285	0	0.0%	M
(25,218)	(25,218)	0	0.0%	M
284,670	314,670	30,000	10.5%	M
17,540	17,540	0	0.0%	L
3,676,430	3,676,430	0	0.0%	H
4,679,651	4,629,648	(50,003)	(1.1%)	H
137,917	137,917	0	0.0%	L
368,318	368,318	0	0.0%	M
2,964,167	2,964,167	0	0.0%	L
4,000	4,000	0	0.0%	L
81,581	81,581	0	0.0%	L
90,084	90,084	0	0.0%	H
102,129	50,302	(51,827)	(50.7%)	M
272,643	272,643	0	0.0%	L
162,245	162,245	0	0.0%	M
		0	-	H
3,812	3,812	0	0.0%	L
119,400	94,400	(25,000)	(20.9%)	L
209,008	209,008	0	0.0%	L
193,600	192,792	(808)	(0.4%)	M
81,800	81,943	143	0.2%	L
441,187	440,704	(483)	(0.1%)	L
170,808	167,657	(3,151)	(1.8%)	L
225,657	224,576	(1,081)	(0.5%)	L
0	0	0	-	L
710,813	709,928	(885)	(0.1%)	L
186,897	185,979	(918)	(0.5%)	L
0	(275)	(275)	(0.5%)	L
188,669	188,298	(371)	(0.2%)	L
<b>TOTAL</b>	<b>16,001,767</b>	<b>15,897,108</b>	<b>(104,659)</b>	<b>(0.7%)</b>

<b>Total Value of Remedial Action (from Analysis Below)</b>	(30,000)
<b>Total Net Forecast Outturn (after remedial action)</b>	<b>15,867,108</b>

<b>TOTAL</b>	<b>16,001,767</b>	<b>15,867,108</b>	<b>(134,659)</b>	<b>(0.8%)</b>
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**Note** All figures included above exclude Capital Charges, Levies and Insurances  
Income/underspends is shown in brackets and expenditure/overspends without brackets



**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
6	The Rogue Traders project is continuing in line with previous approvals but the funding is held within the Portfolio Reserve, thus showing an overspend.	30,000
23	Items 23 - 32 Community Safety - Minor variances within service below material explanatory limit	(7,900)
9	Waste volumes have been slightly lower than budget so far this year, resulting in lower cost. Income has been higher than expected, due to an increase in selling prices for Dry Mixed Recyclables.	(50,000)
16	Income has been higher than budget, as more work of a chargeable nature has been undertaken. A saving in employment costs, due to a vacant post, is partly offset by the costs of short-term employees, who are contributing to the increase in income.	(51,800)
21	The projected underspend is as a result of staff vacancies in the service.	(25,000)
<b>TOTAL PROJECTED VARIANCE</b>		<b>(104,700)</b>

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
Awaiting approval to utilise £30k of Environment & Community Portfolio Reserves to fund the previously approved Rogue Traders project.	(30,000)
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>(30,000)</b>

## FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

### MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Health & Social Care  
 BUDGET 48,357,943

**TOTAL CASH LIMIT 48,357,943**

CHIEF OFFICER Julian Wooster

MONTH ENDED June 2014

Risk indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Physical Support
2	Sensory Support
3	Memory & Cognition
4	Learning Disability Support
5	Mental Health Support
6	Social Support: Substance Misuse Support
7	Asylum Seeker Support
8	Support for Carer - Direct Payments
9	Social Support: Other Support for Carer
10	Assistive Equipment & Technology
11	Social Care Activities
12	Information & Early intervention
13	Commissioning and Service Delivery
14	Supporting People - Housing
18	Sexual Health Mandatory - services
19	Sexual Health Non Mandatory - services
20	Smoking
21	Children 5-19 Programme
22	Health Checks
23	Obesity
24	Substance Misuse
25	Public Health Advice
26	Miscellaneous Public Health Services
27	European Integration Fund
28	Big Lottery
29	Chances 4 change
30	Cities of Service
31	Chances 4 change
<b>TOTAL</b>	

BUDGET PROFILE 2014/15				
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
£	£	£	%	
2,863,180	3,282,815	419,635	14.7%	
0	0	0	-	
924,550	789,417	(135,133)	(14.6%)	
4,276,430	3,699,205	(577,225)	(13.5%)	
555,680	605,505	49,825	9.0%	
34,680	(544,586)	(579,266)	(1670.3%)	
0	0	0	-	
0	0	0	-	
19,280	86,906	67,626	350.8%	
190,530	450,220	259,690	136.3%	
1,581,550	1,587,175	5,625	0.4%	
78,500	121,381	42,881	54.6%	
319,700	23,008	(296,692)	(92.8%)	
1,245,410	1,366,691	121,281	9.7%	
804,930	777,734	(27,196)	(3.4%)	
63,670	45,218	(18,452)	(29.0%)	
305,450	170,330	(135,120)	(44.2%)	
181,280	126,330	(54,950)	(30.3%)	
89,510	71,555	(17,955)	(20.1%)	
108,800	120,515	11,715	10.8%	
1,218,630	653,110	(565,520)	(46.4%)	
41,900	11,335	(30,565)	(72.9%)	
(2,814,170)	(3,091,012)	(276,842)	(9.8%)	
0	94,697	94,697	-	
0	(167,954)	(167,954)	-	
0	(10,125)	(10,125)	-	
0	(12,778)	(12,778)	-	
		0	-	
<b>12,089,490</b>	<b>10,256,692</b>	<b>(1,832,798)</b>	<b>(15.2%)</b>	

BUDGET FORECAST 2014/15					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
11,452,708	11,477,427	24,719	0.2%	L	
0	0	0	0.0%	L	
3,698,211	3,715,285	17,074	0.5%	L	
17,105,724	17,164,772	59,048	0.3%	L	
2,222,726	2,271,766	49,040	2.2%	M	
138,700	138,700	0	0.0%	L	
0	0	0	0.0%	L	
0	0	0	0.0%	L	
77,100	74,700	(2,400)	(3.1%)	M	
762,134	933,400	171,266	22.5%	H	
6,326,208	6,692,746	366,538	5.8%	H	
314,000	314,000	0	0.0%	L	
1,278,790	1,344,690	65,900	5.2%	H	
4,981,642	4,981,642	0	0.0%	L	
3,219,718	3,219,718	0	0.0%	L	
254,691	254,691	0	0.0%	L	
1,221,812	1,187,480	(34,332)	(2.8%)	M	
725,106	725,106	0	0.0%	L	
358,033	352,304	(5,729)	(1.6%)	M	
435,209	431,106	(4,103)	(0.9%)	L	
4,874,514	4,874,514	0	0.0%	L	
167,587	167,587	0	0.0%	L	
(11,256,670)	(11,212,535)	44,135	(0.4%)	L	
0	0	0	0.0%	L	
0	0	0	0.0%	L	
0	0	0	0.0%	L	
0	0	0	0.0%	L	
0	0	0	0.0%	L	
<b>48,357,943</b>	<b>49,109,099</b>	<b>751,156</b>	<b>1.6%</b>		
	0	0			
<b>48,357,943</b>	<b>49,109,099</b>	<b>751,156</b>	<b>1.6%</b>		

Note All figures included above exclude Capital Charges, Levies and Insurances  
 Income/underspends is shown in brackets and expenditure/overspends without brackets

**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
4	Learning Disability Support - the majority of savings relating to Learning Disability care packages that were approved for 14/15 have been identified and actioned. However, there are a small amount still to be achieved.	59,000
5	There is a high demand for Mental Health Services and so savings are not being achieved.	49,000
10	This is the first year of a joint Community Equipment Store Agreement between PCC, Southampton City Council and CCGs. The demand is higher than expected for Assertive Equipment and Technology across the Adult Social Care service.	171,300
11	Social Care Activities - Deprivation of Liberties (DOLS) - Adult Social Care are currently projecting an overspend of £321,542 for this area of the budget due to a recent change in legislation. This has placed the responsibility on local authorities to carry out these DOLS assessments which have rapidly increased from a few per week to approximately 25 per week.	366,500
13	Commissioning and Service Delivery - there has been more activity regarding Joint Carers Breaks resulting in this projected overspend.	65,900
	Other Miscellaneous Comprises a number of very small variances on a range of services.	39,500
	<b>TOTAL PROJECTED VARIANCE</b>	<b>751,200</b>

Remedial Action	Value of Remedial Action
Adult Social Care have released the £2.2m Portfolio Reserve in full for the Quarter 1 close. This has had the effect of reducing the projected overspend down to £751,200 as per this report. At this point in time there is no other funding available that can be allocated to the service to reduce this overspend further.	0
	0
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings should be shown as minus figures

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15			
<b>PORTFOLIO</b>	Housing		
<b>BUDGET</b>	576,700	Corporate Assets, Business & Standards	
	1,239,000	Housing & Property Services	
<b>TOTAL CASH LIMIT</b>	<b>1,815,700</b>		
<b>CHIEF OFFICERS</b>	Kathy Wadsworth		
<b>MONTH ENDED</b>	June 2014		

Risk indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Housing Strategy - General
2	Registered Social Landlords
3	Housing Advisory Service
5	Housing Enabling
	PLP HB received - Balance on HG404 8011
	Private Leased Properties - all non HB expn
7	Private Leased Properties
	B&B and TAS HB received - Balance on HG402 & HG403 8011
	Homeless Prevention - all non HB expn
8	Homeless Prevention
9	Telecare
10	Wardens Welfare ( Sheltered Housing)
11	Youth & Play Shared Services with the HRA
12	De Minimis Capital Receipts
13	Other Council Property
14	Works in Default / Properties in Default
15	Housing Standards
16	Houses in Multiple Occupation
17	Houses in Single Occupation
18	Home Check scheme
19	Controlling Orders
20	Mortgages
21	Green Deal
22	Low Rise Houses in Multiple Occupation Licensing

BUDGET PROFILE 2014/15				
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
£	£	£	%	
41,073	34,810	(6,263)	(15.2%)	
18,319	14,254	(4,065)	(22.2%)	
53,391	47,210	(6,181)	(11.6%)	
22,061	21,377	(684)	(3.1%)	
(100,086)	(105,696)	(5,610)	(5.6%)	
90,629	85,898	(4,731)	(5.2%)	
(9,457)	(19,798)	(10,341)	(109.3%)	
(52,323)	(82,612)	(30,289)	(57.9%)	
200,727	218,216	17,489	8.7%	
148,404	135,604	(12,800)	(8.6%)	
(33,561)	(26,161)	7,400	22.0%	
18,717	15,818	(2,899)	(15.5%)	
85,863	104,951	19,088	22.2%	
(32,419)	(13,194)	19,225	59.3%	
(3,924)	(6,738)	(2,814)	(71.7%)	
(2,033)	(1,795)	238	11.7%	
134,862	115,071	(19,791)	(14.7%)	
(6,722)	(13,581)	(6,859)	(102.0%)	
(249)	(971)	(722)	(290.0%)	
5,912	27,724	21,812	368.9%	
501	0	(501)	(100.0%)	
0	0	0	-	
0	5,397	5,397	-	
0	(17,790)	(17,790)	-	

BUDGET PROFILE 2014/15					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget To June 2014			RISK INDICATOR
£	£	£	%		
166,780	166,780	0	0.0%	L	
72,868	72,868	0	0.0%	L	
168,664	168,664	0	0.0%	L	
87,760	87,760	0	0.0%	L	
(400,500)	(400,500)	0	0.0%	L	
362,957	362,957	0	0.0%	L	
(37,543)	(37,543)	0	0.0%	L	
(209,384)	(209,384)	0	0.0%	L	
799,967	799,967	0	0.0%	L	
590,583	590,583	0	0.0%	L	
(133,781)	(133,781)	0	0.0%	L	
74,681	74,681	0	0.0%	L	
442,616	442,616	0	0.0%	M	
(129,001)	(109,001)	20,000	15.5%	M	
(15,700)	(15,700)	0	0.0%	L	
(7,918)	(7,918)	0	0.0%	L	
538,053	538,053	0	0.0%	L	
(26,699)	(26,699)	0	0.0%	L	
(968)	(968)	0	0.0%	L	
23,305	23,305	0	0.0%	M	
2,000	2,000	0	0.0%	L	
0	0	0	-	L	
0	0	0	-	L	
0	0	0	-	L	

<b>TOTAL</b>	<b>440,738</b>	<b>422,188</b>	<b>(18,550)</b>	<b>(4.2%)</b>
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<b>Total Value of Remedial Action (from Analysis Below)</b>	<b>0</b>
-------------------------------------------------------------	----------

<b>Total Net Forecast Outturn (after remedial action)</b>	<b>440,738</b>	<b>422,188</b>	<b>(18,550)</b>	<b>(4.2%)</b>
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<b>TOTAL</b>	<b>1,815,700</b>	<b>1,835,700</b>	<b>20,000</b>	<b>1.1%</b>
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<b>Total Value of Remedial Action (from Analysis Below)</b>	<b>0</b>
-------------------------------------------------------------	----------

<b>Total Net Forecast Outturn (after remedial action)</b>	<b>1,815,700</b>	<b>1,835,700</b>	<b>20,000</b>	<b>1.1%</b>
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**Note** All figures included above exclude Capital Charges, Levies and Insurances  
Income/underspends is shown in brackets and expenditure/overspends without brackets

**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
12	Breaches of loans and grants conditions are fewer than forecast which has resulted in a reduction in recovery of penalty repayments. New loans and grants that are offered have revised financial assessments.	20,000
	Other variances	
<b>TOTAL PROJECTED VARIANCE</b>		<b>20,000</b>

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
Annual statements are due to be sent out shortly, the outcome of this action will reduce the overspend.	0
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

<b>MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15</b>									
<b>PORTFOLIO</b>	Leader								
<b>BUDGET</b>	235,300								
<hr/>									
<b>TOTAL CASH LIMIT</b>	<b>235,300</b>								
<hr/>									
<b>CHIEF OFFICER</b>									
<table border="1" style="float: right; border-collapse: collapse;"> <tr> <th colspan="2">Risk indicator</th> </tr> <tr> <td>Low</td> <td style="text-align: center;">L</td> </tr> <tr> <td>Medium</td> <td style="text-align: center;">M</td> </tr> <tr> <td>High</td> <td style="text-align: center;">H</td> </tr> </table>		Risk indicator		Low	L	Medium	M	High	H
Risk indicator									
Low	L								
Medium	M								
High	H								
<b>MONTH ENDED</b>	June 2014								

ITEM No.	BUDGET HEADING
1	Portsmouth Civic Award
2	Civic Pride
3	Lord Mayor
4	Lord Mayor's Events
5	Civic Events
<hr/>	
<b>TOTAL</b>	

BUDGET PROFILE 2014/15				
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
£	£	£	%	
627	70	(557)	-88.8%	
0	5,658	5,658	-	
27,094	30,044	2,950	10.9%	
2,341	609	(1,732)	-74.0%	
26,250	18,752	(7,498)	-28.6%	
<hr/>				
<b>56,312</b>	<b>55,133</b>	<b>(1,179)</b>	<b>(2.1%)</b>	

BUDGET FORECAST 2014/15					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
1,000	1,000	0	0.0%		L
25,000	25,000	0	0.0%		L
102,100	107,800	5,700	5.6%		L
(5,900)	(6,000)	(100)	(1.7%)		L
113,100	113,100	0	0.0%		L
<hr/>					
<b>235,300</b>	<b>240,900</b>	<b>5,600</b>	<b>2.4%</b>		

<b>Total Value of Remedial Action (from Analysis Below)</b>	0
<b>Total Net Forecast Outturn (after remedial action)</b>	<b>235,300</b>

<b>235,300</b>	<b>240,900</b>	<b>5,600</b>	<b>2.4%</b>
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**Note** All figures included above exclude Capital Charges, Levies and Insurances  
Income/underspends is shown in brackets and expenditure/overspends without brackets

### REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
3	The agreement for selling typing services to Fareham Borough Council took longer to negotiate than had been expected resulting in lower levels of income this year. In addition to this lower than forecast levels of income are being achieved from third party use of the Lord Mayors Banqueting room.	5,700
	Other minor variations over the remaining budget headings	(100)
<b>TOTAL PROJECTED VARIANCE</b>		<b>5,600</b>

Remedial Action	Value of Remedial Action
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

**Note** Remedial Action resulting in savings is shown in brackets

## FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

### MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

**PORTFOLIO** Planning Regeneration & Economic Development (Excluding Commercial Ferry Port)

**BUDGET**

	1,070,400	City Development & Cultural Services
	(4,716,277)	Corporate Assets, Business & Standards
	2,501,504	Housing & Property Services

**TOTAL CASH LIMIT** (1,144,373)

**CHIEF OFFICER** Kathy Wadsworth  
Michael Lawther

**MONTH ENDED** June 2014

Risk indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Planning Management & Administration
2	Planning Development Control
3	Planning Policy
4	Building Regulations & Control
5	Economic Regeneration and Service Plan
6	Tourism
7	Economic Development, Business and Standards
8	Enterprise Centres
9	PCMI
10	Community Learning
11	Administrative Buildings
12	Guildhall
13	Property Portfolio
14	City Centre North Development

BUDGET PROFILE 2014/15				
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
		£	%	
£ 17,760	£ (12,053)	£ (29,813)	(167.9%)	
3,960	(161,644)	(165,604)	(4181.9%)	
87,220	64,394	(22,826)	(26.2%)	
(5,790)	(21,426)	(15,636)	(270.1%)	
76,740	(16,614)	(93,354)	(121.6%)	
143,732	45,130	(98,602)	(68.6%)	
67,726	(117,615)	(185,341)	(273.7%)	
(70,409)	(114,261)	(43,852)	(62.3%)	
10,870	256,368	245,498	2258.5%	
(13,503)	(98,611)	(85,108)	(630.3%)	
953,877	707,545	(246,332)	(25.8%)	
125,321	153,010	27,689	22.1%	
(1,184,335)	(1,037,915)	146,420	12.4%	
		0	-	
<b>TOTAL</b>	<b>213,169</b>	<b>(353,692)</b>	<b>(566,861)</b>	<b>(265.9%)</b>

BUDGET FORECAST 2014/15					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
70,955	70,955	0	0.0%	M	
13,064	13,064	0	0.0%	H	
346,013	346,013	0	0.0%	M	
(23,167)	(23,167)	0	0.0%	H	
371,869	371,869	0	0.0%	L	
291,666	291,666	0	0.0%	L	
247,564	247,564	0	0.0%	L	
(281,634)	(281,634)	0	0.0%	L	
43,733	43,733	0	0.0%	L	
11,400	11,400	0	0.0%	M	
2,000,220	2,000,220	0	0.0%	M	
501,284	501,284	0	0.0%	L	
(4,737,340)	(4,737,340)	0	0.0%	H	
		-			
<b>TOTAL</b>	<b>(1,144,373)</b>	<b>(1,144,373)</b>	<b>0</b>	<b>0.0%</b>	
		0			
<b>Total Net Forecast Outturn (after remedial action)</b>	<b>(1,144,373)</b>	<b>(1,144,373)</b>	<b>0</b>	<b>0.0%</b>	

**Note** All figures included above exclude Capital Charges, Levies and Insurances  
Income/underspends is shown in brackets and expenditure/overspends without brackets

**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
4	A feasibility study is being carried out to explore whether it would be a viable option for Building Control to join the Gosport and Fareham Building Control Partnership. The outturn to Q1 projected forward indicates that there will be no variance to budget at year end, however, this situation may change if the slippage from the large number of staff vacancies in the service fails to offset the projected shortfall in income earned.	0
<b>TOTAL PROJECTED VARIANCE</b>		<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>



# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

**PORTFOLIO** Planning Regeneration & Economic Development (Commercial Ferry Port)

**BUDGET** (4,434,000)

**TOTAL CASH LIMIT** (4,434,000)

**CHIEF OFFICER** Martin Putman

**MONTH ENDED** June 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	
	<b>Income</b>
1	Wharfage & Harbour Dues - Private Wharves
2	Tonnage Dues
3	Boat Dues
4	Cruise Operational Dues
5	Rents & Concessions
6	C.F.P - Operational Dues
7	- Ships Services
8	- Parking & Demurrage
9	Pilotage
10	Miscellaneous
11	Charges to Recoverable Schemes
	<b>Total Income</b>
	<b>Operational Expenses</b>
12	Direct Employee Expenses
13	Repairs & Maintenance
14	Fuel, Light, Cleaning & Water
15	Rent & Rates
16	Equipment, Furniture & Fittings
17	Uniforms
18	Other Hired & Contracted Services
19	Operating Leases
20	Use of Transport
21	Hire of Pilot Vessels
22	Recharged Works to Capital
23	Licences
	<b>Total Operational Expenses</b>

BUDGET PROFILE 2014/15			
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014	
£	£	£	%
(319)	(388)	(69)	(21.6%)
(192,076)	(171,138)	20,938	10.9%
(16,973)	(26,619)	(9,646)	(56.8%)
(122,611)	(91,733)	30,878	25.2%
(186,819)	(201,842)	(15,023)	(8.0%)
(2,512,904)	(2,382,050)	130,854	5.2%
(133,449)	(169,778)	(36,329)	(27.2%)
(10,657)	(50,906)	(40,249)	(377.7%)
(161,706)	(215,356)	(53,650)	(33.2%)
(57,336)	(83,802)	(26,466)	(46.2%)
(2,675)	(2,500)	175	6.5%
<b>(3,397,525)</b>	<b>(3,396,112)</b>	<b>1,413</b>	<b>0.0%</b>
752,481	732,849	(19,632)	(2.6%)
133,207	33,492	(99,715)	(74.9%)
93,486	34,085	(59,401)	(63.5%)
76,928	1,438,894	1,361,966	1770.4%
10,124	4,164	(5,960)	(58.9%)
2,971	623	(2,348)	(79.0%)
232,647	113,331	(119,316)	(51.3%)
0	768,070	768,070	-
23,097	27,026	3,929	17.0%
10,083	11,015	932	9.2%
(4,998)	(6,772)	(1,774)	(35.5%)
0	150	150	-
<b>1,330,026</b>	<b>3,156,926</b>	<b>1,826,900</b>	<b>137.4%</b>

BUDGET PROFILE 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(1,800)	(1,800)	0	0.0%	L
(768,600)	(468,600)	300,000	39.0%	M
(83,500)	(83,500)	0	0.0%	L
(173,000)	(173,000)	0	0.0%	L
(523,600)	(490,400)	33,200	6.3%	M
(10,478,900)	(10,941,985)	(463,085)	(4.4%)	H
(734,700)	(793,300)	(58,600)	(8.0%)	H
(85,000)	(80,600)	4,400	5.2%	M
(642,800)	(683,000)	(40,200)	(6.3%)	M
(162,600)	(170,600)	(8,000)	(4.9%)	L
(16,100)	(16,100)	0	0.0%	L
<b>(13,670,600)</b>	<b>(13,902,885)</b>	<b>(232,285)</b>	<b>(1.7%)</b>	
3,014,800	2,905,985	(108,815)	(3.6%)	M
789,500	799,500	10,000	1.3%	H
560,100	530,000	(30,100)	(5.4%)	H
1,633,700	1,683,700	50,000	3.1%	M
96,900	123,400	26,500	27.3%	L
17,800	17,800	0	0.0%	L
1,315,300	1,407,700	92,400	7.0%	H
8,600	1,200	(7,400)	(86.0%)	L
139,600	157,100	17,500	12.5%	L
121,000	129,800	8,800	7.3%	M
(30,000)	(30,000)	0	0.0%	M
1,700	1,700	0	0.0%	L
<b>7,669,000</b>	<b>7,727,885</b>	<b>58,885</b>	<b>0.8%</b>	

ITEM No.	
	<b>Management and General Expenses</b>
24	Direct Employee Expenses
25	Car Allowances
26	Advertising & General Office Expenses
27	Fixtures & Fittings
28	Travel, Subsistence & Conferences
29	Debt Management Expenses
30	Provision for Bad Debt
31	Subscriptions
32	Officer Recharges to Capital
33	<b>Total Management and General Expenses</b>
34	<b>Total Working Expenses</b>
<b>TOTAL CASH LIMIT</b>	

BUDGET PROFILE 2014/15			
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014	
£	£	£	%
280,918	263,880	(17,038)	(6.1%)
1,104	727	(377)	(34.1%)
37,895	35,239	(2,656)	(7.0%)
27,835	25,725	(2,110)	(7.6%)
5,658	3,021	(2,637)	(46.6%)
0	0	0	-
0	0	0	-
9,052	3,088	(5,964)	(65.9%)
(4,998)	(7,932)	(2,934)	(58.7%)
357,464	323,748	(33,716)	(9.4%)
1,687,490	3,480,675	1,793,185	106.3%
(1,710,035)	84,562	1,794,597	104.9%

BUDGET PROFILE 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
1,131,250	1,126,290	(4,960)	(0.4%)	M
5,400	5,400	0	0.0%	L
224,950	202,500	(22,450)	(10.0%)	M
167,100	149,500	(17,600)	(10.5%)	M
28,000	28,000	0	0.0%	L
0	0	0	-	L
5,000	5,000	0	0.0%	L
37,800	37,800	0	0.0%	M
(31,900)	(31,900)	0	0.0%	M
1,567,600	1,522,590	(45,010)	(2.9%)	
9,236,600	9,250,475	13,875	0.2%	
(4,434,000)	(4,652,410)	(218,410)	(4.9%)	

Note All figures included above exclude Capital Charges, Levies and Insurances

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action)

(4,434,000) (4,652,410) (218,410) (4.9%)

#### ANALYSIS OF NET PROFIT

35	Insurance
36	Support Service Charges
37	Impairment
38	Depreciation
39	IAS 19 Superannuation
40	Employee Benefit Accrual
41	Purchased Leave
42	<b>Net (Profit) / Loss</b>

0	0	0	-
0	0	0	-
0	0	0	-
0	0	0	-
0	0	0	-
0	(45,879)	(45,879)	-
0	(980)	0	-
(1,710,035)	37,703	1,747,738	102.2%

280,000	280,000	0	0.0%
390,000	440,000	50,000	12.8%
750,000	750,000	0	0.0%
3,000,000	3,000,000	0	0.0%
100,000	100,000	0	0.0%
0	0	0	-
0	(2,940)	(2,940)	-
86,000	(85,350)	(171,350)	(199.2%)

Income/underspends is shown in brackets and expenditure/overspends without brackets

#### REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
Income	Tonnage Dues are forecast to have an adverse variance of £300,000 due to changes in the lease for Albert Johnson and Flathouse Quays. C.F.P. - Operational Dues is forecast to have a favourable variance of £463,085 due to the new Transfennica service and the new Brittany Ferries Etretat service, offset in part by a reduction in DFDS activity. Ship Services is expected to have a favourable variance of £58,600 due to the new Transfennica service and the Etretat service. Pilotage is forecast to have a favourable variance of £40,200 due to acts for Transfennica and self pilotage for Transfennica and Etretat.	(232,285)
Operational Expenses	Direct Employee Expenses is forecast to have a favourable variance of £108,815 due to Quay Assistant savings/vacant posts. Fuel, Light, Cleaning & Water is expected to have a favourable variance of £30,100 due to efficiencies within the building cleaning and window cleaning contracts, and savings to be generated from LED floodlights and the sea water harvesting system. Rent & Rates is forecast to have an adverse variance of £50,000 due to changes in rateable values. Other Hired and Contracted Services is forecast to have an adverse variance £92,400 due to dredging required, partly offset by efficiencies within the security contract, and the decision to no longer run a bus service between the terminal building and Portsmouth stations and reduced use of the road sweeper.	58,885
Management and General Expenses	Advertising and General Office Expenses is forecast to have a favourable variance of £22,450 due to savings identified in advertising and PR. Fixtures & Fittings is expected to have a favourable variance of £17,600 due to IT savings identified.	(45,010)
<b>TOTAL PROJECTED VARIANCE</b>		<b>(218,410)</b>

Remedial Action	Value of Remedial Action
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Resources

BUDGET 22,564,023

**TOTAL CASH LIMIT 22,564,023**

CHIEF OFFICER Various

MONTH ENDED June 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Miscellaneous Expenses
2	HR, Legal and Performance
3	Transformation Workstream Investment
4	Customer & Community Services
5	Grants & Support to the Voluntary Sector
6	Financial Services
7	Information Services
8	AMS Design & Maintenance
9	Property Services
10	Landlords Repairs & Maintenance
11	Spinnaker Tower
12	MMD Crane Rental
13	Administration Expenses
15	Housing Benefit - Rent Allowances
16	Housing Benefit - Rent Rebates
17	Local Taxation
18	Local Welfare Assistance Scheme
19	Benefits Administration
20	Discretionary Non-Domestic Rate Relief
21	Land Charges
22	Democratic Representation & Management
23	Corporate Management

BUDGET PROFILE 2014/15			
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014	
£	£	£	%
22,062	2,559	(19,503)	(88.4%)
832,522	732,406	(100,116)	(12.0%)
0	85,906	85,906	-
397,203	266,180	(131,023)	(33.0%)
676,000	668,067	(7,933)	(1.2%)
967,879	1,412,090	444,211	45.9%
1,112,252	1,037,702	(74,550)	(6.7%)
190,010	186,424	(3,586)	(1.9%)
46,400	23,845	(22,555)	(48.6%)
325,749	(259,769)	(585,518)	(179.7%)
0	(41,914)	(41,914)	-
0	(96,371)	(96,371)	-
0	(747)	(747)	-
(159,797)	(155,379)	4,418	2.8%
(37,449)	(66,106)	(28,657)	(76.5%)
525,821	455,957	(69,865)	(13.3%)
226,700	224,713	(1,987)	(0.9%)
545,495	273,302	(272,193)	(49.9%)
0	(20,000)	(20,000)	-
216	(11,398)	(11,614)	(5377.0%)
320,295	612,568	292,273	91.3%
218,405	306,899	88,494	40.5%

BUDGET PROFILE 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
401,123	400,300	(823)	(0.2%)	L
2,968,100	3,109,900	141,800	4.8%	H
0	343,600	343,600	-	M
1,730,600	1,729,300	(1,300)	(0.1%)	L
676,000	676,000	0	0.0%	L
4,554,500	4,491,600	(62,900)	(1.4%)	H
4,833,900	4,832,800	(1,100)	(0.0%)	M
849,900	849,900	0	0.0%	M
193,300	358,300	165,000	85.4%	H
1,303,000	1,303,000	0	0.0%	M
(250,000)	(350,000)	(100,000)	(40.0%)	M
(385,400)	(385,400)	0	0.0%	M
5,700	5,700	0	0.0%	L
(637,000)	(637,000)	0	0.0%	M
(199,200)	(176,000)	23,200	11.6%	M
1,271,100	1,264,900	(6,200)	(0.5%)	L
671,200	424,700	(246,500)	(36.7%)	M
2,038,700	2,023,000	(15,700)	(0.8%)	M
134,500	134,500	0	0.0%	L
(82,900)	(101,000)	(18,100)	(21.8%)	M
1,171,100	1,185,200	14,100	1.2%	L
1,315,800	1,256,300	(59,500)	(4.5%)	M

**TOTAL**

**6,209,763      5,636,933      (311,683)      (5.0%)**

**22,564,023      22,739,600      175,577      0.8%**

Total Value of Remedial Action (from Analysis Below)

(408,600)

Total Net Forecast Outturn (after remedial action)

**22,564,023      22,331,000      (233,023)      (1.0%)**

Note All figures included above exclude Capital Charges, Levies and Insurances

0

Income/underspends is shown in brackets and expenditure/overspends without brackets

**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
2	The HR, Legal and Performance Management budget is currently forecast to be under-recovered. This is due to restructuring to achieve savings which have yet to implemented.	141,800
3	The budget for this item will be transferred at year-end and will be equal to what has been spent.	343,600
6	The service are holding vacancies where possible in order to prepare for saving requirements in future years.	(62,900)
9	The overspend is split into two elements. Of the £165,000, £100,000 was initially a recommended 14/15 budget saving. This saving was based on the AMS Property Service creating Business Partners with other PCC Services' Property Departments, providing a more efficient service and creating a reduction in staff. However, following the splitting of AMS, this saving can no longer be achieved. The further overspend of £65,000 covers the balance of the funding previously agreed for a 1 year project to review the property portfolio assets. This funding was previously approved but currently is held within the Resources Portfolio Reserve awaiting transfer into the budget.	165,000
11	The Tower continues to report an improvement in trading activity.	(100,000)
16	These variances represent the difference between housing benefit paid out to private tenants and council house tenants and the government subsidy received for these purposes. The total value of benefits paid exceeds £100m, therefore subtle variations in factors can result in material variances.	23,200
Page 64	The local welfare assistance scheme is a fund that is being used to support those in greatest need, providing help towards the funding mainly of white goods & furniture for resettlement & a small proportion for emergencies and exceptional expenses. This underspend represents a refund from 2013/14 of £106,500, plus an estimated underspend in this financial year amounting to £140,000 based on last years position. The resources meeting of 17th July 2014 agreed the use of £90,000 of this underspend for provision in 2015/16 to provide matched funding for the "Fresh Start" bid to the Big Lottery.	(246,500)
23	Represents an unfilled vacancy which will be offered as a saving in 2015-16.	(59,500)
	Other minor variances	(29,123)
	<b>TOTAL PROJECTED VARIANCE</b>	<b>175,577</b>

Remedial Action	Value of Remedial Action
A planned release from the MTRS Reserve will fully meet the costs of the approved Transformation Business Cases.	(343,600)
Awaiting approval to release £65,000 from the Resources Portfolio Reserve which will meet the overspend on the review of the Property Portfolio. The £100,000 overspend has been referred to Members for a decision on the course of action to take.	(65,000)
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>(408,600)</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Traffic & Transportation  
 BUDGET 16,594,392

**TOTAL CASH LIMIT 16,594,392**

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED June 2014

Risk indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Off-Street Parking
2	Tipner Park and Ride
3	Road Safety & Sustainable Transport
4	Network Management
5	Highways Infrastructure
6	Highways Routine
7	Highways Street Lighting (Electricity)
8	Highways Design
9	Travel Concessions
10	Passenger Transport
11	Integrated Transport Unit
12	School Crossing Patrol
13	Transport Policy
14	Feasibility Studies
15	Tri-Sail Maintenance
<b>TOTAL</b>	

BUDGET PROFILE 2014/15			
Budget Profile To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014	
£	£	£	%
(488,281)	(913,512)	(425,231)	(87.1%)
(13,759)	56,196	69,955	508.4%
44,094	62,536	18,442	41.8%
152,900	138,465	(14,435)	(9.4%)
1,324,794	1,337,569	12,775	1.0%
777,584	704,259	(73,325)	(9.4%)
240,542	265,302	24,760	10.3%
(18,474)	(17,002)	1,472	8.0%
974,475	971,547	(2,928)	(0.3%)
(456,623)	(568,473)	(111,850)	(24.5%)
32,657	31,863	(794)	(2.4%)
86,280	63,272	(23,008)	(26.7%)
21,887	(102)	(21,989)	(100.5%)
97,998	126,000	28,002	28.6%
9,726	6,423	(3,303)	(34.0%)
<b>TOTAL</b>		<b>(521,457)</b>	<b>(18.7%)</b>

<b>Total Value of Remedial Action (from Analysis Below)</b>	(341,421)
<b>Total Net Forecast Outturn (after remedial action)</b>	340,144

BUDGET FORECAST 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(2,204,067)	(1,809,375)	394,692	17.9%	H
-	-	0	-	M
202,411	202,411	0	0.0%	M
567,374	570,494	3,120	0.5%	H
9,276,602	9,276,602	0	0.0%	L
3,140,470	3,140,470	0	0.0%	L
1,130,585	1,470,729	340,144	30.1%	H
(54,916)	(73,307)	(18,391)	(33.5%)	M
4,016,310	4,010,310	(6,000)	(0.1%)	M
(169,902)	(171,902)	(2,000)	(1.2%)	H
120,047	120,047	0	0.0%	L
346,100	316,100	(30,000)	(8.7%)	L
143,497	143,497	0	0.0%	L
40,981	40,981	0	0.0%	L
38,900	38,900	0	0.0%	M
<b>TOTAL</b>	<b>17,275,957</b>	<b>681,565</b>	<b>4.1%</b>	
		<b>(341,421)</b>		
<b>TOTAL</b>	<b>16,934,536</b>	<b>340,144</b>	<b>2.0%</b>	

Note All figures included above exclude Capital Charges, Levies and Insurances  
 Income/underspends is shown in brackets and expenditure/overspends without brackets

**REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15**

Item No.	Reason for Variation	Variance £
1	Projected savings in the Parking Service have not yet been fully achieved. This will be offset by a transfer from the Off-Street Parking Reserve.	394,692
7	The installation of LED lights was expected lead to significant savings in Street Lighting electricity. However, this project is currently delayed due to negotiations with the PFI contractor.	340,144
12	Previous difficulties in recruiting School Crossing Patrol staff are still being experienced despite continued recruitment activity.	(30,000)
	Other Variances	(23,271)
<b>TOTAL PROJECTED VARIANCE</b>		<b>681,565</b>

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
A transfer from the Off-Street Parking Reserve will be required at year-end.	(341,421)
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>(341,421)</b>



# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2014

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

COMMITTEE Governance, Audit and Standards Committee

BUDGET 416,200

**TOTAL CASH LIMIT 416,200**

CHIEF OFFICER Michael Lawther

MONTH ENDED June 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Municipal Elections
2	Registration Of Electors
3	Registrar of Births, Deaths & Marriages
<b>TOTAL</b>	

BUDGET PROFILE 2014/15				
Budget To End June 2014	Actual To End June 2014	Variance vs. Profile To June 2014		
£	£	£	%	
40,755	112,555	71,800	176.2%	
44,747	35,823	(8,924)	(19.9%)	
(27,192)	(130,494)	(103,302)	(379.9%)	
<b>58,310</b>	<b>17,884</b>	<b>(40,426)</b>	<b>(69.3%)</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>				
<b>Total Net Forecast Outturn (after remedial action)</b>				

BUDGET FORECAST 2014/15					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
144,400	146,600	2,200	1.5%		L
295,000	295,000	0	0.0%		M
(23,200)	(75,000)	(51,800)	(223.3%)		M
<b>416,200</b>	<b>366,600</b>	<b>(49,600)</b>	<b>(11.9%)</b>		
		0			
<b>416,200</b>	<b>366,600</b>	<b>(49,600)</b>	<b>(11.9%)</b>		

Note All figures included above exclude Capital Charges, Levies and Insurances  
Income/underspends is shown in brackets and expenditure/overspends without brackets

### REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Minor variations to budget	2,200
3	It is expected that the Registrars will deliver an underspend at the end of the financial year due additional income for the chargeable services that it delivers. A conscious decision has been made to preserve these savings to support other pressures within the portfolio. Going forward this additional income will help the service achieve future increased income targets as a contribution to the City Council's budget savings strategy.	(51,800)
<b>TOTAL PROJECTED VARIANCE</b>		<b>(49,600)</b>

Remedial Action	Value of Remedial Action
<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets









