



**Policy, Finance and  
Development  
Committee**

**Tuesday, 01  
November 2016**

**Matter for Information**

**Title: Overall Budget Position – April to August 2016**

**Author: Martin Hone (Interim Chief Financial Officer / Section 151 Officer)**

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## **1. Introduction**

This report provides Members with details of the Council's budgetary position for the General Fund, Housing Revenue Account and Capital Programme for the period April to August 2016.

In addition any supplementary requests which require approval by this committee are provided in line with the Council's Financial Regulations as approved by Council.

## **2. Recommendations**

That Members note the current position.

## **3. Information**

- 3.1 In February 2015 the Council approved a General Fund Budget for 2015/16 of £6,414,876. This would leave a General Fund Balance of £885,000, which is well above the recommended level of 5% of the net budget.
- 3.2 A summary of the overall General Fund budget is outlined in the table below, this includes virements and supplementary budgets approved by management under the Financial Regulations and budgets from 2015/16 approved to be carried forward by the Policy, Finance and Development Committee on 19 July 2016.
- 3.3 The predicted outturn position is based on actual expenditure of the first five months of the financial year. Subsequent financial reviews will give further updates on these positions.

In order to show the Council's progress in meeting its savings and efficiency targets for the year, these have been pulled out of the committee totals and shown separately in the table below.

Details of committee variances are reported to separate committees.

*(Continued overleaf)*

Committee	Original Budget 2015/16	Budgets c/f from 2014/15	Approved Budget Changes	Revised Budget 2015/16
	£	£	£	£
Policy Finance and Development	2,625,960	33,700	8,000	2,667,660
Service Delivery	3,628,050	0		3,628,050
Development Control	520,200	9,180	(50,000)	479,380
Children and Young Persons	11,800	0	0	11,800
Licensing	61,160	0	0	61,160
Salaries over/(underspend)			(377,000)	(377,000)
Efficiency Savings Targets	(765,000)		419,000	(346,000)
<b>Net Committee Expenditure</b>	<b>6,082,170</b>	<b>42,880</b>	<b>0</b>	<b>6,125,050</b>
Capital Financing	626,660	0		626,660
Contributions to/(from)				
Earmarked Reserves	(293,954)	(42,880)		(336,834)
<b>Net Expenditure</b>	<b>6,414,876</b>	<b>0</b>	<b>0</b>	<b>6,414,876</b>

- 3.4. The table shows the current overall budget position at the end of August, there is no change to the overall net expenditure. This is because the savings and efficiency targets set as part of the budget setting process have not been fully met. The Council can identify a total of £419,000 of savings and efficiencies due to be made this year leaving a further £346,000 to find in order to meet the in year target.
- 3.5. The above figures include the Council General Fund salary, hired staff and overtime budget which is currently showing a potential saving of £377,000 as part of the vacancy savings target. These savings will need to be built into any future restructures so that they are sustainable going forward.
- 3.6. There has also been an increase in the expected planning income during the year. This year's budgeted target has already been exceeded. This is due to a number of high value planning applications that the Council has received this year. A full review of the outturn position will take place as part of the budget setting process however it can be expected that income receipts will return to a normal level giving a contribution to this year's targets of £50,000. Planning fees are a volatile, demand driven, income stream which should be seen as a one off rather than a sustainable reduction in net expenditure for future years.

Recycling Disposal income and Building Control fees, both volatile sources of income which have affected the Council's outturn position in previous years, are holding their own against this year's budgeted targets.

### 3.6. Housing Revenue Account (HRA)

The Council's Housing Revenue Account budget was set in February 2016 estimating a budget deficit of £151,000 would be made after appropriations to earmarked reserves, leaving a balance on the reserve of £442,000. This was in line with the Council's Housing Revenue Account Business Plan.

*(Continued overleaf)*

	Original Budget 2016/17	Expenditure Budgets c/f from 2015/16	Increases/ Decreases in Budgets	Estimated Outturn 2016/17
	£	£	£	£
Net Costs of Services on the HRA	(881,610)	14,330	25,200	(842,080)
Capital Charges	538,480			538,480
Revenue Contribution to Capital	494,000	656,000		1,150,000
<b>Deficit movement in year</b>	<b>150,870</b>	<b>670,330</b>	<b>25,200</b>	<b>846,400</b>
Actual Balance b/f on Housing Revenue Account - 1 April 2015	(1,346,070)			(1,346,070)
Budgeted Deficit in Year	150,870	670,330	25,200	846,400
<b>Balance c/f on Housing Revenue Account</b>	<b>(1,195,200)</b>	<b>670,330</b>	<b>25,200</b>	<b>(499,670)</b>

The HRA has currently a predicted balance at 31 March 2017 of £500,000 keeping it above the minimum balance of £300,000 recommended by the business plan.

### 3.7. HRA Business Plan

It has been reported at previous Committees that the Government, in the July 2015 Budget, proposed significant changes to Housing finance. The most immediate of these was the 1% decrease in dwellings rent, from April 2016, with year on year decreases until 2020/21 at which point rents should be allowed to increase in line with inflation. This change has been built into the Councils Business Plan for 2016/17

The Government also announced as part of the 2015 Budget a new 'void sale levy' which it would impose on authorities as well as the intention to make higher income tenants 'pay to stay' in their council homes. Since July 2015 there has been a paucity of detail surrounding these proposal and as a result Councils have been unable to build these into their business plans. Incorporation into the business plan will be completed once full proposals are known, however both will provide significant financial and administrative challenges for the HRA

In May 2016 the Government issued a consultation relating to technical accounting issues surrounding the Finance Settlement. These related to the reversal of impairment out of the HRA and the treatment of depreciation and major repairs allowance. The results of this consultation have not yet been published. However it is likely that impairment will continue to be reversed out of the HRA while the Major Repairs Allowance will cease to be used a proxy for depreciation. Once these changes have been firmed up they will be incorporated into the Council's Business Plan.

The above changes will have an effect on the future spending plans for the HRA. It is likely that the short to medium term plans of the authority will need to be revisited, in particular the capital programmes which will need to be financially realistic and manageable.

### 3.8. Capital Programme

A summary of progress on the capital programme is contained in Appendix 1 to this report.

Implications	
<b>Financial</b> (CR)	As set out in the report.
<b>Legal</b> (AC)	No significant implications.
<b>Risk</b> (CR)	CR1 - Decreasing Financial Resources CR9 - Economy
<b>Equalities</b> (AC)	No significant implications.
	Equality Assessment:-
	<input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable