

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards None	Mandatory	(a) Be entirely within Cabinet's powers to decide YES (b) Need to be recommendations to Council NO (c) Be partly for recommendations to Council NO and partly within Cabinets powers –		
Lead Member: Councillor Nick Daubney E-mail: clr.nick.daubney@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Lorraine Gore E-mail: Lorraine.gore@west-norfolk.gov.uk Direct Dial: 01553 616432		Other Officers consulted: Management Team		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) NO	Equal Opportunities Implications NO	Risk Management Implications YES

Date of meeting: 12 January 2016

BUDGET 2015/2016 - MONITORING

Summary

This report updates the 2015/2016 revenue estimates and the projections for 2016 to 2018. These figures will form the base on which the new Financial Plan 2015/2020 will be formulated for council tax setting purposes in February 2016.

Recommendations

It is recommended that Cabinet approve:

- 1) The changes, transfers to/from reserves and revised revenue estimates for 2015/2016 as detailed in section 1 of the report.

Reason for Decision

Formal approval is required by Cabinet for the amendments to the 2015/2016 revenue estimates. The amendments have been reported to members as part of the monthly monitoring reports for April to September 2015 and are summarised in section 1 below.

1. The Revenue Estimates 2015/2016

- 1.1 The original budget 2015/2016 was approved by Council on the 26 February 2015. Throughout the year the Assistant Director (S151 Officer) has monitored the budget and, where necessary, Executive Directors have sought approval for additional budget provision. The purpose of this report is to formally establish base estimates and projections on which a revised Financial Plan for 2015/2020 can be built. This will leave the report to Cabinet and Council in February 2016 to focus on future years.
- 1.2 Following the retirement of the Deputy Chief Executive in April 2015 the resources portfolio has been reallocated over the remaining service areas.

Original Budget 2015/2016

	Original Budget 2015/2016	Reallocation of Resources Service Area	Restated Original Budget
	£	£	£
Corporate	1,216,270	0	1,216,270
Democracy	1,413,810	0	1,413,810
Services Areas:			
Central and Community Services	4,300,040	(312,640)	3,987,400
Chief Executive	3,749,290	2,442,790	6,192,080
Commercial Services	5,291,530	(933,760)	4,357,770
Environment and Planning	2,265,070	0	2,265,070
Resources	1,196,390	(1,196,390)	0

September Monitoring 2015/2016

	September Monitoring 2015/2016	Reallocation of Resources Service Area	Restated September Monitoring
	£	£	£
Corporate	1,151,610	0	1,151,610
Democracy	1,413,540	0	1,413,540
Services Areas:			
Central and Community Services	4,322,140	(291,620)	4,030,520
Chief Executive	3,735,370	2,239,750	5,975,120
Commercial Services	5,608,740	(1,019,190)	4,589,550
Environment and Planning	2,183,280	0	2,183,280
Resources	928,940	(928,940)	0

- 1.3 The variances between the approved original budget and revised budget have been detailed in the monthly Monitoring Reports for April to September 2015, which have been distributed to members. The adjustments are summarised below:

	Restated Original Budget 2015/2016	Restated September Budgetary Control Monitoring 2015/2016	Movement between Service Areas	Cost Reduction Programme (detailed in 3.1)	Variance adverse/ (favourable) Paragraph 1.3 below refers
	£	£	£	£	£
Corporate	1,216,270	1,151,610	44,510	19,020	(128,190)
Democracy	1,413,810	1,413,540	(210)	0	(60)
Services Areas:					
Central and Community Services	3,987,400	4,030,520	108,780	(13,030)	(52,630)
Chief Executive	6,192,080	5,975,120	5,090	(5,990)	(216,060)
Commercial Services	4,357,770	4,589,550	51,720	(15,810)	180,060
Environment and Planning	2,265,070	2,183,280	(27,150)	0	(54,640)
Financing Adjustment	(5,183,270)	(5,430,010)	(182,740)	0	(64,000)
Internal Drainage Boards	2,632,700	2,619,710	0	0	(12,990)
Special Expenses	109,210	109,210	0	0	0
Council Tax Support to Parishes	103,700	103,700	0	0	0
Borough Spend	17,094,740	16,746,230	0	0	(348,510)
Contribution to Balances adjusted for movements detailed in 1.4 below	975,950	1,324,460			
Borough Requirement	18,070,690	18,070,690			

- 1.4 Over the period April to September 2015 service managers have continued to take every opportunity to reduce costs and increase income in line with the now embedded culture of active management of service costs. A summary of the budget movements is shown below.

Detail	Monitoring Report	£
Utility Costs - overall reduction	June & July	(98,870)
NNDR Discretionary Rate Relief	June	(88,210)
Hunstanton Promenade	June	10,000
Kings Court pigeon netting	August	15,000
Internal Drainage Board Levies	August	(12,990)
Turnover savings - amount achieved in excess of £150,000 target	September	(135,550)
Pay Contingency	September	(210,000)
Old Cattle Market car park transfer to Capital	September	85,000
Careline adverse variance	September	30,000
Payroll Processing contract saving	September	(10,000)
Additional Car Park Income	September	(130,000)
Leisure Services Management fee – impact of pay policy for joint employees	September	28,690
Support service costs – correction of budget duplication	September	313,220
Public and Open Space adverse variance	September	13,400
Tech Team adverse variance	September	16,560
Revenues and Benefits services review	September	(110,760)
Investment Return	September	(64,000)
Total Reduction in Borough Spend		(348,510)
Impact on Funding Increase in contribution to the General Fund Balance		(348,510)

1.5 The impact on the General Fund Balance in 2015/2016 is detailed in the table below:

	£
Original Budget 2015/2016 contribution to the General Fund Balance	(975,950)
Increased contribution to the General Fund Balance from service movements detailed in 1.3 above	(348,510)
Net contribution to the General Fund Balance in 2015/2016	(1,324,460)

The net changes to the budget as at 30 September 2015 results in a contribution to balances of £1,324,460 in 2015/2016 compared to a contribution of £975,950 originally included in the budget 2015/2016 as approved at Council on 26 February 2015. The general fund balance is detailed in 4.2 below.

1.6 In addition to the movements detailed in 1.3 above the following variances, summarised in the table below, have been reported and all additional costs have been offset by reduced expenditure and transfers to/from reserves within service areas:

Detail	Monitoring Report	2015/2016 £
General Properties Repair Reserve – £40,500 has been spent to fund the survey costs of asbestos	April to August	40,500
Second Homes Council Tax Projects – Care and Repair received £20,000 from the Corporate Reserve to cover the cost of an Occupational Therapist. This is to enable the faster processing of Disabled Facility Grant applications.	April to August	20,000
Care and Repair LIST – A transfer is made from reserves of £2,420 towards funding the Handy Person service.	April to August	2,420

Detail continued	Monitoring Report	2015/2016 £
Borough Elections – a transfer from reserves to cover the cost of implementation of individual election registration. Grant funding received in 2014/2015 was transferred to reserves as part of the closedown of the accounts for 2014/2015.	April to August	61,414
Coastal Emergencies Reserve – £4,500 brought forwards from 2014/2015 to cover the cost of radio telephone equipment.	April to August	4,500
Revenues and Benefits - Grant funds of £55,600 were transferred to reserve at closedown of 2014/2015 and the monies have now been drawn from reserve for use in 2015/2016.	September	55,600
Local Land Charges - £45,000 has been transferred from reserves towards Land Charges compensation payments.	September	45,000
Hanse Festival - The Hanse Festival £46,000 has been drawn from reserves to fund the Hanse Festival.	September	46,000
Total		275,434

- 1.7 Any further movements which may be identified as part of the ongoing monitoring process will be reported in the monthly monitoring reports and Cabinet updated as part of the Budget Report in February 2016.

2. Projections 2017 to 2018

- 2.1 The projections 2016/2017 to 2017/2018 were also approved by Council on the 26 February 2015. The projections have been updated as part of the monthly monitoring process for those areas identified in 2015/2016 which have an ongoing impact in future years. The movements are summarised in the tables below.

2.2 Projection 2016/2017

As detailed in 1.2 above the Resources Service budgets have been reallocated for both the current financial year and the projection 2016/2017 and 2017/2018. The table below and in section 2.4 show the restated position.

	Restated Projection 2016/2017	Restated Projection September Monitoring	Movement between Service Areas	Cost Reduction Programme (detailed in 3.1)	Variance Adverse/ (Favourable)
	£	£	£	£	£
Corporate	1,098,280	997,570	(120,640)	19,750	0
Democracy	1,448,840	1,448,780	0		(60)
Services Areas:					
Central and Community Services	4,228,110	4,357,100	152,750	(13,760)	(10,000)
Chief Executive	5,001,570	4,835,900	5,220	(5,990)	(164,900)
Commercial Services	4,735,510	5,113,050	150,800	0	226,740
Environment and Planning	2,383,940	2,378,050	(5,570)	0	320
Financing Adjustment	(3,852,140)	(4,034,880)	(182,740)	0	0
Internal Drainage Boards	2,685,170	2,685,170	0	0	0
Special Expenses	93,770	93,770	0	0	0
Council Tax Support to Parishes	96,440	96,440	0	0	0
Borough Spend	17,919,490	17,970,950	0	0	51,460
Contribution to Balances adjusted for movements detailed in 2.6	218,360	166,900			
Borough Requirement	18,137,850	18,137,850			

- 2.3 In 2016/2017 the net changes to the projection arising from the ongoing implications from changes to the budget in 2015/2016 on the General Fund Balance are detailed in the table below:

	£
Original Budget 2016/2017 contribution to the General Fund Balance	(218,360)
Reduction in contribution to the General Fund Balance from service movements detailed in 1.3 above	51,460
Net contribution to the General Fund Balance in 2016/2017	(166,900)

2.4 Projection 2017/2018

	Restated Projection 2017/2018	Restated Projection September Monitoring	Movement between Service Areas	Cost Reduction Programme (detailed in 3.1)	Variance Adverse/ (Favourable)
	£	£	£	£	£
Corporate	2,522,090	2,434,860	(107,500)	20,270	0
Democracy	1,472,010	1,471,950	0		(60.00)
Services Areas:					
Central and Community Services	4,084,750	4,240,260	179,790	(14,280)	(10,000)
Chief Executive	5,044,140	4,901,360	5,240	(5,990)	(142,030)
Commercial Services	4,773,740	5,107,250	110,790	0	222,720
Environment and Planning	2,489,350	2,483,450	(5,580)	0	(320)
Financing Adjustment	(3,251,720)	(3,251,720)	(182,740)		0
Internal Drainage Boards	2,738,890	2,738,890	0	0	0
Special Expenses	80,350	80,350	0	0	0
Council Tax Support to Parishes	89,690	89,690	0	0	0
Borough Spend	20,043,290	20,113,600	0	0	70,310
Contribution (from) Balances adjusted for movements detailed in 2.6	(2,142,310)	(2,212,620)			
Borough Requirement	17,900,980	17,900,980			

- 2.5 In 2017/2018 the net changes to the projection arising from the ongoing implications from changes to the budget in 2015/2016 on the General Fund Balance are detailed in the table below:

	£
Original Budget 2017/2018 draw from the General Fund Balance	2,142,310
Draw from the General Fund Balance from service movements detailed in 1.3 above	70,310
Net contribution to the General Fund Balance in 2017/2018	2,212,620

- 2.6 The main reasons for the changes within the projections have been reported in the monitoring reports for April to September 2015 and are summarised below:

Detail	Monitoring Report	Projection 2015/2016 £	Projection 2016/2017 £
Utility Costs - overall reduction	June	(104,460)	(£108,510)
NNDR Discretionary Rate Relief	June	(88,210)	(88,210)
Revenues and Benefits services review	September	(76,630)	(53,760)
Payroll Processing contract saving	September	(10,000)	(10,000)
Support service costs – correction of budget duplication	September	330,760	330,790
Total Increase in Borough Spend		51,460	70,310
Impact on Funding Increase in draw from the General Fund Balance		51,460	70,310

- 2.7 The revised projections will be further reviewed as part of the current estimates process and form the base on which the new Financial Plan 2015/2020 will be calculated for council tax setting purposes in February 2016.

3. Cost Reduction Programme

3.1 The Financial Plan 2015 2020 as approved by Council on the 26 February 2015 included a cost reduction target of £320,000 per year.

3.2 The savings reported in the monitoring reports to September 2015 are:

		2015/2016 £	2016/2017 £	2017/2018 £
Corporate Management Team	A saving is reported due to a reduction in the cost of Management Team. This is as a result of the Executive Director of Commercial Services moving to part time working.	15,810	20,040	20,800
Chanel Shift	As part of the Corporate Chanel Shift strategy the Council Information Centre (CIC) has implemented an online benefits form which has resulted in a staffing requirement reduction.	13,030	13,760	14,280
Procurement	As part of the Corporate Procurement strategy 'Tail Spend' review the confidential shredding contract has been re-negotiated, this service is now being carried out at £0 cost to the Council.	5,990	5,990	5,990
TOTAL		34,830	39,790	41,070

3.3 The Cost Reduction Programme is ongoing and further savings will be reported through the monthly monitoring reports.

3.4 A further £52,180 of savings has been reported as part of the October monitoring report. This saving relates to the re-organisation of Corporate Management Team.

3.5 Additional in-year/turnover savings will also be reported alongside the implementation of the Channel Shift initiatives later in the year.

4. General Fund Balance and Reserves

4.1 The revised opening general fund balance for 2015/2016 and the impact of the changes to the budget and projections as detailed in this report are detailed in the tables below. It is not usual practice for the Council to hold the general fund working balance at a high level but over the recent period the current levels have allowed the Council a degree of protection in the current volatile environment. The higher working balance together with the outcomes of the cost reduction programme has allowed the Council to cope with significant changes.

- 4.2 The table below shows the impact on the general fund balance from the changes detailed in this report.

	2015/2016	2016/2017	2017/2018
	£	£	£
General Fund Balance brought forward 1 April 2015 as per the Statement of Accounts report to Cabinet on the 9 September 2015	(3,797,029)	0	0
(16/17 and 17/18 estimated carry forwards)	0	(5,121,489)	(5,288,389)
Estimated (Contribution to)/Draw from Balances approved at Council 26 February 2015	(975,950)	(218,360)	2,142,310
(Contribution to)/Draw from Balances - updated for monitoring to September 2015 and detailed at tables 1.3 and 2.6	(348,510)	51,460	70,310
Balance carried forward	(5,121,489)	(5,288,389)	(3,075,769)
Minimum requirement set at Council 26 February 2015			
5% of Budget Requirement	(903,535)	(906,893)	(895,049)
Bellwin	(34,246)	(34,246)	(34,246)
Balance Required	(937,781)	(941,139)	(929,295)

- 4.3 These figures are a projection of the existing Financial Plan and do not take into account the ongoing cost reduction initiatives. The table will be revised as part of the refreshed Financial Plan 2015/2020 which will be presented to Cabinet and Council in February 2016.

5. Policy Implications
None

6. Statutory Considerations
None

7. Consultations
Management Team

8. Access to Information
Cabinet Reports
The Financial Plan 2014/2018
Monthly Monitoring Reports 2015/2016
Statement of Accounts 2014/2015