

Breckland Council

Financial report for the quarter ending 31 March 2015

This report has three sections

- Section 1 – Revenue budget
- Section 2 – Capital budget
- Section 3 – Treasury update

Section 1 - Revenue

Table 1a – Comprehensive Financial Picture

	Budget £'000	Actual Out-turn £'000	Actual Variance £'000
Gross Spend	66,567	67,990	1,423
Gross Income	(53,863)	(55,315)	(1,452)
Net position	12,704	12,675	(29)

Table 1b - Revenue Outturn

	Budget £'000	Actual Out-turn £'000	Actual Variance £'000
Cost of Services			
Place	1,701	1,775	74
Commissioning & Governance	8,998	8,812	(186)
Housing Benefits	(341)	(293)	48
Contributions to/from reserves	1,576	1,629	53
Appropriations	770	752	(18)
Total Cost of Services	12,704	12,675	(29)
Funding			
Government grants	(6,540)	(6,595)	(55)
Council Tax	(2,680)	(2,960)	(280)
Retained NNDR	(3,484)	(3,368)	116
Total Funding	(12,704)	(12,923)	(219)
Contribution (to) the General Fund	-	(248)	(248)

Significant variances are detailed over the page.

Salaries

The budgeted vacancy factor for 2014-15 is 3%. The achieved vacancy factor is 6.65% generating a below budget spend which is already included in the outturn detailed in the table above.

Table 2 - Significant Variances

Cost Centre	Expenditure (Under)/ Over Budget £	Income (Over)/ Under Budget £	Comments
PFI	1,462	(238,395)	Additional income of £238k relating to the change to NPDO in 14-15 (which offsets lost income within retained NNDR) and below budget joint use charges.
ARP Direct Budgets	-	(135,083)	Unbudgeted Government grants have been received for various initiatives. There are no plans to draw on these grants at this stage, but these may be required in the future & could be recurring. An additional £30k law court costs were recovered compared to budget.
Commercial Property	136,151	(9,235)	Additional income & reduced rates costs resulting from increased occupancy which has been partly included in future budgets & the MTFP. Offset by a bad debt provision made in 14-15.
Exchange Rate and Impairment	-	119,220	Exchange rate losses and impairment relating to the Icelandic investments held in Escrow accounts
Contributions to/from reserves	39,419	-	Above budget contributions from reserves which offset below budget spend elsewhere within the report.
Housing Benefit Claims	(32,585)	79,986	Final claim completed and net out-turn of £47k income below budget, however overall this is a small value variance compared to the overall gross budget of £37m and net income is £93k above original budget set
Asset Management (incl LABV & Land Sales)	86,358	(49,631)	Above budget staffing & LABV costs. Additional income from release of restrictive covenants in year
Development Control	57,426	(90,726)	Additional spend in respect of a provision made for planning costs awarded. Above budget income relating to planning application fees and District Valuers fees.
HR – BTS	30,979	-	Additional spend to provide training & events.
HR	85,057	(55,957)	Some additional spend offset by additional rechargeable works income to SHDC, remaining above budget spend mainly relating to system implementation and software costs not covered by the capital budget
Waste & Recycling	-	(28,835)	Above budget recycling income in all areas due to additional tonnages and the impact of the MRF contract.
ICT	-	(26,598)	Additional recharge income received in year
Other miscellaneous	11,583	(14,170)	Other small value variances.
Housing Option	48,006	(45,747)	Additional spend on temporary accommodation, offset by above budget B&B income and below budget spend on homeless prevention
Thetford growth point	1,793,907	(1,791,765)	Expenditure incurred is primarily for the town centre improvement project. This is drawn down from external funding with a corresponding entry under income, which offsets the expenditure.
LEGE Project	(691,134)	691,134	Spend is fully offset by income
ARP Partnership	(143,642)	143,642	Variances offset to nil

Cost Centre	Expenditure (Under)/ Over Budget £	Income (Over)/ Under Budget £	Comments
Council Tax	-	(279,575)	Breckland share of additional council tax receivable (i.e. from additional houses, etc), this is not recognised in the current year & is fully offset by above budget appropriation, and is recognised in future years instead
Retained NNDR	-	115,960	Breckland share of the year end deficit on the retained NNDR scheme, this is not recognised until in the current year & is fully offset by the appropriations code & is recognised in future years instead
Government Grants		(55,358)	Income of £53k relating to the old HB scheme has been received and there are currently no plans from DWP to request repayment of these amounts.
TOTAL	1,422,987	(1,671,133)	(£248,146) Year end saving against budget

Table 3 - Collection Funds

Council Tax	Budget	Actuals	Variance
Council Tax Base	38,014	40,435	2,421
Council Tax Collection Rate	98.5%	97.8%	(0.7%)

The Council Tax collection fund account has a surplus of £2.9m overall (or 5.2%), with Breckland's share being £280k. This surplus is not recognised until future financial years. This surplus is due to a higher tax base than budgeted which has arisen from additional properties and also a full years history of the localised council tax support scheme and technical changes, allowing more accurate forecasting. The additional properties will also bring extra income next year in the form of New Homes Bonus income.

Retained NNDR	Budget £'000	Actuals £'000	Variance £'000
Net retained NNDR income	(3,484)	(3,368)	116
Renewable Energy income retained directly	(75)	(152)	(77)

The retained NNDR collection fund account has a deficit of £708k overall, with Breckland's share being £283k. This deficit is mainly due to additional appeals made in the last quarter and a refund relating to the NPDO which is offset in the revenue budgets. The cost of the levy payable on the 14-15 growth is £598k and will be paid into the Norfolk NNDR pool (and is included in the retained NNDR variance in table 2). The Norfolk NNDR pool will be used to fund economic growth initiatives across the county.

Table 4 - Virement Decisions Required

The following budget amendments are recommended to Full Council.

Supplementary Budget virements for approval:	£
Contribution of the actual year end out-turn to the organisational development reserve funding the transformation programme	248,000

Other Risks

The following areas are risks which the Council is facing, but the actual financial implications have not yet been quantified:

- The NCC second homes income may be reduced in future years, leaving the Pride budgets with lower funding levels.
- Additional costs for IER (Individual Electoral Registration) may cause pressure in future years, but this is not yet quantified.

Actions/Decisions

- None

Section 2 - Capital

Table 1 - Progress against 14-15 approved capital programme

	Budget 2014-15 £	Actual Out-turn £	Actual (under)/overspend £
Commissioning & Governance			
ICT & Organisational Change	1,071,399	307,450	(763,949)
Grants	146,117	43,985	(102,132)
Property (Land & Buildings)	418,151	418,151	-
Not yet released	498,788	-	(498,788)
Total Commissioning & Gov.	2,134,455	769,586	(1,364,869)
Place			
Property (Land & Buildings)	1,092,468	692,810	(399,658)
ICT & Organisational Change	11,570	9,709	(1,861)
Grants	1,047,281	895,592	(151,689)
Not yet released	11,809	-	(11,809)
Total Place	2,163,128	1,598,111	(565,017)
TOTAL	4,297,583	2,367,697	(1,929,886)

Actual outturn £2,367,697 or 55%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to 2015-16 £	
ICT Strategy		(243,850)	Funding carry over requested for refresh project elements which will carry on into next year.
Environmental Health IT		(158,630)	Shared ICT project including payment portal, mobile working and single platform will now run into 2015-16.
Other IT projects		(406,470)	Shared manager IT, PSN compliance & infrastructure projects have started but will complete in 2015-16.
Match Funding projects		(330,921)	£102k relates to projects in progress and funding committed the remaining £229k is unallocated, budget required in 2015-16.
Performance system		(25,000)	Options are being researched and specification being drawn up, project will continue into 15-16
Leisure Joint Use Agreement		(200,000)	Negotiations are still on-going and will now continue into 2015-16
Transfer of play areas		(246,211)	Transfer is in progress but will not complete until 2015-16
Commercial Property Acquisition		(146,254)	Purchase is currently in progress but will not complete until 2015-16
Anchor Demolition	(9,044)		Demolition & related works are complete
Disabled Facilities Grants (DFG's)	(168,098)		These grants are demand led and the 14-15 spend is less than anticipated
Decent Homes Grants		16,409	This is a finite pot & therefore the overspend in 14-15 reduces the amount available in 15-16
Commercial Property Rolling Maintenance		(11,809)	A small under spend in 14-15 will result in more budget available in 2015-16
Other	(861)	853	Other small value variances
Total	(178,003)	(1,751,883)	= (1,929,886)

Virements this qtr:

- None

Risks:

- The funding for DFG's is now received from the "Better Care Fund" and therefore the 15-16 & future years allocations are not certain.

Actions/Decisions

- No decision is required as the capital out-turn report to Full Council on 21 May 2015 requests approval of the capital funding and capital programme carry forwards.

Section 3 – Treasury

Security

The low actual risk for the Council's portfolio of investments reflects its cautious approach to counterparty selection which in turn is reflected in low investment returns.

	Maximum risk level	Actual risk level	Variance
Investments maturing in < 1 year	0.060%	0.010%	0.050%
Investments maturing between 1 - 2 years	0.060%	n/a	-
Investments maturing between 2 - 3 years	0.080%	n/a	-

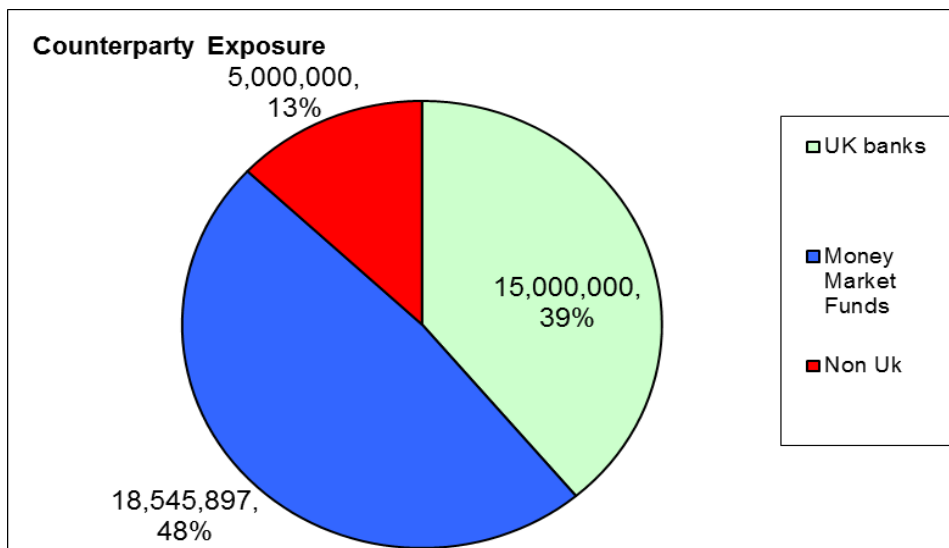
Liquidity

The Council had an average of £27.2m instant access cash available during the reporting period. This is in excess of the working capital sum of £5m required but reflects the instant access nature of deposits in money market funds and the relative weakness of counterparty ratings not allowing longer term deposits. The council did not use its overdraft facility in this reporting period.

Yield

	Budget	Out-turn	Variance
Interest receivable 2014-15	£203,770	£217,895	(£14,125)
Yield (3 month LIBID ¹)	0.428%	0.506%	(0.078%)

Whilst our counterparty list remains small for the size of deposit our policy allows, we continue to explore other options in order to achieve higher returns on the cash held. Money Market Funds (MMFs) continue to allow us to spread risk over separate institutions as each MMF has its own credit rating.



Because of the limited counterparty list – 39% of investments are instant access or held with MMF's.

The highest earning MMF is 0.43% (as at 31/03/2015)

Icelandic Update

During this year to date £192k has been received from Icelandic funds. There remains £235k in Icelandic Kroner, held in Escrow accounts on our behalf awaiting release and this is subject to exchange rate risk. A further £122k is expected from KSF over the next 2 years. These amounts have already been factored into Breckland's balance sheet.

Actions/Decisions required

None

¹ LIBID – London Inter-bank Bid Rate