

### Corporate Financial Monitoring

Quarter Ended 30 September 2016

Report of: Chief Officer (Resources & s151 Officer)

Financial Services Manager

### HEADLINE INFORMATION

- Over the quarter the General Fund revenue budget underspending has stayed in line with Qtr 1, rising only by £1K to a current net underspending of £463K. By the year end it is projected to reduce to £17K (similar to Qtr 1 expectations).
- Allowing for the projected underspending, General Fund balances are currently forecast to be £4.533M by year end, with £3.033M available above the £1.5M minimum level. This is £348K higher than budgeted, allowing for last year's underspending.
- Over the quarter the Housing Revenue Account (HRA) underspending has increased slightly by £13K to £33K. By the year end it is now projected to increase to £73K (£50K higher than Qtr 1 expectations).
- Allowing for that projected underspending, HRA balances are currently forecast to be £2.001M by year end, with £1.651M available above the £350K minimum level. This is £381K higher than budgeted, allowing for last year's underspending.

## 1. INTRODUCTION

This report provides a quarterly snapshot of the corporate financial position for the Council (as at the end of either June, September or December). It looks at the latest spend and income collected against profiled revised budgets, and where appropriate it provides a forecast projection for the full year, and for future years where possible. In addition, there are sections covering income collection and procurement.

The report is split into the following areas:

- Revenue Monitoring – General Fund and Housing Revenue Account
- Capital Monitoring – General Fund and Housing Revenue Account
- Local Taxation – Council Tax and Business Rates
- Income Collection – General Fund Sundry Debts and Council Housing Rents
- Procurement

It should be noted that the Council has to operate two specific service related funds – General Fund and Housing Revenue Account (HRA). The latter covers all aspects relating to Council Housing, whilst the General Fund covers all other Council services.

In addition, there is also a Collection Fund, as the Council acts as billing authority for all Council Tax and Business Rates income in the district. As well as helping to fund the City and Parish Councils, that income collectable is also shared with Government, Lancashire County Council, the Police and Crime Commissioner and the Fire Authority.

## 2. REVENUE MONITORING

This section covers both General Fund and the Housing Revenue Account (HRA), and reports on variances relating to the day to day income and expenditure of the Council. There are also three specific sections for approved savings monitoring, salaries and the Repair and Maintenance Section (RMS).

### 2.1. Summary Position

#### 2.1.1. General Fund

With regard to General Fund there are no new significant matters to highlight over what has previously been reported. The table overleaf provides a summary of the latest financial forecasts for both current year and next year. Cabinet will recall that both these years were balanced, based on the budget and financial strategy decisions taken by Council back in March.

The summary shows that overall the position has not changed much from that reported at Qtr1. There is a current net underspending of £463K in this year (*Qtr1 £462K underspend*), but this is still anticipated to reduce substantially - to £17K by year end. (*Qtr1 £3K underspend*).

For next year, a net underspending of £607K is forecast, down by £12K when compared with Qtr1.

If ultimately these underspending materialise, the resulting funds would be available to help manage other financial pressures or spending needs.

More details of all variances are shown in **Annexes A & B**, as well as being summarised overleaf. In particular, the monitoring focuses on progress in achieving approved budget savings and on business rates income, as well as other more general variances.

<b>2016/17 and 2017/18 Summary Position</b>	<b>2016/17 Position to Qtr 2 £000's</b>	<b>2016/17 Full Year Projection £000's</b>	<b>2017/18 Full Year Projection £000's</b>
Shortfall in Approved Budget Savings (Annex A / Section 2.3)	+165	+590	+54
General Salaries/Staffing (Annex B /Section 2.4)	(158)	(248)	--
Transport / Premises / Supplies & Services (Annex B)	(47)	(51)	--
Other additional income (Annex B)	(158)	(43)	--
Net Additional Business Rates Income (section 4.1.2)	(265)	(265)	(661)
<b>NET (UNDER) / OVER (+) SPENDING</b>	<b>(463)</b>	<b>(17)</b>	<b>(607)</b>
	£000's	£000's	£000's
<i>Qtr 1 Position previously reported</i>	<i>(462)</i>	<i>(3)</i>	<i>(619)</i>
<i>Change from Qtr1</i>	<i>+1</i>	<i>(14)</i>	<i>+12</i>

Drawing on the above results of this quarter's monitoring work, the following table shows how General Fund's financial outlook to 2020 is expected to improve by £28K per year.

The estimated savings requirements for 2018/19 and 2019/20 are now shown as £1.245M and £1.705M respectively.

Work is underway to update all budget forecasts to 2020/21, as part of the current budget process.

<b>Future Years Savings Requirements</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>
<b>Current In-Year Savings Requirements as per MTFS</b>	<b>2,226</b>	<b>2,671</b>
Add back: Undeliverable Savings Measures (Credit Card Charging – See Annex A)	+25	+26
Less: Assumed Additional Income from Approved Savings Measures (Green Waste Collection Charging – see section 2.3 for more details)	(342)	(325)
Less: Renewable Energy – Net Business Rates Income (section 4.1.2)	(664)	(667)
<b>Updated In-Year Savings Requirements</b>	<b>1,245</b>	<b>1,705</b>
<b>Improvement in Position as at Qtr 2</b>	<b>(981)</b>	<b>(966)</b>
	£000's	£000's
<i>Improvement previously reported at Qtr 1</i>	<i>(953)</i>	<i>(938)</i>
<i>Change from Qtr1</i>	<i>(28)</i>	<i>(28)</i>

## 2.1.2. Housing Revenue Account

For the HRA, there is now a current net underspending of £33K at the end of Qtr 2 (*Qtr1 £20K underspend*). It is expected to grow to £73K by year end (*Qtr1 £23K underspend*).

The main reasons for the £50K improvement relate to additional staff savings, lower costs arising on Central Control and an overall improvement in income forecasts.

The main variances are shown in the following table:

	<b>Current Position £000's</b>	<b>Full Year Projection £000's</b>
Employees	+49	+6
Savings on lifeline charges	(36)	(36)
Savings on Cable Street Lease	(21)	(21)
Increased Council Tax liability on void properties	-	+5
Central Control savings	-	(16)
Various income variances	(25)	(11)
<b>NET (UNDER) / OVER (+) SPENDING</b>	<b>(33)</b>	<b>(73)</b>
	£000's	£000's
<i>Qtr 1 Position previously reported</i>	<i>(20)</i>	<i>(23)</i>
<i>Change from Qtr 1</i>	<i>(13)</i>	<i>(50)</i>

The HRA does not have any future savings requirements as the overall 30-year Business Plan is currently balanced, albeit with the use of reserves in the short term to offset the annual 1% reduction in rent until 2019/20. A reassessment of the Fund's outlook beyond 2016/17 is currently being undertaken as part of the 2017/18 budget process.

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### S151 Officer Comments:

There are no new material budget issues to highlight in this quarter.

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## 2.2. Balances and Reserves

The following table sets out the position for General Fund and HRA balances, as at the end of September. The position has improved by £14K for General Fund and £10K for HRA from that reported at Qtr1.

Note that the last year's underspending figures have now been confirmed, as the 2015/16 accounts were given a clean bill of health by the auditors and were signed off at Audit Committee on 14 September 2016.

<b>General Balances</b>	<b>General Fund £000's</b>	<b>HRA £000's</b>
<b>As at 31 March 2016 - as Budgeted</b>	<b>(4,128)</b>	<b>(1,344)</b>
Budgeted Contributions	(57)	(276)
2015/16 Underspend	(331)	(348)
2016/17 Qtr2 Current Year Projections	(17)	(33)
<b>Projected Balances as at 31 March 2017</b>	<b>(4,533)</b>	<b>(2,001)</b>
Less Agreed Minimum Level of Balances	1,500	350
<b>Available Balances</b>	<b>(3,033)</b>	<b>(1,651)</b>
<i>Compared to MTFS Forecast for 31 March 2017</i>	<i>(2,685)</i>	<i>(1,270)</i>
<b>Latest Forecast Increase</b>	<b>(348)</b>	<b>(381)</b>
	£000's	£000's
<i>Qtr1 Position</i>	<i>(334)</i>	<i>(371)</i>
<i>Change from Qtr1 previously reported</i>	<i>(14)</i>	<i>(10)</i>

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#### **S151 Officer Comments:**

As in Qtr 1, the Council's Balances position and its financial standing remains strong. This is crucial for supporting the Council in its future strategy for tackling the financial challenges ahead, notably from 2018/19 onwards.

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#### **2.3. Approved Savings and Growth: Monitoring**

As reflected in the summary earlier various net savings measures amounting to £986K were approved by Budget Council back in March. This section provides an update on those approvals with more details being provided in **Annex A**.

<b>2016/17 and 2017/18 Summary Position</b>	<b>2016/17 Full Year Projection £'000</b>	<b>2017/18 Full Year Projection £'000</b>
<b>Net Shortfall against Budgeted Savings as previously reported – (position as at Qtr1)</b>	<b>+535</b>	<b>+14</b>
Reported updates to October Cabinet	+100	+35
<i>Further Changes:</i>		
<i>Splash Park</i>	<i>(45)</i>	<i>-</i>
<i>Corporate Property – Energy Efficiency Works</i>	<i>-</i>	<i>+5</i>
<b>Current Forecast Net Shortfall (position as at 30 September 2016)</b>	<b>+590</b>	<b>+54</b>
<i>Change between Qtr1 and Qtr2</i>	<i>+55</i>	<i>+40</i>

Other than a minor change on energy efficiency savings, the only change worthy of note is as follows:

- *Splash Park* – The scheme is still planned to go live in May 2017, but work is currently being undertaken to re-design the delivery of the scheme. As a result, the £50K budget for up-front investment costs scheduled in this year are now assumed to be much less at around £5K. Final costs will be dependent upon the final design of the scheme.

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**S151 Officer Comments:**

As reported at Qtr 1, the need for more effective planning when savings proposals are being developed and submitted is reiterated. This is to ensure that sufficient, co-ordinated resources are available to implement projects, that timescales are realistic and as such that financial assumptions are achievable. This need is being addressed in the 2017/18 budget, through which Members can give constructive challenge and seek assurances as to the robustness of proposals.

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**2.4. Salary Monitoring**

At the end of September there are General Fund savings of £158K against the original budget and these are projected to increase to £248K by year end. For Council Housing there is a current overspending of £49K, which is expected to reduce to £6K by year end.

In total there were 39 vacant posts at the end of Quarter 2 across all council services.

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**S151 Officer Comments:**

As also reported in Qtr 1, it is known that in various services areas (for example ICT, Development Control, Information Management, Accountancy) difficulties in recruitment and retention and general turnover may well have generated apparent savings, but with knock on adverse impact on service delivery. Capacity is being appraised across the organisation but this takes time. It is reiterated that addressing any identified capacity needs, or any other measures needed, will be a key aim of the current budget process.

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**2.5. Repair and Maintenance Section – Trading Position**

The work of this section is predominantly on the council housing stock. The total budget for the section is around £9.5M, and covers both in-house and contracted out provision for all repair and maintenance and capital works.

The following table sets out the financial position at the end of September. This shows there is currently an overspending of £21K against the profiled budget, which is an increase of £5K on the reported Qtr1 position. This is minor, and at this stage it does not warrant further specific investigation.

	<b>TOTAL £</b>
<b>INCOME</b>	<b>(1,487,566)</b>
EXPENDITURE	
Direct Labour	710,606
Direct Materials	342,614
Overheads	760,983
Recharged Revenue Work	958,392
<b>TOTAL EXPENDITURE</b>	<b>2,772,595</b>
<b>NET EXPENDITURE</b>	<b>1,285,029</b>
Profiled Budget	1,264,000
<b>Variance from Budget - Adverse/(Favourable)</b>	<b>21,029</b>
<i>Qtr1 Position previously reported</i>	<i>15,880</i>

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### **S151 Officer Comments:**

Arrangements for a high level external review of RMS, led by the Chief Officer (Environment), are yet to be determined. In the meantime some improvements are being taken forward internally, but there is still the need to complete a formal review. This is to help assess current value for money, what scope there is for improvement, how best that may be secured (through whatever delivery model) and what investment (in time, money, skills and other resources) might be required to achieve it. The resource implications will feed into the 2017/18 budget.

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## **3. CAPITAL MONITORING**

This section covers both General Fund and the HRA, again reporting on any changes to the programmes or key variances. This section includes both expenditure and financing.

### **3.1. General Fund Capital Programme**

The latest gross capital programme stands at £16.643M for the current year. At the end of September there were spend and commitments of £5.150M leaving £11.493M still to spend. Details of spend against each scheme is shown in **Annex C**.

As part of the 2017/18 budget process, an in-depth review of the programme is underway and this has already highlighted a number of schemes that will need their budgets re-profiling between 2016/17 and 2017/18 for a variety of reasons.

In terms of capital financing from grant and contributions, £3.553M of the budgeted £6.217M has already been received.

The Property Group update report is attached at **Appendix B**. This includes updates on the capital investment programme for 2016/17 and 2017/18, the latest capital receipts position, commercial property occupancy and energy monitoring.

### 3.2. HRA Capital Programme

The gross HRA Capital Programme currently stands at £4.541M. Against this there are spend and commitments of £1.475M leaving £3.066M still to spend. Details of spend against each scheme are again shown in **Annex C**.

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#### S151 Comments:

There are no specific actions to be taken at this time regarding capital investment, other than normal review and monitoring. A revised draft capital programme will be reported to Members in due course, as part of the 2017/18 budget process.

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## 4. LOCAL TAXATION

### 4.1. Collection Fund Monitoring

#### 4.1.1. Council Tax Yield (Total Collectable)

This section provides a summary analysis of the current surplus or deficit on the Fund, shown in the following table. Such a surplus or deficit arises because of the great many changes in liability that occur throughout the year. Furthermore, any difference between estimated and actual collection performance will ultimately have a bearing.

		Qtr2 £000's
<b>Collection Fund (Surplus)/Deficit</b>		<b>(69)</b>
<i>Represented by In-Year Movements to Date:</i>		
Lower Council Tax Support than estimated	(106)	
Net of Higher Second Homes/Lower Empty Homes income	+40	
Other Movements in the Tax Base	(3)	<b>(69)</b>
<i>Of which 13% is due (to) / from (+) the City Council</i>		<i>(9)</i>

As at 30 September, the position has improved to an estimated surplus of £69K compared to the reported Qtr1 deficit of £18K. Of the current surplus the City Council would receive £9K.

This year's main movements are:

- £106K lower than estimated council tax support. This will continue to fluctuate as claimants' circumstances change, but there is still a downward trend.
- overall £37K lower than estimated income (that can be specifically identified) from second/empty homes;

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#### S151 Officer Comment:

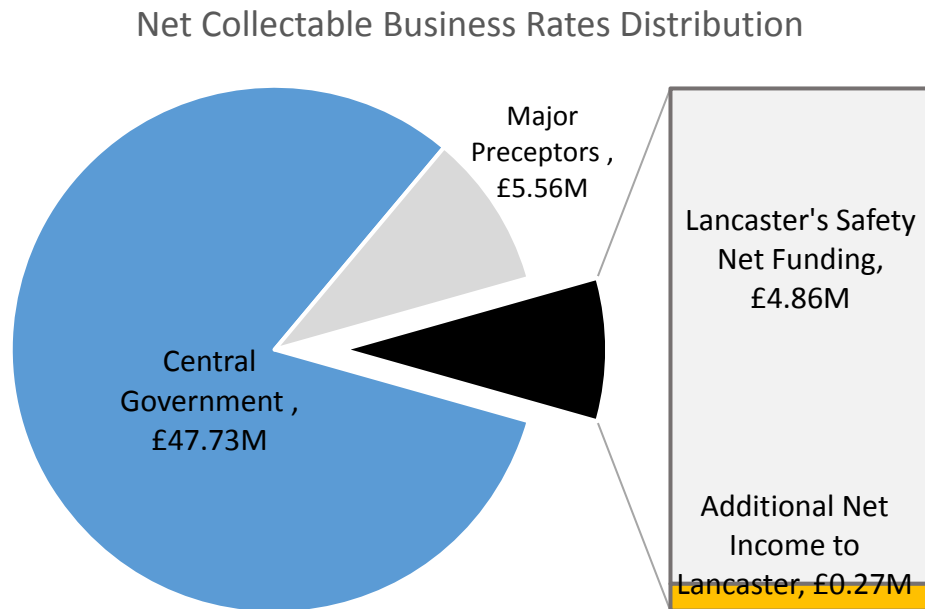
The position is still broadly in line with budget expectations. Consultation on the 2017/18 LCTS scheme is now underway and a report will be presented to December Council.

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#### 4.1.2. Business Rates Retention

The following diagram shows how the net income collected from Business Rates is distributed between the relevant parties.



The position relating to retained business rates at the end of September is shown in the following table.

	Original Estimate £M	June-16 £M	Sept-16 £M
Net Collectable Amount of Business Rates	(62.399)	(59.230)	(58.797)
Less: Provision for Appeals	2.215	3.269	3.197
<b>Net retained business rates</b>	<b>(60.184)</b>	<b>(55.961)</b>	<b>(55.600)</b>
Less: Central Government Share – 50%	30.092	27.980	27.800
Less: County Council & Fire Authority Share – 10%	6.018	5.596	5.560
<b>Lancaster's Retained Business Rates Share – 40%</b>	<b>(24.074)</b>	<b>(22.385)</b>	<b>(22.240)</b>
Less: Tariff payable to Central Government	19.928	19.928	19.928
Add: Small Business Rates Relief Grant	(1.104)	(1.199)	(1.234)
<b>Total Amount of Retained Business Rates</b>	<b>(5.250)</b>	<b>(3.656)</b>	<b>(3.546)</b>
Less: Lancaster's Baseline Funding Level	5.250	5.250	5.250
<b>Provisional Loss of Income</b>	<b>-</b>	<b>1.594</b>	<b>1.704</b>
<b>Safety Net Payment</b>	<b>-</b>	<b>(1.200)</b>	<b>(1.310)</b>
<b>Projected Loss of Income</b>	<b>-</b>	<b>0.394</b>	<b>0.394</b>
<b>Additional Adjustments:</b>			
Additional Tariff Adjustment	-	0.288	0.288
Renewable Energy Credit from 2015/16	-	(0.918)	(0.947)
<b>Overall Projected Net Position - (additional net income)</b>	<b>-</b>	<b>(0.237)</b>	<b>(0.265)</b>

*N.B. The Safety Net Threshold for 2016/17 is £4.856M.*

At the end of September the position remains unchanged from Qtr1 at a projected loss of general rating income of £394K for the City Council [i.e. the difference between the baseline funding position of £5.250M (as budgeted) and the safety net level of £4.856M]. There has been another increase in renewable energy income, however, allowing the overall position to improve by £28K, to reach £265K for the year.

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**S151 Officer Comment:**

The City Council is at safety net level in terms of its general rating income and there is nothing to indicate that this will change in the short to medium term. Renewable energy remains the Council's best hope for increasing its business rate income stream therefore.

In the coming quarter, the likely impact of the 2017 Rating Revaluation and the provisional Local Government Settlement should become clearer. They will have bearing on the detailed figures for business rates, but it is unclear whether there will be any 'bottom line' impact, on top of what is already assumed within the MTFS.

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**4.2. Council Tax and Business Rates Collection**

The percentages collected in year for both council tax and business rates are now both slightly behind target at the end of September.

Percentage Collected	Full Year Target	Target to Date	Actual to Date	Status
Council Tax	96.8%	57.0%	56.8%	Slightly Behind Target
Business Rates	98.8%	55.2%	54.4%	Slightly Behind Target

Council tax has dropped very slightly, but it does tend to fluctuate a little month on month so is no cause for concern at this point. For business rates, as with Qtr 1 there are still instalment plans in place for some comparatively large properties affected by last winter's floods and in addition, there have been a number of high value rate avoidance cases where legal action has been taken. It is still expected therefore that collection should be back on track by the year end.

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**S151 Officer Comment:**

There are no other specific actions to be taken at this time regarding local taxation collection.

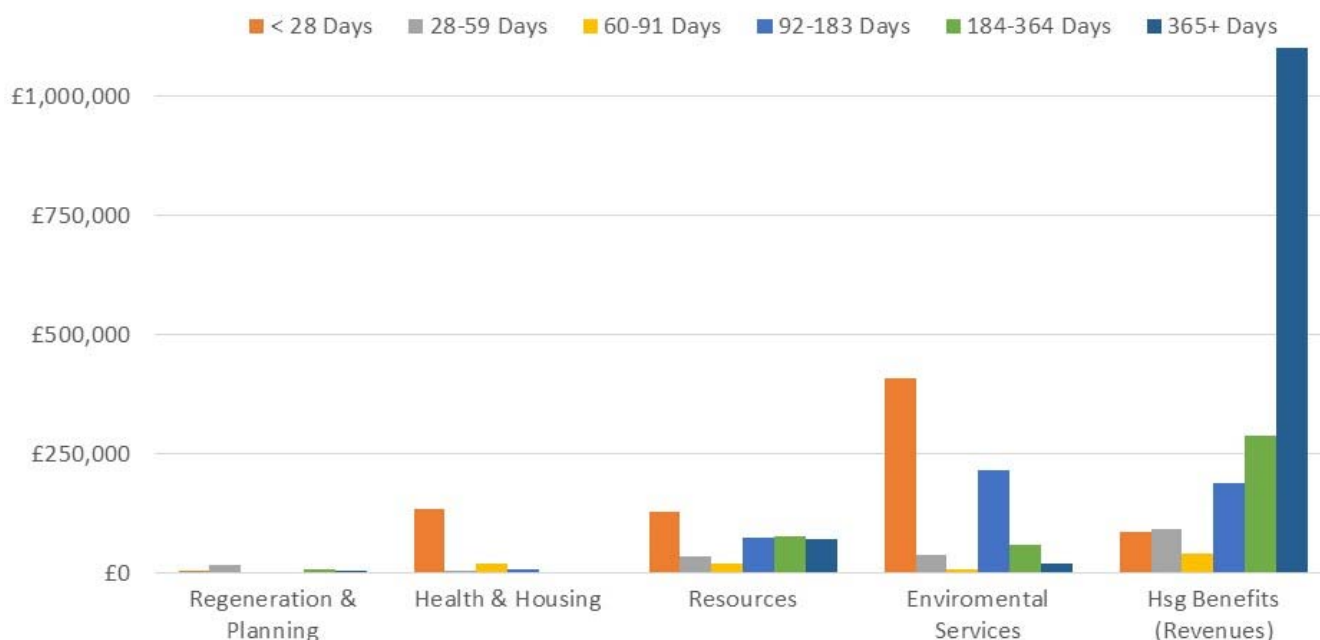
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## 5. INCOME COLLECTION

### 5.1. Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of September the total debt outstanding was just under £3.4M, which is £186K lower than the previous quarter. The majority (£2M) still relates to housing benefit overpayments. The bad debt provision currently stands at £1.599M, which indicates over-provision of around £85K. A further review of the provision will be carried out as part of the forthcoming budget process, with any additional contributions being made at that time.

	June 16	Sept 16
	£000's	£000's
0-28 days	841	768
29-58 days	205	190
59-90 days	464	90
91-182 days	352	490
183-363 days	307	436
364+ days	1,398	1,407
	<b>3,567</b>	<b>3,381</b>
Previous Year	3,377	3,465



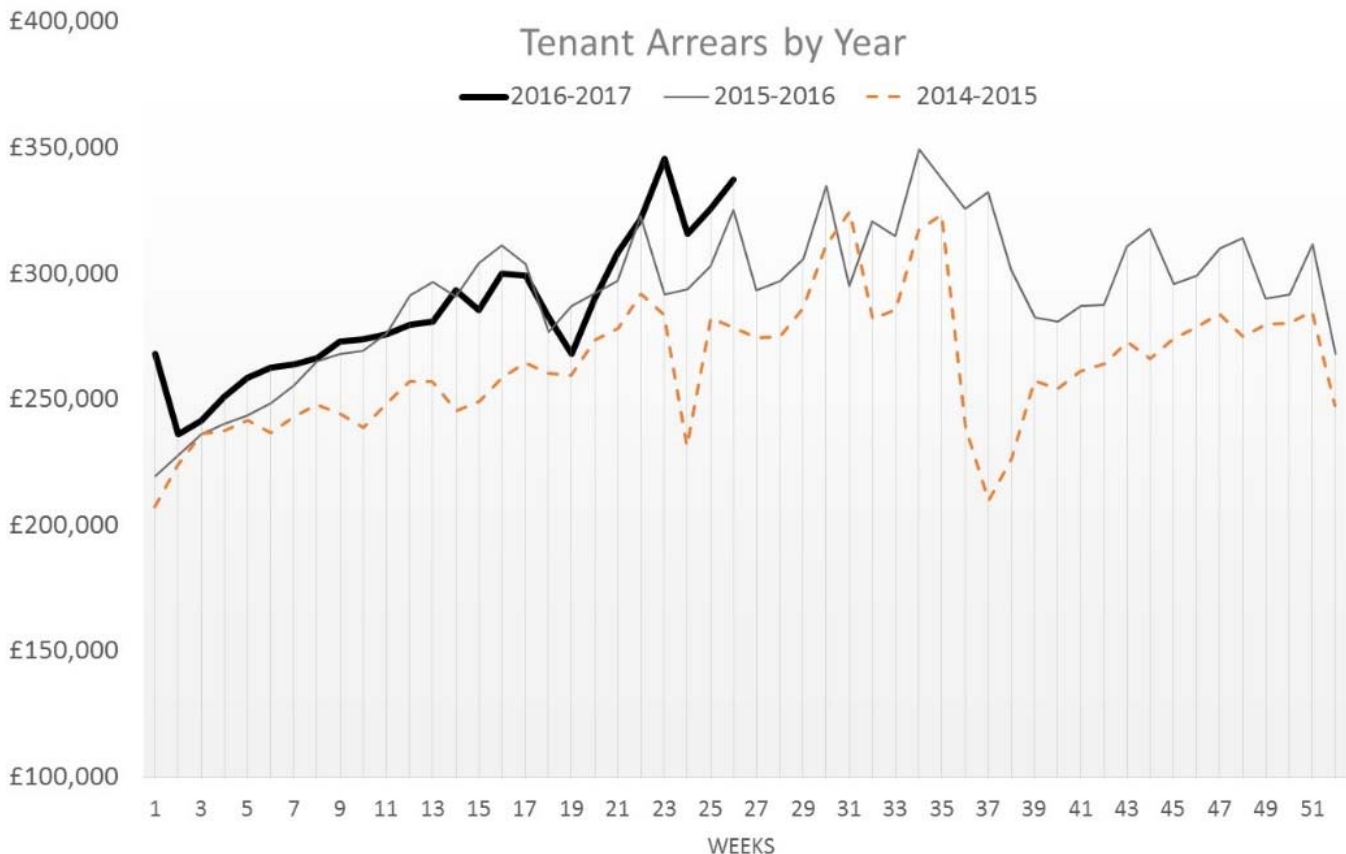
SERVICE	< 28 Days	28-59 Days	60-91 Days	92-183 Days	184-364 Days	365+ Days	2016/17 QUARTER 2 TOTALS	Compared to 2015/16 Quarter 2 Totals
	£	£	£	£	£	£	£	£
Enviromental Services	410,035	38,730	7,557	217,300	58,739	20,655	753,016	831,025
Regeneration & Planning	5,573	17,259	-	1,487	8,640	4,977	37,937	98,770
Resources	129,794	35,414	19,663	73,492	77,773	72,083	408,218	444,928
Health & Housing	135,638	5,372	21,948	8,174	1,791	600	173,523	186,118
Hsg Benefits (Revenues)	86,651	93,230	41,060	189,366	289,452	1,308,195	2,007,954	1,904,077
	<b>767,692</b>	<b>190,005</b>	<b>90,227</b>	<b>489,819</b>	<b>436,395</b>	<b>1,406,510</b>	<b>3,380,648</b>	<b>3,464,918</b>

The overall level of debt has reduced by just over 5% from the last quarter. There are no other changes to report or further actions or points to note since the last quarter.

## 5.2. Council Housing Rent Arrears

This section monitors the level of tenant arrears, to indicate any impact from welfare reforms and/or the wider economy on rent collection and in turn, to inform whether any specific actions are necessary. It will also feed into future reviews of the bad debt provision.

The following chart shows the current level of arrears compared to the previous 2 years. At the end of September, the level of arrears is £337K (2015/16 Qtr 1 £325K) which is £56K higher than the previous quarter and in line with previous years' fluctuations. Given this, no specific actions are proposed at this time.



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### S151 Comments:

There are no specific additional actions to be taken at this time regarding general income collection, over and above usual arrangements.

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## 6. CONTRACT PROCEDURE RULES AND OTHER EXCEPTIONS TO TENDER

### 6.1. Exceptions to Tender

In accordance with the approved contract procedure rules all exceptions to tender and other significant contract variations will be reported as part of the quarterly corporate monitoring process.

- There were no exceptions in the last quarter.

# GENERAL FUND - 2016/17 APPROVED SAVINGS AND GROWTH MONITORING

## Annex A

		Current Budget	Full Year Projection	Full Year Variance	R A G	Comments	2017/18 Approved Budgeted Savings	Updated 2017/18 Projections		
		£	£	£			£	£		
Approved Savings	Income Generation	<b>Environmental Services</b>								
		Charging for Splash Park Admission	0	5,000	5,000	↓	Splash Park charging delayed until next season (May 2017), therefore income target will not be achieved this year. However, work is currently being undertaken to re-design the delivery of the scheme and the preferred option would require minimal up-front investment.	(56,500)	(56,400)	
		Charging for Event Applications	(2,000)	(400)	1,600	↓	Implemented on 01 April 2016. Based on current bookings, estimated income for the year will be below target. It is however expected to be achieved in future years.	(2,000)	(2,000)	
		Charter Market	(2,700)	(2,400)	300	↓	Current projections anticipate Charter Market income to be down 12% for the year overall, which means around £200 of the above inflation increase will not be achieved. It is anticipated that this will continue for future years. Officers are working on ways to try to rectify this.	(2,800)	(2,500)	
		Festival Market	(9,900)	(9,700)	200	↓		Current projections anticipate Festival Market income to be down 2% for the year overall, which means around £200 of the above inflation increase will not be achieved. It is anticipated that this will continue for future years. Officers are working on ways to try to rectify this.	(10,100)	(9,900)
			<i>Above inflation increases</i>							
		Bulky Waste	(6,600)	(6,600)		↑	Implemented and on target.	(6,700)	(6,700)	
		Bins and boxes (current policy)	(9,000)	(9,000)		↑	The demand for new/replacement bins has dropped significantly, therefore fully compensating savings in respect of purchasing have been achieved	(9,200)	(9,200)	
		Extending Charging Policy for bins and boxes (all households)	(92,300)	(92,300)		↑	The demand for new/replacement bins has dropped significantly, therefore fully compensating savings in respect of purchasing have been achieved	(94,100)	(94,100)	
		Green Waste - charging for Collection	(505,000)	(46,800)	458,200	↓	Start of scheme now delayed until January 2017 - originally assumed August 2016. Officers are working on a solution to enable income to be collected from November with the scheme going live in January. Future years income projections are subject to actual take up once the scheme goes live.	(870,000)	(878,700)	
		Electric Car Charging Points - Introduction	0	0		→	The County Council is intending to provide charging points in off-street car parks in the district as part of a current procurement exercise, however, the exact number is unknown. Potentially the City Council may have the option to fund additional charging points, and so it is still assumed that future income targets will be achieved, but this will need to be kept under review in light of the County scheme.	(10,000)	(10,000)	
		<b>Health &amp; Housing</b>								
		Disabled Facilities Grant Admin. Fees - Increase to 18%	(14,400)	(14,400)		↑	Implemented and on target.	(14,700)	(14,700)	
		Pest Control - Additional Contracts	2,500	2,500		↑	Three year marketing strategy being developed. Future savings still expected to be achieved.	(25,000)	(25,000)	
HMO Licence Fees - Cease Refunds	(1,000)	(1,000)		↑	Implemented. No savings made in Qtr1 but expected to achieve target by end of year.	(1,000)	(1,000)			
Cemetery Fees - Increase by additional 3%	(6,900)	(6,900)		↑	Implemented and on target.	(7,000)	(7,000)			
Statutory Notices (Housing Act 2004) Fee Increase	(1,000)	(1,000)		↑	Implemented and expected to achieve target by end of year - £200 additional income in Qtr1.	(1,000)	(1,000)			
<b>Resources</b>										
Charging for Credit Card Payments	10,000	0	(10,000)	↓	Legislative changes are expected to be enacted which will prohibit the charging for credit card payments. As a result the project has been put on hold pending further updates. At present, it is therefore expected the £10K budgeted cost of implementation will now be saved, but future savings of £25K will not be achieved. To help compensate for this however, negotiations are underway regarding the Council bank charges.	(25,000)	0			
<b>Health &amp; Housing</b>										
Salt Ayre Sports Centre - Developer Partnership	110,000	110,000		↑	The redevelopment is well underway and progressing on time and on budget. It is still anticipated that there will be a £110K cost in this year, and that as a minimum future income targets will be achieved. Discussions are on-going with the developer regarding income gain share options, which will be reported to Members in January.	(400,000)	(400,000)			
<b>Resources</b>										
Corporate Property - Energy Efficiency Works	(69,700)	0	69,700	↓	The majority of the works relate to Salt Ayre Sports Centre and are being taken forward with the developer partners as part of the overall redevelopment works. This has inevitably delayed the start of the planned works and as a result no savings will now be made in the current year with implementation slipping to 2017.	(40,100)	(64,600)			

PTO

		Current Budget	Full Year Projection	Full Year Variance	R A G	Comments	2017/18 Approved Budgeted Savings / Growth	Updated 2017/18 Projections		
Approved Savings	Service Efficiencies & Reductions	<b>Environmental Services</b>								
		Management & Administration Restructure	(93,800)	(93,800)		↑	Implemented and on target. Initial restructure is in place with future changes planned.	(100,000)	(100,000)	
		Building Cleaning Review	0	0		↑	The review is progressing and future savings are still on target to be achieved.	(10,000)	(10,000)	
		CCTV - Termination of Contracts	0	0		↑	Implemented. All contractors associated with providing and maintaining the public space CCTV system have been notified of the Council's decision to cease operating the system from March 2017. Further report to Cabinet following informal expressions of interest from other parties to keep the CCTV system operational as per option from Council	(177,700)	(177,700)	
		Cease Winter Bedding	(45,000)	(45,000)		↑	Implemented - saving already achieved. Scheme in place if community groups/business want to fund bedding as per option from Council.	(45,900)	(45,900)	
		Parish Toilets - 50% Reduction in Contributions	(14,600)	(14,600)		↑	Implemented - saving already achieved.	(14,900)	(14,900)	
		<b>Litter Enforcement Services - 12 Month Pilot</b>	<b>(60,000)</b>	<b>0</b>	<b>60,000</b>		↓	In the light of the scheme Morecambe Town Council have in place, officers are exploring whether a similar option might be more appropriate than using a private contractor. A successful outcome is a cleaner District, which will in itself generate some efficiencies, savings and income. Therefore, options that might achieve this which do not conflict with other priorities (eg increasing visitors) are being explored and will be presented to Cabinet in due course. At present though, it is assumed the £60K income will not now be achieved.	(60,000)	0
		<b>Governance</b>								
		Grants to VCFS - LESS Grant Funding Withdrawal	(4,300)	(4,300)		↑	Implemented - saving already achieved. Funding withdrawn.	(4,300)	(4,300)	
		<b>Health &amp; Housing</b>								
		Community Pools - Termination of Management Responsibility	157,800	157,800		→	Underway - notice periods being discussed with County Council. Also, discussions have been taking place between officers, the schools, Sport England, Amateur Swimming Association and Lancashire Sport. Further updates will be provided to Members in due course.	(176,700)	(176,700)	
		Sports Development - Reduction in Service	(9,300)	(9,300)		↑	Restructure undertaken and team reduced to 3 with effect from 03 June 2016. Full saving achieved.	(50,500)	(50,500)	
		International Youth Games - Withdrawal	(59,900)	(59,900)		↑	Implemented - saving already achieved. The position has been confirmed with partner countries that the Council has withdrawn from current and future years games.	(27,200)	(27,200)	
		Marsh Community Centre - Funded from HRA	(13,700)	(13,700)		↑	Implemented - saving already achieved. Funding now provided from within the HRA.	(14,000)	(14,000)	
		<b>Regeneration and Planning</b>								
		Events - Funding Reductions	0	0		↑	Implemented - savings will take effect from April 2017.	(22,700)	(22,700)	
		<b>Resources</b>								
		Finance Section - Restructuring	(23,300)	(23,300)		↑	Restructure in place by 01 April 2016 with the full saving being achieved. Delays in recruitment have generated further savings which have been incorporated into the overall council wide salary savings total (although with knock on service impact).	(24,300)	(24,300)	
		Internal Audit - Restructuring	(21,700)	(21,700)		↑	Restructure in place by 01 April 2016 with the full saving being achieved. Again, delays in recruitment have generated further savings which have been incorporated into the overall council wide salary savings total (again with knock on service impact).	(21,900)	(21,900)	
Other	<b>Re-Financing Options</b>									
	Capital Programme Financing (MRP)	(375,000)	(375,000)	0	↑	Implemented - saving already achieved.	(343,000)	(343,000)		
	<b>TOTAL</b>	<b>(1,160,800)</b>	<b>(575,800)</b>	<b>585,000</b>			<b>(2,668,300)</b>	<b>(2,615,900)</b>		
Approved Growth	Growth	<b>Environmental Services</b>								
		<b>Cashless Parking</b>	<b>5,000</b>	<b>10,000</b>	<b>5,000</b>		↓	Implemented - contract now in place until September 2019. Volume of users of service has exceeded expectations which has resulted in a doubling of the cost. However, the service is being transferred to the County contract w.e.f. September 2016, which will allow the City Council to benefit from more preferential rates for fees associated with taking electronic payments for the service.	5,100	10,100
		<b>Regeneration &amp; Planning</b>								
		Development Management Capacity	69,900	69,900		↑	Implemented - additional funding for permanent posts added to 2016/17 and future years budgets.	72,200	72,200	
		MAAP - Euston Rd, Marine Rd Central, Queens St, Victoria St.	0	0		↑	Schemes are progressing, however certain elements will now be delivered by the County Council and some have slipped into 2017/18. As a result the cost of financing will reduce in future years, but the exact amount is still to be determined.	3,000	?	
<b>Resources</b>										
Digital Workplace	100,000	100,000		↑	Adapt2Digital have been engaged to assist with the strategic approach being taken to develop the digital workplace and transformation generally. Two workshops have already taken place and two more are taking place in August.	?	?			
	<b>TOTAL</b>	<b>174,900</b>	<b>179,900</b>	<b>5,000</b>			<b>80,300</b>	<b>82,300</b>		

Budgeted Net Savings ⇒ (985,900) (395,900) **590,000** ⇐ Variance to Budget  
 Compared to Quarter 1 reported position **534,800**  
 Increase in Shortfall **55,200**

(2,588,000) (2,533,600)  
**Potential Budget Shortfall for 2017/18** **54,400**  
**Compared to Quarter 1 reported position** **13,600**  
**Increase in Shortfall** **40,800**

## CORPORATE FINANCIAL MONITORING: General Fund Revenue Budget

Subjective Area	Service	Reason for Variance	Current Variances		Projection for Year	
			Adverse / (Favourable)		Adverse / (Favourable)	
			£	£	£	£
Employees	Environmental Services	Turnover savings	11,400		(4,800)	
	Governance Services	Turnover savings	2,400		(16,100)	
	Health & Housing	Turnover savings	(48,700)		(83,200)	
	Management Team	Turnover savings	(43,800)		(32,500)	
	Regeneration & Planning	Turnover savings	3,200		24,400	
	Resources	Turnover savings	(82,200)	<b>(157,700)</b>	(135,700)	<b>(247,900)</b>
Transport	Environmental Services	Increased fuel costs greater than anticipated	9,900	<b>9,900</b>	6,800	<b>6,800</b>
Premises	Environmental Services	Business Rates savings at White Lund Depot.	(16,600)		(16,600)	
		Utility savings - mainl due to reduced water charges relating to surface water.	(5,700)		(16,300)	
	Health & Housing	Saving mainly relating to gas savings at Salt Ayre Sports Centre.	(29,300)		(22,200)	
	Resources	Additional costs relating to St.Leonard's House. Additional rates on vacant commercial properties.	- 7,800	<b>(43,800)</b>	12,000 7,800	<b>(35,300)</b>
Supplies & Services	Environmental Services	Car Parks - cash collection and enforcement costs lower than expected.	(9,700)		(19,400)	
	Governance Services	Estimted cost of be-elections	-		27,000	
	Regeneration & Planning	THI programme - budget reprofiled into 2017/18.	-		(24,300)	
	Resources	Savings on council tax searches.	(3,100)	<b>(12,800)</b>	(6,100)	<b>(22,800)</b>
Fees & Charges	Environmental Services	Car Parks - Reduced income from off street pay and display and fines.	10,800		28,000	
		Morecambe Market - reduced pitch occupation due to higher turnover of traders.	6,200		5,600	
		City Centre markets & traders - income down due to greater turnover of traders than expected and subsequent vacant pitches, work is taking place to try and fill some of these.	500		12,600	
		Williamson Park - increased net income due to increased footfall - new play area and new menu at café.	(19,900)		(6,600)	
		Happy Mount Park - profit share from café concession less than expected.	7,500		7,500	
		Increased income from bulky waste collections.	(6,800)		(7,000)	
	Governance Services	Grounds maintenance - reduced level of rechargeable work.	21,900		30,000	
		Search fee income due to HMRC delay in introducing VAT change. Additional taxi licence fee income.	(12,000) (5,000)		(20,000) (8,900)	
	Health & Housing	Cemeteries income - reduced internment fees and sale of grave spaces. Forecast based on current demand projected to year end.	4,200		7,200	
		Pest Control - more businesses opting to take contracts, the increase in demand for insect treatments due to warmer winters and more income from licensable properties.	(15,600)		(32,000)	
	Regeneration & Planning	Community Swimming Pools - loss of private hire contract and reduced lessons.	3,700		32,400	
		Planning Application income reduced due to unforeseen refund.	-		45,000	
	Resources	Platform ticket sales - net of additional cost of sales.	(8,600)		(10,500)	
		Additional grants for New Burdens and Localised Council Tax Support	(142,700)		(202,100)	
Investment interest - estimated shortfall following cut in base rate on 04 August.		-		63,000		
Net change in rent on commercial properties.		(2,100)	<b>(157,900)</b>	12,300	<b>(43,500)</b>	
<b>TOTAL</b>				<b>(362,300)</b>		<b>(342,700)</b>

## Annex C

### GENERAL FUND CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2016/17 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
Environmental Services	Bins & Boxes Lease Buy-Out	74,000	-	-	-	(74,000)
	Car Park Improvements Programme	84,000	-	1,292	1,292	(82,708)
	District Playground Improvements	43,000	-	24,630	24,630	(18,370)
	Middleton Solar Farm Study	6,000	-	-	-	(6,000)
	Purchase of Vehicles	1,223,000	52,034	72,497	124,531	(1,098,469)
Health & Housing Services	Disabled Facilities Grants	1,895,000	425,472	-	425,472	(1,469,528)
	SASC Redevelopment	2,745,000	1,570,665	4,225	1,574,890	(1,170,110)
	Warm Homes Scheme	1,000	-	-	-	(1,000)
Regeneration & Planning	Sea & River Defence Works & Studies	3,625,000	1,210,338	15,691	1,226,029	(2,398,971)
	Amenity Improvements (Morecambe Promenade)	27,000	7	-	7	(26,993)
	Luneside East	7,000	7,411	-	7,411	411
	Lancaster Square Routes	30,000	-	-	-	(30,000)
	Morecambe TH12: A View for Eric	883,000	230,073	-	230,073	(652,927)
	MAAP Improving Morecambe's Main Streets	493,000	220,267	21,152	241,419	(251,581)
	King St/Wellington Terrace Affordable Housing s106 Scheme	90,000	90,000	-	90,000	-
	Middleton Nature Reserve s106 Scheme	4,000	-	-	-	(4,000)
	Pedestrian/cycle links Sainsbury's Morecambe s106 Scheme	1,000	-	-	-	(1,000)
	Lancaster District Empty Homes Partnership	200,000	36,000	-	36,000	(164,000)
	Bay Arena Improvements	50,000	9,750	36,265	46,015	(3,985)
	Highways Works s106 Schemes	485,000	238,000	21,000	259,000	(226,000)
Resources	Corporate Property Works	2,786,000	554,242	148,470	702,712	(2,083,288)
	Energy Efficiency Works	1,376,000	-	-	-	(1,376,000)
	ICT Systems, Infrastructure & Equipment	515,000	102,429	58,380	160,809	(354,191)
<b>Total Gross Programme</b>		<b>16,643,000</b>	<b>4,746,688</b>	<b>403,602</b>	<b>5,150,290</b>	<b>(11,492,710)</b>

#### Grants & Contributions

Capital Contributions Income	(5,000)	(23,490)	-	(23,490)	(18,490)
Capital Grants Income	(6,212,000)	(3,499,088)	-	(3,499,088)	2,712,912
<b>Total External Income from Grants &amp; Contributions</b>	<b>(6,217,000)</b>	<b>(3,522,578)</b>	<b>-</b>	<b>(3,522,578)</b>	<b>2,694,422</b>

<b>Total Net Programme</b>	<b>10,426,000</b>	<b>1,224,110</b>	<b>403,602</b>	<b>1,627,712</b>	<b>(8,798,288)</b>
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### HRA CAPITAL PROGRAMME MONITORING REPORT

SERVICE	SCHEME	2016/17 Gross Budget	Actual to Date	Commitments (Outstanding Orders)	Total	Variance +Overspend / (Underspend)
Health & Housing Services	Adaptations	250,000	42,778	291	43,069	206,931
	Energy Efficiency Boiler Repla	575,000	202,934	9,713	212,647	362,353
	Environmental Improvements	736,000	255,271	106,599	361,870	374,130
	External Refurbishments	1,001,000	175,875	-	175,875	825,125
	Fire Precaution Works	200,000	15,335	-	15,335	184,665
	Kitchen Bathroom Replacement	1,135,000	344,230	273,599	617,829	517,171
	Re-roofing & Window Renewals	556,000	110	-	110	555,890
	Rewiring	88,000	17,214	30,875	48,089	39,911
<b>Total Gross Programme</b>		<b>4,541,000</b>	<b>1,053,747</b>	<b>421,078</b>	<b>1,474,825</b>	<b>3,066,175</b>