

EXECUTIVE SUMMARY**FINANCIAL REPORT MONITORING PACK – JUNE 2015**

1. INTRODUCTION

- 1.1 This report provides a summary of the financial monitoring reports as at the end of June 2015. As agreed at Policy and Resources Committee on 14 May 2015, the individual reports are noted as web links should Members wish to read the detail. There are five detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 30 June 2015
- Monitoring of Financial Risks
- Reserves and Balances
- Capital Plan Monitoring Report as at 30 June 2015
- Treasury Monitoring Report as at 30 June 2015

The web link to the detailed reports is noted below:

<http://www.argyll-bute.gov.uk/financial-monitoring>

2. DETAIL**2.1 Revenue Budget Monitoring Report**

- 2.1.1 This report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis.

- 2.1.2 The projected year end outturn at 30 June 2015 is an overall underspend of £0.950m. The underspends are in relation to School and Public Transport (£450k) due to procurement savings and lower inflation increases and Council Tax Empty Home income (£500k) that will now be transferred back into the General Fund.

- 2.1.3 An objective and subjective summary of the overall Council position as at 30 June 2015 is attached as Appendix 1.

2.2 Monitoring of Financial Risks

- 2.2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.

- 2.2.2 There are a number of Council wide risks identified. All have been assessed as remote or unlikely with the exception of the auto enrolment into the pension scheme which impacts on employers superannuation. The majority of staff will not be auto enrolled until 2017 and the estimated worst case financial impact has been built into the medium term budget outlook.
- 2.2.3 There are currently 58 departmental risks totalling £7.944m. Only 11 of the risks are categorised as likely, with a potential impact of £2.447m, and no risks have been categorised as almost certain. These will continue to be monitored and action taken to mitigate or manage these risks.
- 2.2.4 The top 3 risks in terms of their likely financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Adult Care	Increased complexity of care packages - Older People, Physical Disability, Learning Disability and Mental Health	Level of service demand remains at current commitment or increases due to needs becoming more complex.	3	950
Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	4	700
Adult Care	Growth in Older People population	Growth in elderly population exceeds expectation reflected in Demand Pressure thereby putting increased demand on services.	3	700

2.3 Reserves and Balances

- 2.3.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.3.2 The Council has usable reserves of £50.531m. Most of these are earmarked for specific purposes. The General Fund contingency level remains at 1.5% of net expenditure. There is currently an estimated surplus over contingency of £13.278m and this is being directed towards the delivery of the Single Outcome Agreement.

2.4 Capital Plan Monitoring Report

- 2.4.1 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.
- 2.4.2 Year to date expenditure is ahead of budget by £0.082m. The forecast outturn for the year is a reduction in expenditure of £9.216m mainly as a result of Strategic Change projects which are expected to slip into future years. There are 3 projects classed as off track.
- 2.4.3 An overall summary of Gross Capital Expenditure Council as at 30 June

2015 is attached as Appendix 2.

2.5 Treasury Monitoring Report

- 2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.5.2 There have been no significant new borrowings in the period to 30 June 2015. External Loans have been repaid in the period to 30 June 2015 amounting to £12.9m.
- 2.5.3 Borrowing is estimated to be around £23.6m below the capital financing requirement for the period to 31 March 2016. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment/credit worthiness risks. However, if it becomes clear that longer term interest rates are likely to increase significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.
- 2.5.4 Investments at 30 June were £56.7m with a return for the last quarter of 0.656% compared to the average 7 day rate of 0.363%.

3. RECOMMENDATIONS

- 3.1 Members to note the revenue budget monitoring report as at 30 June 2015
- 3.2 Members to note the current assessment of the Council's financial risks.
- 3.3 Members to note the overall level of reserves and balances and note the monitoring of the earmarked reserves.
- 3.4 Members to note the capital plan monitoring report as at 30 June 2015
- 3.5 Members to note the treasury monitoring report as at 30 June 2015.

4. IMPLICATIONS

- 4.1 Policy – None.
- 4.2 Financial - Outlines the revenue and capital monitoring for 2015-16 as at 30 June 2015.
- 4.3 Legal - None.
- 4.4 HR - None.
- 4.5 Equalities - None.
- 4.6 Risk - Details of financial risks are included within the

report.

4.7 Customer Service - None.

Policy Lead for Finance: Councillor Dick Walsh

**Steve Barrett
Interim Head of Strategic Finance
10 August 2015**

**For further information please contact Kirsty Flanagan, Finance Manager
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Appendices:

Appendix 1 – Revenue Budget Monitoring overall Council position as at 30 June 2015.

Appendix 2 – Gross Capital Expenditure Council as at 30 June 2015.

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 30 JUNE 2015

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<u>Departmental Budgets</u>								
Chief Executives	479	568	(89)	(18.58%)	2,186	2,186	0	0.00%
Community Services	17,349	17,677	(328)	(1.89%)	82,882	82,882	0	0.00%
Integration Services	10,233	10,221	12	0.12%	56,928	56,928	0	0.00%
Customer Services	9,888	9,226	662	6.69%	39,693	39,243	450	1.13%
Development and Infrastructure Services	5,134	5,063	71	1.38%	31,618	31,618	0	0.00%
Total Departmental Budgets	43,083	42,755	328	0.76%	213,307	212,857	450	0.21%
<u>Non-Departmental Budgets</u>								
Other Operating Income and Expenditure	928	584	344	37.07%	4,659	4,159	500	10.73%
Joint Boards	337	320	17	5.04%	1,350	1,350	0	0.00%
Non-Controllable Costs	(11)	(47)	36	100.00%	25,817	25,817	0	0.00%
Total Non-Departmental Budgets	1,254	857	397	31.66%	31,826	31,326	500	1.57%
TOTAL NET EXPENDITURE	44,337	43,612	725	1.64%	245,133	244,183	950	0.39%
<u>Financed By</u>								
Aggregate External Finance	(47,301)	(47,301)	0	0.00%	(203,485)	(203,485)	0	0.00%
Local Tax Requirement	(13,435)	(13,435)	0	0.00%	(40,900)	(40,900)	0	0.00%
Contributions to General Fund	0	0	0	0.00%	154	154	0	0.00%
Supplementary Estimates	0	0	0	0.00%	(10)	(10)	0	0.00%
Earmarked Reserves	0	0	0	0.00%	(892)	(892)	0	0.00%
Total Funding	(60,736)	(60,736)	0	0.00%	(245,133)	(245,133)	0	0.00%
Deficit/(Surplus) for Period	(16,399)	(17,124)	725		0	(950)	950	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 30 JUNE 2015

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	29,966	29,138	828	2.76%	137,050	137,050	0	0.00%
Premises Related Expenditure	1,775	1,786	(11)	(0.62%)	16,588	16,588	0	0.00%
Supplies and Services	3,196	3,689	(493)	(15.43%)	21,583	21,083	500	2.32%
Transport Related Expenditure	3,123	2,793	330	10.57%	20,996	20,996	0	0.00%
Third Party Payments	26,860	26,878	(18)	(0.07%)	124,870	124,420	450	0.36%
Capital Financing	0	(1,096)	1,096	0.00%	20,407	20,407	0	0.00%
TOTAL EXPENDITURE	64,920	63,188	1,732	2.67%	341,495	340,545	950	0.28%
Income	81,319	80,312	1,007	1.24%	341,495	341,495	0	0.00%
Deficit/(Surplus) for Period	(16,399)	(17,124)	725		0	(950)	950	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

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A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

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An explanation is given for any variance which exceeds £50,000 or 10%.

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL

Appendix 2
30 June 2015

FINANCIAL SUMMARY - GROSS EXPENDITURE

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Area Committee Expenditure - Asset Sustainability	0	0	0	44	0	44	69	25	44
Asset Sustainability Projects									
Customer Services	423	440	(17)	5,620	6,089	(469)	56,456	57,019	(563)
Development & Infrastructure Services	1,059	1,084	(25)	5,813	6,121	(308)	39,639	39,637	2
Asset Sustainability Total	1,482	1,524	(42)	11,433	12,210	(777)	96,095	96,656	(561)
Service Development Projects									
Customer Services	226	222	4	3,455	2,049	1,406	13,744	14,027	(283)
Development & Infrastructure Services	1	45	(44)	1,631	1,633	(2)	7,671	7,673	(2)
Service Development Total	227	267	(40)	5,086	3,682	1,404	21,415	21,700	(285)
Strategic Change Projects									
Campbeltown Schools Redevelopment	1	1	0	2,798	1,700	1,098	9,127	8,029	1,098
Dunoon Primary	1	1	0	686	688	(2)	3,921	3,923	(2)
Replacement of Oban High	1	1	0	4,973	3,354	1,619	13,159	11,540	1,619
Kim Primary School	0	0	0	2,547	1,706	841	6,500	6,494	6
Carbon Management - Education	0	0	0	0	0	0	25	25	0
Carbon Management - Non Education	0	0	0	50	50	0	100	100	0
Carbon Management Business Cases	0	0	0	117	117	0	261	261	0
NPDO Schools Solar PV Panel Installations	2	2	0	941	913	28	944	944	0
Non NPDO Schools Solar PV Panel Installations	7	7	0	109	109	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	38	0	145	145	0
Carbon Management Capital Property Works 2015/16	9	9	0	19	19	0	20	20	0
Carbon Management Capital Property Works 2016/17	0	0	0	0	0	0	19	19	0
Islay HS/Bowmore PS Carbon Management	0	0	0	17	17	0	726	726	0
Kilmory Biomass Carbon Management	0	0	0	156	156	0	1,033	1,033	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown and Rothesay Rationalisation	0	0	0	8	8	0	35	35	0
Campbeltown Office Rationalisation	0	0	0	568	459	109	568	568	0
Helensburgh Office Rationalisation	1,090	1,089	1	1,926	1,746	180	11,489	11,489	0
Mid Argyll Offices Reorganisation	0	1	(1)	(97)	8	(105)	270	375	(105)
Tiree Shared Offices	0	0	0	10	10	0	10	10	0
Kintyre Renewables Hub	85	85	0	844	300	544	12,115	11,571	544
Helensburgh Depot Rationalisation	34	34	0	(186)	123	(309)	1,050	1,359	(309)
CHORD - Helensburgh	57	57	0	1,124	902	222	7,330	7,230	100
CHORD - Campbeltown	639	639	0	2,185	1,305	880	4,786	4,786	0
CHORD - Dunoon	57	57	0	3,775	679	3,096	9,570	9,570	0
CHORD - Oban	207	207	0	3,651	2,658	993	6,560	6,560	0
CHORD - Rothesay	0	0	0	950	950	0	3,120	3,120	0
Helensburgh Waterfront Development	9	9	0	315	300	15	9,827	9,812	15
TIF - Lorn/Kirk Road	2	2	0	163	163	0	238	238	0
TIF - North Pier Extension	0	0	0	560	560	0	560	560	0
TIF - Oban Airport Business Park	22	22	0	34	528	(494)	590	590	0
OBC for Dunoon Pier	160	160	0	2,318	2,518	(200)	2,830	2,830	0
Pier Upgrades	0	0	0	290	260	30	300	270	30
Strategic Change Total	2,383	2,383	0	30,916	22,371	8,545	107,925	104,929	2,996
TOTAL	4,092	4,174	(82)	47,479	38,263	9,216	225,504	223,310	2,194