

Key Decision Required:	Yes	In the Forward Plan:	Yes
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**CABINET
17 FEBRUARY 2017**

REPORT OF FINANCE, REVENUES AND BENEFITS PORTFOLIO HOLDER

A.3 CORPORATE BUDGET MONITORING REPORT FOR THE THIRD QUARTER OF 2016/17 (Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide an overview of the Council's actual financial position against the budget as at the end of December 2016.

EXECUTIVE SUMMARY

- The Council's financial position against the approved budget has been prepared for the period to the end of December 2016.
- The information set out in this report is now based on the 2016/17 revised budget presented to Council on 7 February 2017.
- The position to the end of December 2016, as set out in more detail in the Executive Summary attached, shows that overall the actual General Fund Revenue position is behind the profiled budget by **£2.949m**. After allowing for significant one-off budgets such as the Fit for Purpose Budget where commitments or decisions are still to be made, the position is revised to **£0.532m** ahead of the profiled budget (behind profile by £1.701m at the end of the previous quarter). A considerable element of this variance is due to the timing of expenditure and income although some emerging or continuing issues have been identified which have been set out below.
- In respect of other areas of the budget such as Housing Revenue Account, Capital Programme, debt recovery, treasury activity and LCTSS / Council Tax and Business Rates there are no significant issues that have been identified to date over and above the comments provided later on in this report.
- As in previous years, it is recognised that a number of smaller variances within services emerge over the course of the year that would not necessarily be specifically highlighted or discussed within the Corporate Budget Monitoring reports. Although a significant number of budgets have been revised as part of the financial strategy process, it is still possible that a range of smaller variances may remain at the end of the year and contribute to the overall position. Also a number of budgets that relate to schemes / initiatives or earmarked for specific purposes may not be fully spent by the end of the year and may be subject to end of year processes such as carry forward requests and therefore remain committed. However at this stage and after taking into account the current position and information available it is anticipated that any adverse issues will be offset by favourable variances elsewhere within the budget at the end of the year.

RECOMMENDATION(S)

That the financial position as at the end of December 2016 is noted;

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Effective budgetary control is an important tool in ensuring the financial stability of the authority by drawing attention to issues of concern at an early stage so that appropriate action can be taken. Financial stability plays a key role in delivering the Council's corporate and community aims and priorities.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are considered in the body of the report.

Risk

A number of variances will be subject to change as the year progresses although at this stage it is expected that any adverse position can be managed within the overall budgets. The budget position will be monitored and reviewed as part of both the future budget monitoring arrangements and Financial Strategy Processes.

LEGAL

The Local Government Act 2003 makes it a statutory duty that Local Authorities monitor income and expenditure against budget and take appropriate action if variances emerge.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no direct implications arising from this report.

PART 3 – SUPPORTING INFORMATION

GENERAL FUND REVENUE

The Council's financial position against the approved budget has been prepared for the period ending 31 December 2016.

The information set out in this report is now based on the 2016/17 revised budget presented to Council on 7 February 2017.

The position to the end of December 2016, as set out in more detail in the Executive Summary attached, shows that overall the actual position is behind the profiled budget by **£2.949m**. (£5.807m at the end of the second quarter)

After allowing for significant / one-off budgets such as the Fit for Purpose Budget where commitments or decisions are yet to be made, this position is revised to **£0.532m** ahead of the profiled budget with further details as follows:

Variance as set out in Executive Summary	(£2.949m)
Less Variances to date for Significant / One-off Budgets	
Fit For Purpose	£1.217m
Contingency	£0.240m
New Homes Bonus	£1.130m
Local Plan	£0.894m
Variance Excluding Significant / One-off Budgets	£0.532m

After further excluding the variance for employee costs of **£0.316m**, which is covered separately below, the remaining net variance is **£0.848m**. (£0.956m at the end of the second quarter)

As set out in the appendices, a considerable element of the variance to date is due to the timing of expenditure and income or where commitments / decisions have yet to be made.

Appendix B provides further narrative around variances with the following drawing out the significant issues identified to date:

EXPENDITURE BUDGETS

a) Expenditure Budgets Behind Profile

➤ Salaries / Employee Costs

Overall employee expenses are behind profile by **£0.316m**. (£0.745m at the end of the second quarter)

Although the budget has been adjusted as part of the revised budget process, the position against employee costs continues to reflect a favourable financial position. To some extent this reflects a cautious approach to budgeting for the second half of the year where the full establishment cost would have been calculated less an assumption for vacancies.

A number of vacancies continue to be held pending restructures or implementation of restructures along with services challenging themselves as to how they deliver their services rather than recruit on a like for like basis. Salary costs are an area of the budget that remains under on-going review and any necessary changes will be reflected in future reorganisations and /or the financial strategy process going into 2017/18.

INCOME BUDGETS

Additional details around the Council's most significant areas of income are set out in **Appendix H** with additional comments below:

a) Income Budgets Ahead of Profile

A number of income budgets are ahead of the profile at the end of quarter 3. The following area of income is worth highlighting:

➤ Parking Fees - £0.125m (£0.113m at the end of the second quarter)

Total income received by the end of December is already **£0.031m** ahead of the full year income budget. The income receivable in the fourth quarter has been historically lower due to seasonal factors but a favourable variance is expected to remain at the end of the year which at the present time is expected to negate the need to call money

down from the Parking Reserve to support the residents parking scheme. If this trend continues it may be possible to 'mainstream' the residents parking scheme into the base budget on an on-going basis without support from the Parking Reserve. This will be considered as part of the Financial Strategy process during 2017/18.

b) Income Budgets Behind Profile

Only a small number of income budgets are currently behind profile, the most significant of which relates to Leisure with further comments as follow:

- **Leisure Income - £0.113m** (£0.034m behind profile at the end of the second quarter)
Leisure Facility income continues to remain behind the budget, with a significant contributory factor being the temporary closure of Walton Pool whilst the Council responds to the identification of legionella at the centre. As has been the case in previous years, a commercial approach continues to be taken within the various centres which includes the control of expenditure to offset reduced income with the aim of delivering the service within the overall net budget at the end of the year.

OTHER BUDGETS

➤ **LCTSS / Business Rates**

Additional Information relating to the Local Council Tax Support Scheme (LCTSS) and Business Rates is included in **Appendix I**.

As mentioned in the last quarter's report, there were no significant issues to highlight, but attention was drawn to the overall rateable value relating to business rates suffering a downward trend in the first half of the year that reflected changes such as significant commercial properties being removed from the rating list. To date this position has been compounded by the timing of when properties eventually end up being reflected in the rating list and when payment is actually received which is skewing the position to date as set out in the Appendix. This matter will be reviewed as part of the year end processes, with the timing of the receipt of income potentially spanning across 2016/17 and 2017/18.

2016/17 BUDGET ADJUSTMENTS / ADDITIONAL COMMENTS

Unlike in previous quarters, no budget adjustments are proposed in this quarter which to a large extent reflects the fact that a number of emerging issues have already been addressed via the revised budget process. However one issue that will have an impact on the budget is the impact of the identification of legionella at Walton Swimming Pool. Although the impact on income has been highlighted earlier on in this report, there will be additional expenditure required as part of the overall activities currently underway to enable the centre to reopen.

Given the various parties involved, establishing liability for the costs incurred and loss of income will be a complex process which will also involve insurers / loss adjusters as appropriate. Given that the remedial work and negotiations between the various parties remain 'live' and on-going it is not possible to identify the budget adjustments required at the present time. However early indications suggest that the overall financial impact from the closure of the facility and necessary remedial works can be accommodated within the Council's overall budget (for example by using the favourable variance against employee budgets highlighted above). Once costs become clearer the necessary budget adjustments will be finalised and the necessary decisions will be sought to adjust the budget accordingly.

HOUSING REVENUE ACCOUNT – REVENUE

An overall position is set out in the Executive Summary with further details included in **Appendix C**. The HRA budgets set out in this report are based on the 2016/17 revised budget agreed by Cabinet on 20 January 2017.

As at the end of December 2016, the HRA is **£0.185m** behind the profiled budget (£0.283m behind profile at the end of the second quarter) with no significant issues to highlight to date as this largely reflects the timing of expenditure and income.

Although the overall impact for the year is still emerging, rental income is now running behind profile by **£0.100m** at the end of December 2016. Following an initial review, the reduced income is primarily due to the average period properties remain void being greater than in previous years. Although there is a mix of reasons that contribute to this position, a major issue is the condition of some properties when vacated by tenants which require significant remedial work before they are in a condition to relet. This is in addition to a number of long term voids in sheltered blocks whilst the wider review of this type of accommodation is undertaken. This matter will need to be monitored closely over the last quarter of the year and into 2017/18 with actions identified to see how the Council can practically respond to this issue.

Increased period of voids also increases the level of Council Tax payable on empty properties which is therefore having a secondary impact within the HRA.

CAPITAL PROGRAMME – GENERAL FUND

The overall position is set out in **Appendix D**.

As at the end of December 2016 the programme is behind profile by **£0.218m**. (behind profile by £0.052m at the end of the second quarter)

Where schemes are currently being delivered, relevant information is provided in the appendix. Given the lead in time to some schemes, some capital projects are subject to development and detailed procurement processes for example, with additional information planned on being provided in future budget monitoring reports as they progress. There are no significant issues to highlight at the present time with additional comments set out in **Appendix D**.

CAPITAL PROGRAMME – HOUSING REVENUE ACCOUNT

As at the end of December 2016 the programme is behind profile by **£0.206m** (£0.054m behind profile at the end of the second quarter)

This budget relates primarily to the on-going major repairs and improvements to the Council's own dwellings. There are no specific issues to highlight at this stage and the expectation is that expenditure / commitments will be broadly in line with the budget over the course of the year as work is progressed and procurement processes completed.

CORPORATE DEBT

A detailed analysis of the current position is shown in **Appendix E**.

There are no significant issues to highlight at the present time. Income will continue to be collected over the remainder of the year with recovery arrangements and action taken as

necessary.

TREASURY ACTIVITY

A detailed analysis of the current position is shown in **Appendix F**.

Apart from the issue set out below, there are no significant matters to highlight at the present time with investment and borrowing activity on-going in line with the Treasury Strategy and associated practices / requirements.

In preparation for the period that the offices were closed over Christmas, the Council's cash flows were adjusted wherever possible to accommodate the fact that no officer would be available for the three days over the Christmas break to carry out the day to day treasury function. The aim of adjusting the cash flows was to seek to keep the Council's current accounts below the overall **£1.000m** limit until officers returned to work on the 3 January. One element of the Council's cash flow that is not controllable and always difficult to forecast is the adhoc income that is paid electronically such as over the internet. Although 'headroom' was allowed for in the current account balances at the start of the Christmas break, more money was received from customers than anticipated that resulted in a maximum of **£1.256m** being held overnight in the bank, which is **£0.256m** more than the agreed limit of **£1.000m**. There was no increased risk to the security of the Council's deposits as the Council's bankers were not on any market / credit rating 'alerts' etc. which were reviewed as part of the approach taken to treasury management activities over the 2016 Christmas break.

Although arrangements for this year's Christmas break have yet to be agreed, it is proposed to seek to increase the amount of money that can be held in the Council's current accounts at any one time from **£1.000m** to **£1.500m** to accommodate a potential repeat of this situation in the future. This limit could apply just to the Christmas period rather than a general limit, and to reduce risk, if there was any market intelligence to suggest that it was not prudent to place a higher level of funding with our current account bankers then alternative options would have to be explored. This matter will therefore be revisited once the arrangements for 2017 Christmas break are agreed with proposals put forward to members to consider later in the year.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Front Cover and Executive Summary

- Appendix A – Summary by Portfolio / Committee
- Appendix B – General Fund Budget Position by Department
- Appendix C – Housing Revenue Account Budget Position
- Appendix D – Capital Programme
- Appendix E – Corporate Debt and Housing Rents
- Appendix F – Treasury Activity
- Appendix G – Income from S106 Agreements
- Appendix H – Significant Fees and Charges
- Appendix I – LCTSS, Council Tax and Business Rates

Tendring

District Council



Appendices Included:

Executive Summary	A summary of the overall position.
Appendix A	A summary of the overall position by Portfolio/Committee
Appendix B	An analysis by Department of all General Fund Revenue budgets.
Appendix C	An analysis of Housing Revenue Account Revenue budgets.
Appendix D	The position to date for General Fund and HRA capital projects.
Appendix E	Position on corporate debt and housing rents
Appendix F	Treasury activity.
Appendix G	Section 106 monies.
Appendix H	Position against significant fees and charges budgets
Appendix I	LCTSS, Council Tax and Business Rates

Corporate Budget Monitoring

December 2016

(The variance figures set out in these appendices that are presented in brackets represent either a net underspend to date position or additional income received to date)

Corporate Budget Monitoring - Executive Summary as at the end of December 2016

The tables below show the summary position for the General Fund, Housing Revenue Account, Capital, Debt and Treasury Activity.

General Fund - Summary by Department Excluding Housing Revenue Account

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
Office of the Chief Executive	4,076,000	1,055,031	1,033,459	(21,572)
Corporate Services	(19,376,320)	(5,106,754)	(6,223,831)	(1,117,077)
Operational Services	12,336,060	6,309,973	5,793,886	(516,088)
Planning	2,964,260	1,580,722	286,045	(1,294,678)
Total General Fund	(0)	3,838,973	889,558	(2,949,415)

Housing Revenue Account

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
Total HRA	(0)	(7,103,023)	(7,288,497)	(185,474)

Capital

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
General Fund	13,256,650	1,756,318	1,538,739	(217,578)
Housing Revenue Account	7,024,010	2,228,882	2,022,693	(206,190)
Total Capital	20,280,660	3,985,200	3,561,432	(423,768)

Debt

	Arrears this month as % of Amount Collectable to date	Collected to Date (Against Budgeted Collection)
General Debt	9.12%	
Housing Rents	1.24%	
Council Tax		87.38%
Business Rates		85.21%

Treasury

	£'000
Total External Borrowing	46,456
Total Investments	57,143

Revenue Budget Position at the end of December 2016

Portfolio / Committee Summary

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £
Leader	2,250,000	0	0	0
Enforcement and Community Safety	232,310	1,131,752	1,022,048	(109,704)
Corporate Services	1,534,180	1,638,434	1,783,764	145,330
Commercialisation	2,002,950	115,971	(145,598)	(261,569)
Environment	5,278,980	2,822,834	2,757,966	(64,868)
Finance, Revenues and Benefits	(11,577,110)	(7,749,672)	(8,780,331)	(1,030,658)
Housing	14,859,780	5,506,302	5,041,015	(465,287)
Leisure, Health and Wellbeing	3,008,590	951,775	887,318	(64,457)
Planning and Regeneration	5,737,060	1,769,919	510,188	(1,259,731)
Tourism and Culture	657,140	109,206	158,044	48,838
Budgets Relating to Non Executive Functions	589,470	117,620	61,727	(55,893)
Net Cost of Services	24,573,350	6,414,140	3,296,141	(3,117,999)
Revenue support for Capital Investment	3,616,660	0	0	0
Financing Items	(1,988,510)	1,492,055	1,475,151	(16,904)
Budget Before use of Reserves	26,201,500	7,906,195	4,771,292	(3,134,903)
Contribution to / (from) earmarked reserves	(12,153,500)	0	0	0
Total Net Budget	14,048,000	7,906,195	4,771,292	(3,134,903)
Funding:				
Revenue Support Grant	(2,563,840)	(1,743,413)	(1,743,413)	0
Business Rates Income	(4,649,400)	(4,246,877)	(4,246,880)	(3)
Collection Fund Surplus	20,040	16,032	16,050	18
Parish Precepts	1,439,263	1,439,263	1,439,263	0
Income from Council Tax Payers (including Parish Precepts)	(8,294,063)	(6,635,250)	(6,635,250)	0
Total	(0)	(3,264,050)	(6,398,939)	(3,134,889)

Corporate Budget Monitoring - General Fund Budget Position at the end of December 2016

Department - Office of Chief Executive

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	711,610	532,170	501,334	(30,836)	179,440	
Premises Related Expenditure	25,990	23,358	24,144	786	2,633	
Transport Related Expenditure	25,380	19,175	16,312	(2,863)	6,205	
Supplies & Services	3,373,740	632,615	678,391	45,776	2,671,655	
Third Party Payments	870	0	0	0	870	
Total Direct Expenditure	4,137,590	1,207,317	1,220,180	12,863	2,860,803	
Direct Income						
Government Grants	(47,360)	(47,360)	(47,365)	(5)	(0)	
Other Grants, Reimbursements and Contributions	(62,550)	(61,575)	(83,396)	(21,821)	(975)	
Sales, Fees and Charges	(3,570)	(3,522)	(4,402)	(879)	(48)	
Rents Receivable	(52,940)	(39,829)	(51,558)	(11,730)	(13,111)	
Total Direct Income	(166,420)	(152,286)	(186,721)	(34,435)	(14,134)	
Net Direct Costs	3,971,170	1,055,031	1,033,459	(21,572)	2,846,669	
Net Indirect Costs	104,830	0	0	0	104,830	
Total for Office of Chief Executive	4,076,000	1,055,031	1,033,459	(21,572)	2,951,499	

Department - Office of Chief Executive

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Chief Executive and Member and Management Support	862,590	568,247	595,033	26,785	
Total for Regeneration	3,213,410	486,784	438,426	(48,358)	
Total for Office of Chief Executive	4,076,000	1,055,031	1,033,459	(21,572)	

Corporate Budget Monitoring - General Fund Budget Position at the end of December 2016

Department - Corporate Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	7,407,690	4,874,045	4,824,611	(49,434)	2,563,645	
Premises Related Expenditure	179,170	173,230	175,104	1,874	5,940	
Transport Related Expenditure	62,670	54,085	49,103	(4,982)	8,585	
Supplies & Services	8,626,460	4,659,679	1,854,413	(2,805,266)	3,918,731	
Third Party Payments	2,280	1,710	2,240	530	570	
Transfer Payments	55,291,550	36,087,000	39,757,141	3,670,141	19,204,550	
Interest Payments	89,860	43,440	43,454	14	46,420	
Total Direct Expenditure	71,659,680	45,893,189	46,706,065	812,876	25,748,441	
Direct Income						
Government Grants	(59,886,340)	(38,561,385)	(40,535,981)	(1,974,596)	(21,324,955)	
Other Grants, Reimbursements and Contributions	(1,526,870)	(1,014,782)	(949,826)	64,956	(292,884)	
Sales, Fees and Charges	(16,660)	(13,730)	(21,667)	(7,937)	(2,930)	
Rents Receivable	(44,440)	(26,705)	(6,780)	19,925	(17,735)	
Interest Receivable	(218,870)	(213,095)	(245,412)	(32,317)	(5,775)	
RSG, Business Rates and Council Tax	(14,048,000)	(11,170,245)	(11,170,231)	14	(2,877,755)	
Total Direct Income	(75,741,180)	(50,999,943)	(52,929,897)	(1,929,954)	(24,522,033)	
Net Direct Costs	(4,081,500)	(5,106,754)	(6,223,831)	(1,117,077)	1,226,408	
Net Indirect Costs	(3,141,320)	0	0	0	(3,141,320)	
Net Contribution to/(from) Reserves	(12,153,500)	0	0	0	(12,153,500)	
Total for Corporate Services	(19,376,320)	(5,106,754)	(6,223,831)	(1,117,077)	(14,068,412)	

Department - Corporate Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Corporate Director, PR and Electoral Services	505,830	276,821	285,334	8,512	
Total for Governance and Legal Services	58,020	371,202	390,722	19,520	
Total for Finance, Revenues and Benefits	1,208,270	1,714,703	3,281,097	1,566,394	The current position primarily relates to the timing of housing benefit payments and the subsequent receipt of the associated subsidy from the Government.
Total for Finance - Other Corporate Costs	4,563,090	287,604	(2,305,629)	(2,593,233)	The current variance primarily reflects the position against the Fit for Purpose, Contingency and unallocated New Homes Bonus budgets which remain subject to commitments and decisions.
Total for Finance - Financing Items	(12,125,040)	1,674,810	1,677,109	2,299	
Total for Finance - RSG, Business Rates and Council Tax	(14,048,000)	(11,170,245)	(11,170,231)	14	
Total for Property Services	60,480	163,717	175,067	11,350	
Total for People, Performance and Projects	344,850	523,318	543,749	20,431	

Department - Corporate Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Total for IT and Corporate Resilience	56,180	1,051,315	898,950	(152,365)	This reflects the timing and lead in time for a number of IT initiatives and projects.
Total for Corporate Services	(19,376,320)	(5,106,754)	(6,223,831)	(1,117,077)	

Corporate Budget Monitoring - General Fund Budget Position at the end of December 2016

Department - Operational Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	8,077,970	5,993,198	5,895,285	(97,913)	2,058,272	
Premises Related Expenditure	3,306,330	2,350,305	2,013,682	(336,623)	956,025	
Transport Related Expenditure	601,920	345,916	310,091	(35,825)	256,004	
Supplies & Services	3,428,730	2,322,961	2,302,984	(19,978)	1,083,939	
Third Party Payments	4,507,140	2,747,563	2,744,777	(2,787)	1,759,577	
Transfer Payments	121,000	108,300	108,301	1	12,700	
Total Direct Expenditure	20,043,090	13,868,244	13,375,119	(493,125)	6,126,516	
Direct Income						
Government Grants	(147,450)	(92,850)	(92,855)	(5)	(54,600)	
Other Grants, Reimbursements and Contributions	(1,408,920)	(857,384)	(680,383)	177,001	(464,871)	
Sales, Fees and Charges	(7,819,370)	(6,218,812)	(6,404,424)	(185,612)	(1,600,158)	
Rents Receivable	(277,150)	(194,032)	(213,828)	(19,796)	(83,118)	
Total Direct Income	(9,652,890)	(7,363,078)	(7,391,490)	(28,412)	(2,202,747)	
Net Direct Costs	10,390,200	6,505,166	5,983,629	(521,537)	3,923,769	
Net Indirect Costs	1,945,860	(195,193)	(189,743)	5,449	2,141,053	
Total for Operational Services	12,336,060	6,309,973	5,793,886	(516,088)	6,064,822	

Department - Operational Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Corporate Director and Administration Operational Services	7,950	103,438	101,069	(2,368)	
Total for Public Realm	1,544,890	570,051	214,361	(355,690)	The variance to date primarily reflects the timing of expenditure on items such as utility bills and building repairs along with the favourable position relating to parking income with further details set out in the main body of the report.
Total for Environmental Services	4,875,240	2,553,972	2,618,857	64,885	The position includes a significant variance against recycling credit income. This is primarily due to the timing of invoices being raised and subsequent payment from ECC, as the income budget was reduced as part of the revised budget process for 2016/17 to take account of the level of recycling being achieved this year. However this is being reviewed in consultation with the service to confirm that the position can still be managed within the overall net budget in 2016/17.
Total for Coastal Protection	1,211,410	265,742	230,731	(35,011)	
Total for Customer and Commercial Services	175,670	427,995	392,383	(35,612)	

Department - Operational Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Total for Sports and Leisure	3,135,840	83,858	24,291	(59,567)	Although an overall net favourable position is showing to date, please see main body of the report for further details in respect of Leisure Income.
Total for Housing	1,374,470	968,980	964,389	(4,591)	
Total for Building and Engineering	10,590	1,335,937	1,247,803	(88,134)	The current position reflects the timing of expenditure against budgets such as utilities and building repairs.
Total for Operational Services	12,336,060	6,309,973	5,793,886	(516,088)	

Corporate Budget Monitoring - General Fund Budget Position at the end of December 2016

Department - Planning

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	1,767,340	1,274,467	1,136,978	(137,490)	467,873	
Premises Related Expenditure	2,230	1,672	576	(1,097)	558	
Transport Related Expenditure	27,570	20,678	16,817	(3,860)	6,893	
Supplies & Services	1,819,110	1,336,778	368,199	(968,578)	482,332	
Total Direct Expenditure	3,616,250	2,633,595	1,522,570	(1,111,025)	957,655	
Direct Income						
Other Grants, Reimbursements and Contributions	0	0	(1,400)	(1,400)	0	
Sales, Fees and Charges	(1,403,830)	(1,052,872)	(1,235,125)	(182,253)	(350,958)	
Total Direct Income	(1,403,830)	(1,052,872)	(1,236,525)	(183,653)	(350,958)	
Net Direct Costs	2,212,420	1,580,722	286,045	(1,294,678)	606,698	
Net Indirect Costs	751,840	0	0	0	751,840	
Total for Planning	2,964,260	1,580,722	286,045	(1,294,678)	1,358,538	

Department - Planning

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Head of Planning and Customer Services	0	327,155	323,686	(3,469)	
Total for Planning and Development	1,163,070	141,990	(149,258)	(291,248)	Planning fee income continues to run ahead of the profiled budget even after utilisation of some funding to support additional capacity within the service during the year.
Total for Planning Policy	1,631,360	1,073,882	121,115	(952,767)	As in previous quarters, the timing of expenditure against the Local Plan budget is associated with the various strands of work that are required to deliver this project that spans financial years. A major element of the process relates to the examination of the plan in public, where it is anticipated that a high level of expenditure will be incurred against this budget later in the year.
Total for Building Control	169,830	37,695	(9,499)	(47,194)	
Total for Planning	2,964,260	1,580,722	286,045	(1,294,678)	

Corporate Budget Monitoring - Housing Revenue Account Budget Position at the end of December 2016

Housing Revenue Account

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	768,350	277,410	257,365	(20,045)	490,940	
Premises Related Expenditure	3,620,310	2,364,982	2,093,048	(271,933)	1,255,328	
Transport Related Expenditure	18,320	13,740	13,957	217	4,580	
Supplies & Services	428,660	285,109	228,855	(56,254)	143,551	
Third Party Payments	1,030	773	0	(773)	258	
Transfer Payments	17,000	12,750	11,416	(1,334)	4,250	
Interest Payments	1,533,470	725,020	725,024	4	808,450	
Total Direct Expenditure	6,387,140	3,679,783	3,329,664	(350,119)	2,707,357	
Direct Income						
Government Grants	(45,000)	0	0	0	(45,000)	
Other Grants, Reimbursements and Contributions	(8,000)	0	(8,726)	(8,726)	(8,000)	
Sales, Fees and Charges	(691,630)	(534,546)	(449,324)	85,222	(157,084)	
Rents Receivable	(13,663,150)	(10,248,260)	(10,160,111)	88,149	(3,414,890)	
Interest Receivable	(51,600)	0	0	0	(51,600)	
Total Direct Income	(14,459,380)	(10,782,806)	(10,618,161)	164,645	(3,676,574)	
Net Direct Costs	(8,072,240)	(7,103,023)	(7,288,497)	(185,474)	(969,217)	
Net Indirect Costs	9,336,130	0	0	0	9,336,130	
Net Contribution to/(from) Reserves	(1,263,890)	0	0	0	(1,263,890)	
Total for HRA	(0)	(7,103,023)	(7,288,497)	(185,474)	7,103,023	

Housing Revenue Account

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Finance, Revenues and Benefits	(10,298,890)	(9,250,207)	(9,178,916)	71,291	This reflects reduced income from void periods with further details set out in the main body of the report.
Total for Finance - Financing Items	4,872,660	0	0	0	
Total for Corporate Director and Administration Operational Services	569,530	26,409	25,482	(928)	
Total for Customer and Commercial Services	(63,090)	(84,000)	(76,832)	7,168	
Total for Housing	1,215,960	123,498	86,204	(37,294)	
Total for Building and Engineering	3,703,830	2,081,277	1,855,566	(225,710)	This position primarily reflects the timing of repairs and maintenance work to tenant's properties.
Total for HRA	(0)	(7,103,023)	(7,288,497)	(185,474)	

Corporate Budget Monitoring - General Fund Capital Programme Position at the end of December 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Expenditure					
Commercialisation Portfolio					
Replacement of beach hut supports - The Walings	11,620	0	0	0	
Clacton Seafront Improvements	3,330	0	0	0	
Coast Protection - Cliff Road Sea Wall	15,130	15,130	0	(15,130)	
Coast Protection - Clacton and Holland Works	2,540	2,540	48,121	45,581	
Venetian Bridge Clacton	165,240	15,530	15,515	(15)	Following the outcome of a recent tender process, various options are now being considered as the initial cost of the repairs will be considerably more than the budget.
New Beach Huts	64,600	0	0	0	
Beach Rake and Tractor	50,000	28,000	28,650	650	
Cliff Stabilisation Scheme	5,028,100	9,690	9,690	(0)	
Frinton Resurfacing Works	30,130	30,130	30,124	(6)	
Total for Commercialisation Portfolio	5,370,690	101,020	132,100	31,080	
Corporate Services Portfolio					
Joint HR and Payroll System	14,250	10,688	5,818	(4,869)	
Individual Electoral Registration - Scanning Equipment	10,830	9,300	9,265	(35)	
Total for Corporate Services Portfolio	25,080	19,988	15,083	(4,904)	

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of December 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Enforcement and Community Safety Portfolio					
Westleigh House Demolish/additional parking provision	23,710	0	0	0	This scheme will be progressed as part of the wider office rationalisation project that is in progress.
Commercial Property Investment Fund	750,000	0	0	0	
Information and Communications Technology Core Infrastructure	86,780	31,000	32,283	1,283	
IT Strategic Investment	416,940	238,080	34,918	(203,162)	The issue has arisen due to a delay in the delivery of the corporate Skype for Business project as a result of technical issues. This, in turn, has had a knock-on effect on other projects. It is expected that these issues will be resolved by end of this month which will then enable progress to be made.
Inspire Annexe III New Burden set up	6,770	6,770	7,010	240	
New Committee Management System	10,500	10,500	10,100	(400)	
Enhanced Equipment replacement - Printing and Scanning	31,500	28,000	27,884	(116)	
Total for Enforcement and Community Safety Portfolio	1,326,200	314,350	112,195	(202,155)	

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of December 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Environment Portfolio					
Cremator Replacement and Crematorium Car Park	24,990	24,990	(15,434)	(40,424)	
Brook Country Park	530	0	0	0	
Cranleigh Close, Clacton, landscaping works	13,650	6,990	6,990	0	
Environmental Health Database Migration	5,250	0	0	0	
Public Access Module to CAPS	56,000	0	0	0	
Laying Out Cemetery	179,710	4,190	4,190	0	
Lower Marine Parade D'Court Putting Green Enhancements	18,380	14,450	14,433	(17)	
Football Field & Play Area, Hare Green Rec, Gt Bromley	4,160	4,160	4,166	6	
Harold Lilley Playing Field, Little Clacton	2,370	2,370	2,369	(1)	
Crematorium Flower Court Extension	150,000	0	0	0	
Road Resurfacing, Kirby Playing Field	37,710	37,710	35,676	(2,035)	
Total for Environment Portfolio	492,750	94,860	52,390	(42,470)	

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of December 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Finance, Revenues and Benefits Portfolio					
Replacement of High Volume Printers	29,000	0	0	0	The existing machine is currently being maintained. This position is being monitored to identify if any further commitment is required against this budget.
Replacement of Northgate Unix Server	60,000	0	0	0	The existing equipment is currently being maintained. This position is being monitored to identify if any further commitment is required against this budget.
Audit management software	2,230	0	0	0	
Replacement debit and credit card payment facility	14,630	0	0	0	
Replacement Scan Stations	42,000	0	0	0	
Agresso e-procurement	84,000	0	0	0	
Total for Finance, Revenues and Benefits Portfolio	231,860	0	0	0	
Housing Portfolio					
Town Hall - replacement of fire alarm system	53,000	53,000	52,700	(300)	
Alteration of Redundant Cash Office	29,260	0	0	0	
Housing in Jaywick	500,000	0	0	0	
Private Sector Renewal Grants/Financial Assistance Loans	625,140	33,680	33,686	6	

Corporate Budget Monitoring - General Fund Capital Programme Position at the end of December 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Disabled Facilities Grants	2,646,600	1,036,400	1,036,405	5	
Private Sector Leasing	42,660	0	0	0	
Empty Homes funding	164,220	0	0	0	
Total for Housing Portfolio	4,060,880	1,123,080	1,122,790	(290)	
Leisure, Health and Wellbeing Portfolio					
Frinton & Walton Swimming Pool Re-Development	103,850	94,710	94,713	3	
Clacton Leisure Centre Air Handling Units	170,000	8,310	8,315	5	
Total for Leisure, Health and Wellbeing Portfolio	273,850	103,020	103,028	8	
Planning and Regeneration Portfolio					
Clacton Regeneration	42,340	0	1,153	1,153	
Regeneration Capital Projects	308,000	0	0	0	
SME Growth Fund Capital Grants	125,000	0	0	0	
Harwich Public Realm	1,000,000	0	0	0	
Total for Planning and Regeneration Portfolio	1,475,340	0	1,153	1,153	
Total Approved General Fund Capital Programme	13,256,650	1,756,318	1,538,739	(217,578)	

Corporate Budget Monitoring - Housing Revenue Account Capital Programme Budget Position at the end of December 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Improvements, enhancement & adaptation of the Council's housing stock	4,280,730	1,982,202	1,759,171	(223,032)	This budget covers a range of individual schemes which will be delivered as the year progresses and are subject to the appropriate procurement processes, which are planned, being progressed or are underway.
IT Upgrade & Replacement	20,000	3,000	2,949	(51)	
Disabled Adaptations	479,980	229,980	246,882	16,902	
Cash Incentive Scheme	60,000	0	0	0	
New Build Initiatives and Acquisitions	2,183,300	13,700	13,691	(9)	
Total Housing Revenue Account Capital Programme	7,024,010	2,228,882	2,022,693	(206,190)	

Corporate Debt : Position at the end of December 2016

The position against General debt and Housing debt are set out below.

GENERAL DEBT

	Amount collectable to date £'000	Arrears this Quarter £'000	Arrears last Quarter £'000	Arrears this Quarter as % of Amount Collectable to date %		Comments
Sundry / General Debt	5,602	511	502	9.12%		<p>The figure to date is slightly higher than for the same period last year with one significant debtor included within the amount due - recovery of the relevant amount is being pursued by the Department in consultation with Legal Services.</p> <p>In respect of all other amounts owed, appropriate recovery action will be taken in respect of all outstanding amounts.</p>

HOUSING RENTS

	Total Due for the Year £'000	Amount Collectable to Date £'000	Arrears this Quarter £'000	Arrears Last Quarter £'000	Arrears this Quarter as % of Total Due %	Comments
Housing Rents and Service Charges	13,399	9,789	166	183	1.24%	No significant issues have arisen to date.

Treasury Activity : Position at the end of December 2016

Key Treasury Management Performance Data and Prudential Indicators are set out below.

TREASURY ACTIVITY

Borrowing	Opening Balance 1 April £'000	Borrowing to date £'000	Borrowing Repaid to date £'000	Balance to Date £'000	Comments
Long Term PWLB Borrowing - GF	1,055	0	139	916	
Long Term PWLB Borrowing - HRA	47,063	0	1,523	45,540	
TOTAL BORROWING	48,118	0	1,662	46,456	
Investments	Opening Balance 1 April £'000	Investments to date £'000	Investments Repaid to date £'000	Balance to Date £'000	Comments
<i>Investments less than a year</i>					
Investments with UK Government via Treasury Bills/Investments with DMO, and Local Authorities and other public bodies	32,600	191,050	187,400	36,250	Net investments have increased over the reporting period due to the timing of the Council's cash flow such as expenditure budgets behind profile or income being received ahead of expenditure.
Investments with UK financial Institutions (including Money Market Funds)	12,660	47,435	39,202	20,893	At the end of the period, investments were held with 10 counterparties.
Investments with non-UK Financial institutions	0	0	0	0	
Total Investments for less than a year	45,260	238,485	226,602	57,143	
<i>Investments for longer than a year</i>	0	0	0	0	
TOTAL INVESTMENTS	45,260	238,485	226,602	57,143	
Interest Paid / Received	Full Year Budget £'000	Profiled Budget to Date £'000	Actual to Date £'000	Variance to date £'000	Comments
Interest Paid on Borrowing - GF	83	43	41	(2)	The weighted average rate of interest on the Council's GF borrowing is currently 8.20%. (on an accrued basis)
Interest Paid on Borrowing - HRA	1,533	725	725	0	The weighted average rate of interest on the Council's HRA borrowing is currently 3.30%. (on an accrued basis)
Interest Received on Investments	(236)	(189)	(214)	(25)	The weighted average rate of interest being received on the Council's investments is currently 0.46%. (on an accrued basis)
PRUDENTIAL INDICATORS					
	Approved Indicator £'000	Highest amount reached in the period £'000	Comments		
Authorised limit for external borrowing	74,968	48,118	Borrowing has remained within approved limits.		
Operational boundary for external borrowing	67,471				
Debt Cap - HRA	60,285				

Income from S106 Agreements

Information in respect of S106 income has been split across two areas below - Where money has been formally allocated / being spent and where money remains unallocated / uncommitted.

The information below relates to only S106 amounts applicable to TDC.
Where related to capital schemes - see Appendix D for overall scheme progress.

ALLOCATED / BEING SPENT

Scheme	Amount Committed / Planned to be Spent in 2016/17 (including accrued interest as appropriate) £'000
Capital Schemes	
Road Resurfacing, Kirby Playing Field	38
Cranleigh Close, Clacton - landscaping works	14
Football Field and Play Area, Hare Green Recreation Ground	4
Lower Marine Parade - Putting Green Improvements	18
Harold Lilley Playing Field, Lt Clacton	2
Revenue Schemes	139
TOTAL	215

UNALLOCATED / UNCOMMITTED TO DATE

Permitted Use as per S106 Agreement	Amount Held / 'Spend by' Date			
	Less than 1 Year	1 to 2 Years	2 to 4 Years	4 years +
	£'000	£'000	£'000	£'000
Regeneration Programme and Initiatives	0	0	0	7
Affordable Housing*	102	0	91	43
Town Centre Improvements	0	0	0	43
Open Space**	4	36	71	750
TOTAL	106	36	162	843

* For schemes with a 'spend by' date of less than one year, this money must be spent by June 2017

** For schemes with a 'spend by' date of less than one year, this money must be spent by April 2017

Corporate Budget Monitoring - General Fund Income Budget Position at the end of December 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual £	2016/17 Variance to Profile £
Leisure Facilities	(2,262,030)	(1,680,527)	(1,567,697)	112,830
Licensing	(279,350)	(209,513)	(208,524)	989
Development Control - Chargeable Account	(1,062,000)	(796,500)	(954,561)	(158,061)
Building Regulations-Chargeable Account	(158,910)	(119,183)	(134,318)	(15,135)
Land Charges	(178,960)	(134,220)	(145,898)	(11,678)
Cemeteries	(311,550)	(240,325)	(231,436)	8,889
Crematorium	(1,345,220)	(983,531)	(1,021,600)	(38,069)
Recreation Grounds	(30,530)	(22,898)	(15,993)	6,905
Beach Hut Sites	(958,760)	(951,804)	(966,522)	(14,718)
Careline	(615,370)	(414,770)	(437,299)	(22,529)
Car Parks - Off St	(630,580)	(536,435)	(661,785)	(125,350)
TOTAL	(7,833,260)	(6,089,704)	(6,345,632)	(255,928)

LCTSS, Council Tax and Business Rates

The cost / collection performance and analysis of the Local Council Tax Support Scheme / Council Tax along with the level of Business Rates collected to date is set out as follows:

COUNCIL TAX AND LOCAL COUNCIL TAX SUPPORT SCHEME

COLLECTION FUND	Budget £	Actual £	Variance £	Comments			
Cost of LCTS Discounts	12,210,000	11,617,641	(592,359)	This will be subject to fluctuations over the year as claims are made or ended.			
LCTS Hardship Relief	26,550	6,061	(20,489)				
COUNCIL TAX COLLECTION PERFORMANCE	Budgeted Collection £	Actual Collection £	Variance £	Accounts where LCTS Awarded Actual Collection %	(for the same period last year) Accounts where LCTS Awarded Actual Collection %	TOTAL Actual Collection %	(for same period last year) TOTAL Actual Collection %
Apr to June	(21,080,268)	(21,362,634)	(282,366)	22.35	22.69	29.59	29.67
July	(27,548,771)	(27,808,568)	(259,797)	33.68	30.87	38.48	38.71
August	(33,834,203)	(34,429,516)	(595,313)	40.84	36.32	47.59	47.51
September	(40,451,875)	(40,993,221)	(541,346)	47.59	42.97	56.59	56.75
October	(46,872,915)	(47,476,003)	(603,088)	53.70	48.71	65.49	65.75
November	(53,293,955)	(54,036,150)	(742,195)	60.37	54.18	74.53	74.72
December	(59,728,556)	(60,220,579)	(492,023)	68.92	67.40	83.02	83.75
January	(65,878,380)				77.34		92.36
February	(67,573,481)				81.11		94.76
March	(68,916,000)				84.19		96.65
Comments	There are no significant issues to highlight to date						

LCTSS, Council Tax and Business Rates

BUSINESS RATES RETENTION

BUSINESS RATES COLLECTION PERFORMANCE	Budgeted Collection £	Actual Collection £	Variance £	TOTAL Actual Collection %	(for the same period last year) TOTAL Actual Collection %	Comments
Apr to June	(8,565,127)	(8,136,120)	429,007	29.60	31.61	The performance to date is lower than for the same period last time which is broadly due to the timing of premises appearing in the rating list and when payment is received. It is currently expected that this position will 'correct' itself over time but it may be across the 2016/17 and 2017/18 financial years. This will be dealt with as part of the end of year processes including the position on the collection fund.
July	(11,023,637)	(10,795,339)	228,298	39.24	40.81	
August	(13,288,234)	(13,174,473)	113,761	47.72	49.06	
September	(15,677,183)	(15,782,594)	(105,411)	57.14	57.96	
October	(18,070,835)	(18,023,197)	47,638	65.34	66.84	
November	(20,416,929)	(20,482,857)	(65,928)	74.20	75.46	
December	(22,743,361)	(22,547,850)	195,511	81.74	84.12	
January	(24,963,972)				92.41	
February	(25,796,444)				65.66	
March	(26,463,000)				98.22	