

Resources Committee

17 July 2013

Report of the Head of Finance

REVENUE MONITORING FOR THE PERIOD 1 April 2013 to 31 May 2013

1 Purpose of Report

- 1.1 This report presents Members with a forecast of the year end revenue budget position for 2013-14 based on the latest financial information available at the 31 May 2013 (Period 2).

2 Executive Summary

- 2.1 The monitoring statement shows an additional projected overspend at the end of 2013-14 of £156k (1.50% of net budget) before management action is taken, where appropriate, to bring expenditure in line with budget by the end of the year.

3 Appendices

Appendix 1: Summary of Revenue Budget monitoring at the 31 May 2013.

4. Proposed Action:

The Resources Committee is invited to RESOLVE to:

- 4.1 Note the projected outturn and explanations for the forecast variations at 31 March 2014.**

5. Background

- 5.1 The total revenue budget for 2013-14 as agreed at Resources Committee on 6 February 2013 was £10.378m.
- 5.2 There is currently a budget gap of approximately £2m between the total budget required and the funding the Council receives from Central Government, Council Tax and Business Rate payers. It was agreed, in the short term, this gap would be funded from General Fund reserves.
- 5.3 A regular monitoring report is provided to the Resources Committee showing the net level of income and expenditure against the budget throughout 2013-14 identifying any budget pressures or savings and any management action which is being taken.

5.4 Detailed management actions which are necessary to control expenditure will be reported to Members as part of this regular monitoring report.

6. Discussion

6.1.1 This report has identified an additional forecast overspend at year end of £156k based on the current available financial information at the end of May 2013.

6.1.2 This movement has been generated by items which have been identified since the 2013-14 budget was approved in February and is a mixture of budget pressures and savings.

The main reasons for the movement are listed below:

Budgeted Use of Reserves	£'000 1,890
Budget Pressures:	
Investment Income - Rate of Return	270
Hope Centre	12
DC Leisure	8
Housing Software	15
Total Budget Pressures	305
Budget Savings	
Additional Planning Income	-40
Glamis Hall - NCC Contribution	-27
W3 Bus Services	-24
Vacancy Saving	-10
IT Contract	-32
Parish Precepts	-16
Total Budget Savings	-149
Net Budget Pressure	156
Revised Budgeted Use of Reserves	2,046

6.2 Throughout the year budget movements are monitored and reported when they materialise, as such there are some items that are potential further pressures or saving but are yet to be reported due to uncertainties regarding timing or validity.

- 6.3 Officers are currently investigating if the budget pressure identified in relation to Housing Software can be capitalised, once the outcome is clarified the revenue monitoring report will be updated, if required, to reflect this change.
- 6.4 The most significant change since the budget was set is the anticipated reduction in investment income as a result of the drop in average rate of return the Council is earning on its investment income portfolio. This is a result of the introduction of the Government's "Funding for Lending" scheme which combined with the Council's short term lending strategy has reduced the average interest rate the Council earns. This pressure can be mitigated but would need the Council to increase its risk appetite for investing monies.
- 6.5 The summary revenue budget monitoring report, based on financial information from the Council's financial information system Agresso, at the end of May 2013 is attached as Appendix 1 and identifies the forecast outturn by service area along with a brief explanation for any reported variances. Each service area is managed by a budget manager who is accountable to a Head of Service and each Director.
- 6.6 The budget manager, in conjunction with their Head of Service and Director as appropriate, has been consulted on the remedial actions that could be put into place to mitigate this potential overspend.

7. Legal Powers

- 7.1 Local Government Act 2003

8. Financial and Value for Money Implications

- 8.1 An overall overspend is currently forecast, however there are some areas with overspends for which ongoing management action is required.

9. Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Error in reported position	Over spend and reduced Reserves and Balances	Low due to level of quality assurance	Robust financial arrangements.
Changes in activity levels and new burdens	Over spend and reduced Reserves and Balances	Likely with 10 months of financial year remaining	Robust financial arrangements.

10. Implications for Resources

10.1 None identified.

11. Implications for Stronger and Safer Communities

11.1 No specific implications.

12. Implications for Equalities

12.1 No specific implications

13. Author and Contact Officer

Samantha Knowles, Principal Accountancy Manager

14. Consultees

Budget Managers

Liz Elliot

Richard Micklewright

Head of Finance

Director of Resources

15. Background Papers

Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 31st May (Period 2) with forecast to 2013/14 Outturn

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Committed Expenditure to Period 2	Variance at Period 2	Forecast Outturn at 31st March 2014	Forecast Variance at 31st March 2014	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Community Support	2,280	2,280	415	969	553	2,239	-41	Savings: Glamis Hall NCC additional Funding £27k - When the budget was set it was anticipated NCC would reduce their contribution, however this decision was amended after the budget was set. W3 Bus Service Saving £24k - This is service is now being funded by NCC Staff Vacancy Savings £10k Pressures: Hope Centre Voluntary Grant £12k Extension of Leisure contract £8k
Environmental Protection	507	507	80	71	-10	507	0	
Health Protection	395	395	59	53	-7	395	0	
Community	3,182	3,182	555	1,092	537	3,141	-41	
Housing	675	675	112	144	32	690	15	Decision made after budget was set to upgrade software
Planning Policy and Regeneration	770	770	104	132	27	770	0	
Planning and Building Control	597	547	96	-46	-142	507	-40	Increased planning income as a result of a large planning application being received at the start of the year.
Planning and Local Development Division	2,041	1,991	312	230	-82	1,966	-25	
Environmental Maintenance	3,139	3,139	421	489	67	3,139	0	
Waste and Transport	972	972	160	4,164	4,003	972	0	
Environmental Services Division	4,111	4,111	582	4,653	4,071	4,111	0	
Services Directorate	9,334	9,284	1,449	5,974	4,526	9,218	-66	
Organisational Development	0	0	0	-7	-7	0	0	
Democratic Services	875	875	146	243	98	875	0	
Property and Facilities	-503	-503	-54	284	338	-503	0	
Resources Division	371	371	91	520	429	371	0	
Information Technology Shared Service	0	-10	-28	627	655	-42	-32	2013/14 contract costs were not finalised until after the budget was set.
District Law Shared Service	0	0	14	98	84	0	0	
Accountancy	30	40	6	4	-2	40	0	
Internal Audit	0	0	73	-15	-87	0	0	
Revenues and Benefits	749	749	187	-493	-680	749	0	

Appendix 1

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Committed Expenditure to Period 2	Variance at Period 2	Forecast Outturn at 31st March 2014	Forecast Variance at 31st March 2014	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Finance Division	779	789	266	-504	-769	789	0	
Corporate Contingency	181	231	325	-16	-341	231	0	
Council Tax Freeze Grant	-30	-30	-5	-6	-1	-30	0	
Homelessness Grant	0	0	0	0	0	0	0	
Collection Fund	0	0	0	0	0	0	0	
New Homes Bonus	-615	-615	8	-120	-128	-615	0	
Bad Debt Provision	10	10	0	0	0	10	0	
Depreciation & Amortisation	-1,546	-1,546	0	0	0	-1,546	0	
Non Distributed Costs- Pension Fund	1,185	1,185	197	186	-12	1,185	0	
Investment Income	-544	-544	-91	237	327	-274	270	The 2013/14 was set assuming a 1.4% average rate of return, this has now dropped to 0.4% as a result of the Government introduction of the Funding for Lending scheme and the current Treasury Management Strategy.
Audit Fee & Bank Charges	162	162	5	71	66	162	0	
Other Income and Expenditure	-1,198	-1,148	440	350	-90	-878	270	
Resources Directorate	-48	2	783	1,093	310	240	238	
Corporate Management	648	648	105	100	-5	648	0	
Parish Precepts	443	443	217	277	60	427	-16	Final parish precepts budget requirement was not known until after the budget was set.
2013/14 Budget Requirement	10,378	10,378	2,554	7,443	4,889	10,534	156	
Use of Reserves	-1,890	-1,890	0	0	0	-2,046	-156	
Government Funding	-2,115	-2,115	0	0	0	-2,115	0	
Council Tax	-3,195	-3,195	-303	-303	0	-3,195	0	
Business Rates	-3,178	-3,178	-1,006	-1,006	0	-3,178	0	
2013/14 Funding	-10,378	-10,378	-1,309	-1,309	0	-10,534	-156	
	0	0	1,245	6,134	4,889	0	0	