

**Resources Committee**

**18 September 2013**

**Report of the Head of Finance**

**REVENUE MONITORING FOR THE PERIOD 1 April 2013 to 31 July 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 July 2013 (Period 4).

**2 Executive Summary**

- 2.1 The monitoring statement shows an additional use of reserves at the end of 2013-14 of £64k (0.62% of net budget). This represents an improvement of £92k on the previous forecast additional use of reserves of £156k, which was reported to Resources Committee on 17 July 2013, further analysis of this movement is detailed in 6.1.2 of the report.

**3 Appendices**

Appendix 1: Summary of Revenue Budget monitoring at the 31 July 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 planned use of reserves of approximately £2m to balance the difference between the total 2013-14 budget required and the funding the Council receives from Central Government, Council Tax and Business Rate payers.
- 5.3 Options to address the funding gap will need to be developed so that a balanced budget can be set for 2014-15.

5.4 The budget monitoring report is provided to Resources Committee to show the net level of income and expenditure against the budget throughout 2013-14 identifying any budget pressures or savings and any remedial action which is being taken.

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

## 6. Discussion

6.1.1 The revenue budget monitoring is attached at Appendix 1 and has identified a forecast overspend at year end of £64k and details the forecast outturn by service area along with a brief explanation for any reported variances.

6.1.2 This is an improvement of £92k on the previously reported forecast outturn presented to Resources Committee on 17 July and the main reasons for the movement are listed below:

<b>Budgeted Use of Reserves as at 31st May 2013</b>	£'000 <b>2,046</b>
<b>Budget Pressures:</b>	
Increased Employee Costs	18
<b>Total Budget Pressures</b>	<b>18</b>
<b>Budget Savings</b>	
Weavers Leisure Centre Grant savings	-17
North Northants Housing Coordinator	-6
Training Budget Reduction	-45
Property & Facilities	-26
District Law Contract Savings	-16
<b>Total Budget Savings</b>	<b>-110</b>
<b>Net Budget Saving</b>	<b>-92</b>
<b>Revised Budgeted Use of Reserves as at 31st July 2013</b>	<b>1,954</b>

6.2 The budget pressure identified as a result of increased employee costs is within the Planning & Building Control service, which is mitigated by additional planning fees previously reported.

6.3 Variances between budgeted and actual expenditure will always occur, the important thing is to find out why and to take any necessary corrective action in a timely manner and to report to members on a regular basis.

- 6.4 The anticipated forecast outturn reflects the budget position at year end based on the information available in the first quarter of the financial year. As we progress through the year and more information becomes available the outturn report will be updated to reflect this knowledge.
- 6.5 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.
- 6.6 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 and are detailed in Appendix 1.

**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**

<b>Nature of risk</b>	<b>Consequences if realised</b>	<b>Likelihood of occurrence</b>	<b>Control measures</b>
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 8 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 July (Period 4) with forecast to 2013/14 Outturn

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Committed Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2014	Forecast Variance at 31st March 2014	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
								<b>Savings:</b> 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 £17k NCC Contract for Sports Development Officer £2k General Savings on Community Development Initiatives Services £2k Reduction in grant paid to Weavers Leisure Centre £17k Savings on costs of events £1k <b>Pressures:</b> Hope Centre Voluntary Grant £12k Extension of Leisure contract £8k Extra Contractor Costs for Community Safety Initiatives £5k
Community Support	2,280	2,280	721	1,130	409	2,215	-65	
Environmental Protection	507	507	160	159	-1	508	1	Travellers cost likely to be £1k more
Health Protection	395	395	119	130	11	396	1	Salary costs - JE £1k
<b>Community</b>	<b>3,182</b>	<b>3,182</b>	<b>1,000</b>	<b>1,419</b>	<b>419</b>	<b>3,119</b>	<b>-63</b>	
								<b>Savings:</b> Savings re North Northants Housing Co-ordinator £6k <b>Pressures:</b> Software Upgrade £16k, officers are investigating if this could be capitalised Reduction in Private Sector Renewal Income £1k
Housing	675	675	223	231	8	686	11	
Planning Policy and Regeneration	781	781	204	191	-13	781	0	No changes to forecast as yet
								<b>Savings:</b> Increased planning income as a result of a large planning application being received at the start of the year £40k Increase in Searches income £4k Savings re BC salaries £2k Savings on Car Allowances £2k <b>Pressures:</b> BC Subscriptions increase £3k Salary JE's £22k
Planning and Building Control	586	536	197	31	-166	513	-23	
<b>Planning and Local Development Division</b>	<b>2,042</b>	<b>1,992</b>	<b>624</b>	<b>453</b>	<b>-171</b>	<b>1,980</b>	<b>-12</b>	
Environmental Maintenance	3,139	3,139	843	839	-4	3,139	0	
Waste and Transport	972	972	321	3,882	3,558	972	0	
<b>Environmental Services Division</b>	<b>4,111</b>	<b>4,111</b>	<b>1,164</b>	<b>4,721</b>	<b>3,554</b>	<b>4,111</b>	<b>0</b>	
<b>Services Directorate</b>	<b>9,335</b>	<b>9,285</b>	<b>2,788</b>	<b>6,593</b>	<b>3,802</b>	<b>9,210</b>	<b>-75</b>	
Organisational Development	0	0	-1	-24	-23	-45	-45	CMT Agreed to reduced 2013-14 training budget
Democratic Services	875	875	292	372	80	879	4	Freedom of Borough expenditure agreed after budget setting
Property and Facilities	-503	-503	-327	10	337	-529	-26	Savings are as a result of additional rent income which has been offset by rate cost for vacant properties and BID premium
<b>Resources Division</b>	<b>372</b>	<b>372</b>	<b>-36</b>	<b>358</b>	<b>394</b>	<b>305</b>	<b>-67</b>	

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Committed Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2014	Forecast Variance at 31st March 2014	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Information Technology Shared Service</b>	0	-10	-55	442	497	-42	-32	Savings have been generated as a result of a reduction in staff hours and contract negotiations. These savings are despite many suppliers increasing their costs and the added pressures from Central Government to meet what was the Government Connect standards.
<b>District Law Shared Service</b>	0	0	29	70	41	-16	-16	Savings resulting from Daventry District Council joining consortium
Accountancy	30	40	12	-7	-19	40	0	
Internal Audit	0	0	58	31	-27	0	0	
Revenues and Benefits	749	749	304	-345	-649	749	0	
<b>Finance Division</b>	<b>779</b>	<b>789</b>	<b>374</b>	<b>-321</b>	<b>-695</b>	<b>789</b>	<b>0</b>	
Corporate Contingency	179	229	648	-16	-664	229	0	
Council Tax Freeze Grant	-30	-30	-10	-13	-3	-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	15	-223	-238	-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	395	386	-9	1,185	0	
Investment Income	-544	-544	-183	-11	172	-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. The strategy has been reviewed and amended to mitigate impact.
Audit Fee & Bank Charges	162	162	43	88	45	162	0	
<b>Other Income and Expenditure</b>	<b>-1,199</b>	<b>-1,149</b>	<b>908</b>	<b>211</b>	<b>-697</b>	<b>-879</b>	<b>270</b>	
<b>Resources Directorate</b>	<b>-48</b>	<b>2</b>	<b>1,220</b>	<b>760</b>	<b>-460</b>	<b>157</b>	<b>155</b>	
<b>Corporate Management</b>	<b>648</b>	<b>648</b>	<b>210</b>	<b>193</b>	<b>-17</b>	<b>648</b>	<b>0</b>	
Parish Precepts	443	443	222	277	55	427	-16	
<b>2013/14 Budget Requirement</b>	<b>10,378</b>	<b>10,378</b>	<b>4,440</b>	<b>7,823</b>	<b>3,380</b>	<b>10,442</b>	<b>64</b>	
Use of Reserves	-1,890	-1,890	0	0	0	-1,954	-64	
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	
<b>2013/14 Funding</b>	<b>-10,378</b>	<b>-10,378</b>	<b>-1,309</b>	<b>-1,309</b>	<b>0</b>	<b>-10,442</b>	<b>-64</b>	
	<b>0</b>	<b>0</b>	<b>3,131</b>	<b>6,514</b>	<b>3,380</b>	<b>0</b>	<b>0</b>	