

Resources Committee

11 December 2013

Report of the Head of Finance

REVENUE MONITORING FOR THE PERIOD 1 April 2013 to 31 October 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 October (Period 7).

2 Executive Summary

2.1 The monitoring statement shows an additional use of reserves at the end of 2013-14 of £90k (0.87% of net budget). This represents a downturn of £26k on the previous forecast additional use of reserves of £64k, which was reported to Resources Committee on 18 September 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 October 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 £106k and details the forecast outturn by service area along with a brief explanation for any reported variances.

6.1.2 This is an additional budget pressure of £26k on the previously reported forecast outturn presented to Resources Committee on 18 September and the main reasons for the movement are listed below:

Budgeted Use of Reserves as at 31st July 2013	£'000 1,954
Budget Savings	
Establishment Savings - Corporate Restructure	-73
Total Budget Savings	-73
Budget Pressures:	
Communities for Health Post	35
DC Leisure Contract	14
High Street Development - Consultants	15
Active Directory migration projects delays and additional software	23
Private Sector Renewal Inspections	5
Street Name Plates	4
Increased CCTV Costs	3
Total Budget Pressures	99
Net Budget Pressure	26
Revised Budgeted Use of Reserves as at 31st October 2013	1,980

6.2 Since the outturn position was last reported, Appendix 1 has been amended to only show the direct costs of providing services by removing recharge budgets. As these budgets net to zero, this does not affect the Council's bottom line and the intention is to provide members with a more accurate reflection of the cost of services.

- 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

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 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

Head of Finance

15. Background Papers

Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 31st October (Period 7) with forecast to 2013/14 Outturn

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Actual Expenditure to Period 7	Variance at Period 7	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)	
Community Support	1,986	2,104	1,535	1,539	4	2,056	-48	<p>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 currently being funded by NCC Staff Vacancy Savings £26k NCC Contract for Sports Development Officer £2k Community Development Initiatives LLM grant income £2k General Savings on Community Development Initiatives Services £1k Reduction in grant paid to Weavers Leisure Centre £17k Savings on costs of IML representation £1k Increased income from events £2k</p> <p>Pressures: Hope Centre Voluntary Grant £12k Extension of Leisure contract £22k Increased CCTV costs £3k Extra Contractor Costs for Community Safety Initiatives £8k Increased net costs of Waendel Walk £9k</p>
Environmental Protection	298	306	179	155	-24	307	1	<p>Pressures 1 Travellers cost likely to be £1k more</p>
Health Protection	181	181	87	125	38	217	36	<p>Pressures Salary JE £1k Communities for Health Post £35k</p>
Community	2,465	2,591	1,801	1,819	18	2,580	-11	
Housing	514	514.0	302	225	-77	514	0	<p>Savings: Savings re North Northants Housing Co-ordinator £6k</p> <p>Pressures: Reduction in Private Sector Renewal Income £1k Reduction in anticipated income from tenant arrears £5k</p>
Planning Policy and Regeneration	610	611.0	404	360	-44	631	20	<p>Pressures Overspend on street name plates - work should have been carried out in 2012/13 £4k Overspend on High Street Development £15k Salary JE £1k</p>
Planning and Building Control	312	268.0	193	-45	-238	247	-21	<p>Savings: 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 Building Control salary savings £2k Savings on Car Allowances £3k</p> <p>Pressures: BC Subscriptions increase £3k Salary JE £25k</p>
Planning and Local Development Division	1,436	1,393.0	899	540	-359	1,392	-1	
Environmental Maintenance	3,123	3,127	2,079	2,072	-7	3,126	-1	<p>Additional Income Finedon Town Hall 3k Doddington Rd Cemetery 6k Environmental works - Litter Bins 4k Wollaston Cemetery 1k</p> <p>Additional Expenditure Tithe Barn - Letting of buildings 2k Finedon Cemetery 2k Car Parks Surface - Electricity 2k Car Parks Surface - Rates BID 3k Markets - Rates BID 1k Parks - 3rd Party Insurance 1k</p>
Waste and Transport	1,084	925	624	770	146	925	0	
Environmental Services Division	4,207	4,052	2,703	2,842	139	4,051	-1	

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Actual Expenditure to Period 7	Variance at Period 7	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)	
Services Directorate	8,108	8,036	5,403	5,201	-202	8,023	-13	
Organisational Development	307	307	180	136	-44	260	-47	CMT Agreed to reduced 2013-14 training budget
Democratic Services	742	742	433	484	51	748	6	Freedom of Borough expenditure agreed after budget setting
Property and Facilities	-299	-266	-132	-39	93	-292	-26	Savings are as a result of additional rent income which has been offset by rate cost for vacant properties and BID premium. Reduced rent on Faraday court lease renewals
Resources Division	750	783	481	581	100	716	-67	
Information Technology Shared Service	1,057	1,055	683	719	36	1,060	5	£32k ENC contract Savings generated as a result of a reduction in staff hours and contract negotiations. . £6k Additional cost from delay in exchange migration project (IDOX) £13k Increased costs due to unexpected extension to GroupWise support contract, additional backup requirements during migration period and increase in VM servers £16k for Abritas upgrade (Housing) £2k for extending Active Absence system due to delays & issues with Peopletime.
District Law Shared Service	173	173	130	90	-40	157	-16	Savings resulting from Daventry District Council joining consortium
Accountancy	457	467	274	237	-37	467	0	
Internal Audit	87	87	87	30	-57	87	0	
Revenues and Benefits	101	101	-3,673	-571	3,102	101	0	
Finance Division	645	655	-3,312	-304	3,008	655	0	
Corporate Contingency	174	231	-17	-17	0	231	0	
Council Tax Freeze Grant	-30	-30	-17	-22	-5	-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	-377	-377	0	-615	0	
Bad Debt Provision	10	10	0	0	0	10	0	
Depreciation & Amortisation	-1,546	-1,559	-1,559	-1,559	0	-1,559	0	
Non Distributed Costs- Pension Fund	1,185	1,185	691	672	-19	1,185	0	
Investment Income	-582	-582	-347	-69	278	-312	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	159	159	82	78	-4	159	0	
Other Income and Expenditure	-1,245	-1,201	-1,544	-1,294	250	-931	270	
Resources Directorate	1,380	1,465	-3,562	-208	3,354	1,657	192	
Corporate Management	447	447	268	212	-56	374	-73	Savings are as a result of the corporate restructure
Parish Precepts	443	443	439	461	22	427	-16	
2013/14 Budget Requirement	10,378	10,391	2,548	5,666	3,118	10,481	90	
Use of General Fund Reserves	-1,890	-1,890	0	0	0	-1,980	-90	
Ear Marked Reserves	0	-13	0	0	0	-13	0	
Government Funding	-2,115	-2,115	-1,234	-1,234	0	-2,115	0	
Council Tax	-3,195	-3,195	-1,864	-1,864	0	-3,195	0	
Business Rates	-3,178	-3,178	-1,854	-1,854	0	-3,178	0	
2013/14 Funding	-10,378	-10,391	-4,951	-4,951	0	-10,481	-90	