



**REVENUE AND CAPITAL OUTTURN – 1<sup>ST</sup> QUARTER 2014/2015**  
**REPORT OF DEPUTY CHIEF EXECUTIVE – (CORPORATE**  
**DIRECTION)**

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the revenue and capital outturn at the end of the first quarter of 2014/2015

**2. RECOMMENDATION**

- 2.1 That the committee notes the report

**3. BACKGROUND TO THE REPORT**

- 3.1 Attached to this report are the monthly outturn reports including the following information for the quarter ended 30th June 2014:

- General Fund budget monitoring summary
- General Fund detailed variance analysis
- Capital Programme outturn by scheme
- Outturn position for the Housing Revenue and Housing Repairs accounts

**General Fund**

- 3.2 When the budget was approved by Council in February 2014 it was anticipated that £200,089 would be taken **from** balances and a net £172,230 transferred **from** earmarked reserves.

- 3.3 Since that date, the budget has been increased by £1,395,687, representing carry forwards requests and the transfer of budgets from 2013/2014 relating to unspent grants. In addition, the budget has been adjusted to reflect supplementary budgets that have been approved in line with financial procedures rules. These changes include a budget of £234,905 relating to a potential settlement for the ongoing land charges case. This was approved by Council in July 2014.

- 3.4 Explanations for variances against both profiled budget and estimated outturn have been detailed in the monthly outturn reports appended. The major service variations in excess of £50,000 have be summarised as follows:

	<b>Timing Differences</b>	<b>Outturn variances</b>	<b>Explanation</b>
	<b>£000's Under spend/(Overspend)</b>		
General Grants	2	658	The Council was notified on 30 <sup>th</sup> June 2014 of £658,430 of "section 31 grant" income, designed to reimburse the following changes announced in the 2012 and 2013 Autumn Statements: <ul style="list-style-type: none"> <li>• 2% cap in inflation for 2014/2015</li> </ul>

			<ul style="list-style-type: none"> <li>• Doubling of Small Business Rates Relief</li> <li>• Introduction of the £1,000 retail relief</li> <li>• Reoccupation relief; and</li> <li>• Empty new build measure</li> </ul> <p>It is not currently known if the above grant should be treated as rates "in kind" and therefore included in the calculation of any levy/safety net payments. However in order to be prudent, this income has been placed into the Business Rates reserve pending any notification.</p>
Car Parks	51	38	Additional car parking income, mainly from LCC permits. A supplementary budget request for this additional income will be prepared for Executive.
Development Control	97	110	Growth in planning fees as a result of a number of large applications
Legal and Admin	55	23	Various timing differences relating to prior year costs that have not yet been billed. Year end under spend relates to income that will be received to fund Bus Station legal fees.

3.5 Based on these forecasts the current 2014/2015 outturn shows **£12,871,762** being spent on services with **£2,099,500** being transferred to earmarked reserves and **£1,451,297** being transferred from General Fund balances. In considering this position it should be noted that a transfer of £1,153,000 from balances to reserves was approved by Council in July 2014. Taking this into account, a net over spend of **£98,208** is forecast for 2013/2014 as indicated below:

	<b>Transfer to/(from) Balances</b>
Original Estimate	-200,089
Approved transfer to reserves	-1,153,000
Forecast position	-1,353,089
Current outturn position	-1,451,297
(Over)/ underspend	<b>-98,208</b>

#### Capital

3.6 £3,873,307 has been spent on capital schemes to the end of June 2014 against a budget for that period of £4,642,380. This represents an under-spend of £769,073. The major service variations in excess of £50,000 have been summarised as follows:

<b>Scheme</b>	<b>£000's Under spend/ (Overspend)</b>	<b>Explanation</b>
Disabled Facilities Grant	135	Budget is committed against works and this

		under spend therefore relates to timing differences.
Green Deal Fuel Poverty	99	Under spend relates to carry forward from previous years. All monies must be spent in 2014/2015 and are committed as such.
Council Office Relocation	74	Awaiting final invoice from contractor for works performed. No further spend anticipated.
Housing Repairs (Cumulative repairs schemes)	331	Difference represents the value of "Work in Progress" (WIP) currently sat within the Council's Orchard system. This will be transferred to the financial ledger following completion of works. The value of this WIP is being monitored on a periodic basis to ensure that the outturn on these budgets is accurately forecast. Taking into account this balance as at 30 <sup>th</sup> June 2014, a small under spend is forecast to year end.

### Housing Revenue Account

- 3.7 As at 30<sup>th</sup> June 2014 it is anticipated that the HRA outturn surplus will be £83,847 against a latest budget of £89,847. This reflects a net over spend of £6,000. The HRA is forecasting that £50,000 less rent will be recovered in 2014/2015 due to collection rates. This is offset by salary savings of £44,000. In addition, the Housing Repairs Account, is forecasting a net saving of £33,000 due to salary savings within the service.

#### 4. **FINANCIAL IMPLICATIONS (KP)**

The financial implications on the Council's budget position are outlined in the report.

#### 5. **LEGAL IMPLICATIONS (EH)**

None raised directly by this report

#### 6. **CORPORATE PLAN IMPLICATIONS**

The budget ultimately address all Corporate Plan objectives.

#### 7. **CONSULTATION**

All budget holders have been consulted in collating the information for this report. This information has previously been reported to Executive Briefing.

#### 8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	<p>The Ground Condition survey at Argents Mead which means that the cost of construction (and therefore cost to the Council) will increase by between £750,000 and £1m. Although provision was made of just over £500k from the 2013/14 under spend, the balance will need to be funded by temporarily borrowing internally from the Hub Rental reserve with a view to replenishing this reserve from in year savings in 2014/15 and from (if required) budgeted savings in 2015/16. This position was not reflected in the Council's MTFS which was approved by full Council in April/May 2014.</p> <p>A positive risk- negotiations on retention of business rates up lift from the MIRA EZ will probably mean that the Council retains at least 20% of up lift plus costs. This will be a positive movement in funding not included in the financial projections under pinning the MTFS</p>	Sanjiv Kohli

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

None

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Civica Financial Files

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