



1. PURPOSE OF REPORT

1.1 To inform members of the revenue and capital outturn at the end of the second 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 September 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 £1,549,180, 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.

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:

	Timing Differences	Outturn variances	Explanation
	£000's Under spend/(Overspend)		
General Grants	344	728	<p>The Council was notified on 30th June 2014 of £658,430 of "section 31 grant" income, designed to reimburse the following changes announced in the 2012 and 2013 Autumn Statements:</p> <ul style="list-style-type: none"> • 2% cap in inflation for 2014/2015 • Doubling of Small Business Rates Relief • Introduction of the £1,000

			<p>retail relief</p> <ul style="list-style-type: none"> • Reoccupation relief; and • Empty new build measure <p>The level of this grant that may be retained will depend on the business rates outturn at 31st March 2015 and any levy payments due. Therefore in order to be prudent, this income has been placed into the Business Rates reserve pending any notification.</p> <p>In addition £70,000 saving is shown to the year end relating to Charitable Relief payments that are no longer required to be charged to the General Fund.</p>
DSO Housing Repairs	58	15	Various savings on fuel, materials and salaries. Fuel savings have been forecast to be released at the year end.
Recycling	48	56	The £56,000 saving to year end relates to increased income from recycling activity of £116,000, along with savings on recycling improvements expenditure of £40,000 which are no longer required. These savings are offset by a £100,000 pressure arising from additional costs levied by the current recycling contractor. A full report on this position was reviewed by Executive on 17 th December 2014.
Refuse	59	56	Various savings arising from reduced fuel costs (due to better route planning) and vehicle maintenance along with increased income from trade waste services.
Car Parks	91	51	Additional car parking income, mainly from LCC permits. The Council will also pay less NNDR in year due to vacation of the Bus Station site.
Development Control	185	454	Growth in planning fees as a result of a number of large applications
Planning Policy	25	98	Savings resulting from reduced costs in preparing the Area Action Plan.
Council Offices	60	42	Various timing differences relating to rates, service charges and utilities costs. £42,000 of these are forecast to year end.
Legal and Admin	66	40	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 and reduced franking costs that have been identified after full reconciliation

			of previous year accruals.
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3.5 Based on these forecasts the current 2014/2015 outturn shows **£12,138,855** being spent on services with **£1,403,220** being transferred to earmarked reserves and **£849,490** 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 under spend of **£503,199** is forecast for 2013/2014 as indicated below. A recommendation was made to Council on 16th December 2014, to transfer the majority of this balance to the Waste Management Reserve to fund the cost of the green waste service in 2015/2016.

	Transfer to/(from) Balances
Original Estimate	-200,089
Approved transfer to reserves	-1,153,000
Forecast position	-1,353,089
Current outturn position	-849,490
(Over)/ underspend	503,199

Capital

3.6 £7,446,532 has been spent on capital schemes to the end of September 2014 against a budget for that period of £12,779,362. This represents an under-spend of £5,332,830. The major service variations in excess of £50,000 have been summarised as follows:

Scheme	£000's Under spend/ (Overspend)	Explanation
Leisure Centre	3,276	The budget for the Leisure Centre will be re-profiled to reflect the agreed signed contract including costs of groundworks and the moveable floor.
Major Works	57	Budgets are committed against works and this under spend therefore relates to timing differences.
Disabled Facilities Grant	135	
Green Deal Fuel Poverty	196	Under spend relates to carry forward from previous years. All monies must be spent in 2014/2015 and are committed as such.
Regional Growth Fund	-54	Works on substation have been spent ahead of profile. Entire project remains in budget and will be completed by 31 st March 2015.
Council Office Relocation	77	Awaiting final invoice from contractor for works performed. No further spend anticipated.
New Squash Facility	334	Underspend due to delays in signing the contract with third parties. Contract has now been signed and budget will be re-profiled in line with approved programme.
Housing Repairs (Cumulative repairs schemes)	619	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 th Sept 2014, a small under spend is forecast to year end.
Affordable Housing	500	An indicative budget allocation was included in the 2014/2015 budget pending approval of particular schemes. Of this budget £425,000 will be spent in 2014/2015 relating to the purchase of four properties in Newbold Verdon. The remainder will be reprofiled into future years.

Housing Revenue Account

3.7 As at 30th September 2014 it is anticipated that the HRA outturn surplus will be £84,438 against a latest budget of £95,438. This reflects a net over spend of £11,000. 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 £41,000. In addition, the Housing Repairs Account, is forecasting a net saving of £135,000 due to salary savings within the service and more efficient allocation of responsive repairs. It is envisaged that that the majority of this underspend will be used to fund structural changes in the service and investment in software to forecast cyclical repairs.

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	The financial position of the Council becomes more challenging. Members made the decision at full Council on 2nd September 2014 to add to the specification of the swimming pool in the new Leisure Centre. This will add a further £500K to £705K to the cost of the Leisure centre (this is in addition to the £1m cost of the ground remediation work that was previously reported). This now takes the total cost of construction to just over £15m. The cost of the ground works and the moveable floor has resulted in a shortfall in capital funding which has been met through utilisation of the Hub rental reserve (£1m) and by borrowing. The total impact on the Revenue funding is a further strain of just over £130K for 2015/16. This together with the known circa 16.8% reduction in RSG and reductions in budgets by the County Council having a direct impact on this Council's budgets means that the shortfall in funding for 2015/16 exceeds £500,000 and for 2016/17 could increase to £1.2m with further removal of dry recycling credits by LCC. Meetings have taken place with the ruling (Lib Dem) group and Middle Managers to identify areas for savings and additional revenue generation. A key decision has been made by Council to withdraw the 25% of NHB support given to Parish Councils from 2015/16 but to carry on with the LCTS support to Parishes. This decision means that the Borough Council's budgets will be better off by over £350K. Further support has been demonstrated by the ruling group over introducing new charges e.g charge for pre-application planning advice for domestic planning applications and a charge for replacement bins that have been damaged by residents. Also considering introducing a charge for green waste recycling	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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