



**REVENUE AND CAPITAL OUTTURN – 3RD QUARTER 2014/2015
REPORT OF DEPUTY CHIEF EXECUTIVE – (CORPORATE DIRECTION)** *A Borough to be proud of*

1. PURPOSE OF REPORT

1.1 To inform members of the revenue and capital outturn at the end of the third 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 31st December 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 £1,634,200, 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)		
Corporate Management	38	126	Saving made up of: <ul style="list-style-type: none"> • £15k reduction in bank charges • £9k saving on Members Allowances for budget set aside for admin support • £7k rebate received from the Audit Commission for audit fees, • Lump sum recharge to pension fund apportioned to the Revenues & Benefits Partnership (£25k) and HRA (£39k) • £29k Reduction in External Audit

			Fees £2k Contribution to Outside bodies
General Grants	553	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 retail relief • 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>
Rent Allowances	174	18	<p>The majority of this variance relates to increased levels of income from overpayments which have been recovered in year. The impact on this to year end is being reviewed on a monthly basis.</p>
Recycling	64	120	<p>The £120,000 saving to year end relates to increased income from recycling activity, along with savings on recycling improvements expenditure which are no longer required. These savings are offset by a £86,000 pressure arising from additional costs levied by the current recycling contractor. A full report on this position was reviewed by Executive on 17th December 2014.</p>
Refuse	127	82	<p>Various savings arising from reduced fuel costs (due to better route planning) and vehicle maintenance along with increased income from trade waste services.</p>
Car Parks	83	51	<p>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.</p>

Development Control	508	519	Growth in planning fees as a result of a number of large applications
Planning Policy	2	397	Savings resulting from reduced costs in preparing the Area Action Plan.
Council Offices	96	51	Various timing differences relating to rates, service charges and utilities costs. £51,000 of these variances are forecast to year end.
Legal and Admin	81	61	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 for carrying out work for other Councils as well as reduced franking costs that have been identified after full reconciliation of previous year accruals.

- 3.5 Based on these forecasts the current 2014/2015 outturn shows **£11,588,875** being spent on services with **£ 2,212,108** net being transferred to earmarked reserves and **£1,117,298** 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 **£581,583** is forecast for 2014/2015 as indicated below. A recommendation was also made to Council on 16th December 2014, to transfer some savings 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
Transfer to Waste Management Reserve	-345,792
Forecast position	-1,698,881
Current outturn position	-1,117,298
(Over)/ underspend	581,583

Capital

- 3.6 £13,729,889 has been spent on capital schemes to the end of December 2014 against a budget for that period of £14,033,881. This represents an under-spend of £303,992. The major service variations in excess of £50,000 have been summarised as follows:

Scheme	£000's Under spend/ (Overspend)	Explanation
Leisure Centre	89	The budget for the Leisure Centre will be re-profiled to reflect the progress on site.
Major/Minor Works	136	Budgets are committed against works and this under spend therefore relates to timing

Disabled Facilities Grant	200	differences.
Green Deal Fuel Poverty	297	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	-1,732	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	82	Awaiting final invoice from contractor for works performed. No further spend anticipated.
New Squash Facility	-167	Works are progressing ahead of plan. Total scheme is a fixed price and therefore risks of overspends are eliminated.
Housing Repairs (Cumulative repairs schemes)	681	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 31 st December 2014, a small under spend is forecast to year end.
Affordable Housing	409	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 31st December 2014 it is anticipated that the HRA outturn deficit will be £251,562 against a latest budget of £214,562. This reflects a net over spend of £37,000. The HRA is forecasting that £50,000 less rent will be recovered in 2014/2015 due to collection rates. In addition, the HRA will be charged with an element of pension costs at year end. These costs are offset by salary savings of £53,000.

3.8 The Housing Repairs Account, is forecasting a net saving of £137,000 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
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	S 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

Author: Katherine Plummer, Chief Officer (Finance, Customer Services and Compliance) ext 5609

Executive Member: Cllr KWP Lynch