

FINANCIAL MONITORING – REVENUE BUDGET
(Report by the Head of Financial Services)

1. 2009/10 budget as at December 2009

- 1.1 Cabinet received a report on 22 October 2009 which gave a forecast of the revenue outturn of £22.9M, a reduction of £0.5M on the budget for 2009/10. This report updates that forecast.
- 1.2 It is now expected that the outturn will be £22.2M, a reduction in the budget deficit of £1.2M, £2.6M will still need to be taken from reserves. The variations are summarised in Annex A with the significant changes being:
- **Housing and Planning Grant (-£579k)**
The Government has indicated that the Council will receive a grant of £720k of which £141k will be allocated to the savings contingency for general grant income.
 - **Provision for accrued leave (-£150k)**
In the October Cabinet report an item of £150k was included as an estimate of leave and flexitime earned but not taken at the year end, as required by the new IFRS (International Financial Reporting Standards) rules. A draft regulation from the DCLG has now been received that would allow Authorities to reverse this adjustment “below the line” so that it has no impact on reserves or Council Tax.
 - **VAT partial exemption (-£130)**
Whilst the ending of the 2 year VAT partial exemption holiday was adjusted in the MTP it has emerged that the revenue element was overstated. Thus there will be a saving which will largely continue into future years.
 - **ICT savings (-£112k)**
These are due to ongoing investigations into ways of working more efficiently and the deferral of some expenditure.
 - **Insurance premiums (-£81k)**
The October variations showed an extra cost (£44k) due to increased insurance premiums on certain policies. The total saving from the last full retendering was £125k, which is shown below to arrive at the net saving of £81k shown in the annex.
 - **Other expenditure**
There are a variety of increases in spending which are identified in Annex A including offices costs (£67k), Centenary House rental (£64k) and an increase in bad debt provision due to an increase in outstanding debts (£37k)
- 1.3 COMT are conscious of the level of savings that will be necessary in future years and that if these are to be achieved efficiently there may be one-off costs to allow them to be achieved. As reserves fall it will be

more difficult to make such “invest to save” decisions. It will therefore be proposed as part of the final budget paper that the reduction in the use of reserves this year (currently forecast at £1.2M) be used to create a reserve to help fund the achievement of savings.

2. Amounts collected and debts written off

2.1 The position as at 31 December 2009 is shown in Annex B

3. Recommendation

It is recommended that Cabinet note the forecast spending variations and the position on debts collected and written off.

ACCESS TO INFORMATION ACT 1985

Source Documents:

1. Cabinet and Council Reports
2. Budgetary control files.

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ANNEX A

REVENUE BUDGETARY CONTROL		Original Budget £000	Cabinet 22-Oct £000	Latest forecast £000
	Approved budget	23,378	23,378	23,378
	Additional schemes brought forward		24	24
	Additional schemes carried forward		-24	-24
		23,378	23,378	23,378
Capital	Recharge of revenue to capital including salaries		-120	-132
	Change in accounting rule for recharging to capital		189	232
	Desktop replacements - transfer to capital		-272	-272
Interest	Lower cost of borrowing		-576	-569
	Investment interest - lower interest rates		104	104
Leisure	Rephasing of LC target		166	153
	St Ivo LC fitness equipment		43	0
	St Ivo LC conversion of rifle range		39	39
	St Ivo outdoor energy generation		0	12
	St Ivo football improvements		0	16
	St Neots LC redevelopment		30	30
	Ramsey LC fitness equipment		22	0
Income	Land charges income		40	55
	Development control fees		50	0
	Car park income		110	85
	Glass recycling income		25	25
	Industrial rents		120	110
	Web advertising income		30	30
	Staff restaurant income		0	20
ICT	ICT Savings		-44	-112
	VOIP data switches		-18	-18
	Business systems		25	25
	Corporate EDM		26	26
	Server virtualisation and network storage		33	33
Other	Central Services staff saving		-80	-80
	NNDR hardship grants		25	25
	CAB grant		20	20
	Insurance costs		44	-81
	Concessionary fares		355	365
	Housing advice and homelessness		70	70
	Recycling gate fees		-12	-12
	Car parking strategy		-50	-65
	CCTV reorganisation		-33	-33
	Refuse vehicle maintenance		-60	-60
	Delayed A14 Inquiry		-149	-149
	Housing benefits		-62	-62
	Working Smarter		42	42
	Regional spatial strategy		40	40

	Customer First		30	30
	Audit fees		25	25
	Headquarters hoarding		20	20
	Community facilities grants		20	20
	Taxi survey		-20	-20
	eMarketplace		0	13
	Recycling credits		0	35
	District Wide		0	17
	Offices electricity		0	30
	Offices NNDR		0	37
	Centenary House rental		0	64
	Diesel		0	15
	Other variations		-32	69
Technical	Pay award		-170	-170
	VAT reclaim with interest		-780	-680
	Proposed use of Planning Delivery Grant		-70	-70
	Provision for accruing leave in 2009/10		150	0
	Turnover allowance not achieved		150	150
	VAT partial exemption		0	-130
	Increase in bad debt provision		0	37
Grants	Housing and planning delivery grant		0	-579
			-505	-1177
Total			23,378	22,873
				22,201
FINANCED BY:				
	Government support		-12,572	-12,572
	Collection fund adjustment		-27	-27
	Council tax		-7,021	-7,021
	Reserves			
	Use of delayed projects reserve		-250	-250
	Contribution to delayed projects reserve		250	250
	General reserves		-3,758	-2,581
	Total Reserves		3,758	-2,581
Total			-23,378	-22,873
				-22,201

CONTINGENCIES INCLUDED IN THE BUDGET

	Budget	Estimated	Variation	
	£000	outturn £000	£000	
Turnover	-400	-250	150	The estimated outturn is that not all of the contingency will be met from staff savings; £242k has been identified from grants
Spending adjustments	-242	-242	0	
Transfer of revenue to capital including employees	-100	-140	-40	
Other	65	65	0	
	-677	-567	110	

AMOUNTS COLLECTED AND DEBTS WRITTEN OFF (TO FOLLOW)**Collected**

The total amount of payments received, less customer refunds and transfers to other debts:

	April to Sept 2009	Sept to Dec 2009	Total
	£000	£000	£000
Type of Debt			
Council Tax			
NNDR			
Sundry Debtors			
Excess Charges			

Amounts written off

Whilst the amounts have been written-off in this financial year, much of the original debt would have been raised in previous financial years.

	Up to £5k			Over £5k			TOTAL
	April to Sept 2009	Sept to Dec 2009	Total	April to Sept 2009	Sept to Dec 2009	Total	Total
	£000	£000	£000	£000	£000	£000	£000
Type of Debt							
Council Tax							
NNDR							
Sundry Debtors							
Excess Charges							

A larger than normal number of company liquidations has been experienced and this has led to an increase in the value of NNDR debts being written off.

Authority to write off debts

The Head of Customer Services is authorised to write-off debts of up to £5,000, or more after consultation with the Executive Councillor for Finance, if she is satisfied that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs. The Head of Financial Services deputises in her absence.