

**FINANCIAL MONITORING – REVENUE BUDGET 2010/11  
(Report by the Head of Financial Services)**

**1. Previous Position**

- 1.1** Cabinet received a report on 21 October 2010, which gave a forecast of the revenue outturn of £23.9M which was £1.0M less than the approved budget. This was modified to £23.8M for the draft budget but it was also proposed that £0.3M of these forecast savings be transferred, via a savings reserve, to help achieve the savings identified as necessary in 2011/12.

**2. Latest Position**

- 2.1** The position has subsequently improved partly fortuitously and partly due to service managers taking steps to introduce savings ready for next year. It is now forecast that the outturn will be £23.1M and it is no longer proposed that there will be a transfer of savings as the latest projections suggest that the necessary savings for 2011/12 can be achieved. £3M of reserves will still need to be used to cover this year's deficit.
- 2.2** The variations from the Draft Budget to this latest forecast are summarised in Annex A and the key points are referred to below:
- **A14 enquiry (-£146k)**  
As a result of the scheme being abandoned there is no need to provide for the costs of an enquiry
  - **Additional saving from holding vacancies (-£60k)**  
In the budget there was a provision of £155k for turnover allowance. In October it was reported that this had been exceeded by £193k by managers holding vacancies in preparation for the savings required; this has now increased to £253k
  - **Reduction in forecast extra income (£21k)**  
Reduction from £99k to £78k as a result of reduced building control fees and reduced refund of car parking fees from Sainsbury's, Huntingdon
  - **Savings at One Leisure (-£203k)**  
Savings on expenditure have been identified at all 5 centres
  - **NNDR appeals (-£165k)**  
Backdated saving on NNDR from revaluation appeals giving a saving for leisure centres of £123k and car parks of £42k

- **Concessionary fares (-£117k)**  
The County has finally provided figures for the cost of concessionary fares
- **Abortive capital costs (£212k)**  
In reviewing the future capital programme for the draft MTP a number of schemes were deleted as they were no longer regarded as such a high priority given the Council's financial position. The preliminary costs on these projects which had already been charged to capital thus became abortive costs, as no asset will result, and have to be charged to revenue.
- **Transfer of spending to capital (-£29k)**  
The budget assumed that during the year £100k additional salaries and other costs would be transferred to capital spending. In the draft budget £65k has been identified and this report shows a further £29k. The majority of this is IMD salaries
- **Other variations**  
Other variations are listed in Annex A.

2.3 There are some areas of spending where there is some uncertainty about the forecast. This draft budget assumes a loss of income from planning fees of £105k, however there is uncertainty over the timing of large applications. If these do not arrive promptly there could be a further loss of fee income of up to £150k in this financial year.

2.4 This latest forecast will be incorporated in the Council's final Budget/MTP report.

### **3. Amounts collected and debts written off**

3.1 The position as at 31 December 2010 is shown in Annex B.

## **4 Recommendation**

It is recommended that Cabinet note this report.

## **ACCESS TO INFORMATION ACT 1985**

### **Source Documents:**

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

**Contact Officers:** Eleanor Smith, Accountancy Manager (01480 388157)  
Steve Couper, Head of Financial Services (01480 388103)

## Annex A

| <b>REVENUE BUDGETARY CONTROL 2010/11</b> |   | <b>Original budget</b> | <b>Draft Budget</b> | <b>Changes</b> | <b>Cabinet January</b> |
|--|---|------------------------|---------------------|----------------|------------------------|
|  |   | <b>£000</b>            | <b>£000</b>         | <b>£000</b>    | <b>£000</b>            |
| <b>Approved budget</b>                   |   | <b>24,848</b>          | <b>24,848</b>       |                | <b>24,848</b>          |
| <b>Spending Delayed from 2009/10</b>     |   | <b>274</b>             | <b>370</b>          |                | <b>370</b>             |
| <b>Spending Delayed to 2011/12</b>       |   | <b>-274</b>            | <b>-370</b>         |                | <b>-370</b>            |
| Government changes                       | Non-achievement of £255k contingency for unbudgeted government grants |                        | 255                 |                | 255                    |
|  | LPSA  |                        | 100                 |                | 100                    |
|  | Area based grant  |                        | 18                  | -7             | 11                     |
|  | Land charges income   |                        | 34                  | 20             | 54                     |
|  | A14 enquiry   |                        | -100                | -146           | -246                   |
| Savings                                  | Reduced pay award   |                        | -157                |                | -157                   |
|  | Arts development savings  |                        | -39                 |                | -39                    |
|  | Planning enforcement - staff savings                                  |                        | -38                 |                | -38                    |
|  | Review of the Internal Audit Service                                  |                        | -24                 |                | -24                    |
|  | Delay in transfer of public conveniences                              |                        | 25                  |                | 25                     |
|  | NNDR revaluation appeals leisure centres                              |                        |                     | -123           | -123                   |
|  | NNDR revaluation appeals car parks                                    |                        |                     | -42            | -42                    |
|  | Savings at One Leisure  |                        |                     | -203           | -203                   |
|  | Physical activity initiatives   |                        |                     | -20            | -20                    |
| Supplementary estimate                   | NNDR  |                        | 20                  |                | 20                     |
| Income                                   | Licence income  |                        | -35                 |                | -35                    |
|  | Recycling credits   |                        | -22                 |                | -22                    |
|  | Glass recycling income  |                        | 34                  |                | 34                     |
|  | Recovery of election costs  |                        | -25                 | -19            | -44                    |
|  | Housing benefits & council tax subsidy                                |                        | -56                 |                | -56                    |
|  | Delay in introducing car park charges                                 |                        | 55                  |                | 55                     |
|  | Increased car parking income in St Ives due to delay of guided bus    |                        | -50                 |                | -50                    |
|  | Sale of vehicles  |                        |                     | -31            | -31                    |
|  | Refund of Sainsbury's car park income                                 |                        |                     | 20             | 20                     |
|  | Car park income general   |                        |                     | 16             | 16                     |
|  | Building control fees   |                        |                     | 35             | 35                     |
|  | Planning Fees   |                        | 105                 |                | 105                    |
| Other                                    | Recycling gate fees   |                        | -192                |                | -192                   |
|  | Internal drainage levy  |                        | 15                  |                | 15                     |
|  | Customer Services Centre relief cover                                 |                        | -21                 | -17            | -38                    |
|  | Variations in staff costs   |                        | -67                 | -67            | -134                   |
|  | Pavilion - refund of NNDR   |                        |                     | -15            | -15                    |
|  | Offices - refund of NNDR  |                        |                     | -34            | -34                    |
|  | Vehicle maintenance   |                        | -30                 |                | -30                    |
|  | Telephone tariff change   |                        | -22                 |                | -22                    |
|  | IMD - Working Smarter   |                        | -21                 |                | -21                    |
|  | St Neots Sustainable Urban Extension                                  |                        | -20                 |                | -20                    |
|  | Operations Division overtime  |                        | 30                  |                | 30                     |
|  | Huntingdon town centre - retail strategy support                      |                        | -30                 |                | -30                    |
|  | Concessionary fares   |                        |                     | -117           | -117                   |
|  | Development management appeals costs                                  |                        | 50                  | 40             | 90                     |
|  | Disposal of residual waste from recycling                             |                        |                     | 54             | 54                     |
|  | Printing machine  |                        |                     | -23            | -23                    |

|   |   |  |                |                |                |
|---|---|--|----------------|----------------|----------------|
|   | Other                                     |  | -202           | -12            | -214           |
| Technical                                     | Interest                                  |  | -100           | -30            | -130           |
|   | Minimum revenue provision                 |  | -61            |                | -61            |
|   | Transfer of R&R funds to capital          |  | -295           | -7             | -302           |
|   | Transfer of spending to capital           |  | -65            | -29            | -94            |
|   | Turnover allowance - holding vacancies    |  | -193           | -60            | -253           |
|   | Increase in provision for doubtful debts  |  | 50             |                | 50             |
|   | Irrecoverable VAT                         |  |                | -20            | -20            |
|   | Capital abortive costs charged to revenue |  |                | 212            | 212            |
| <b>Total variations</b>                       |   |  | <b>-1,009</b>  | <b>-625</b>    | <b>-1,699</b>  |
| <b>Total before contributions to reserves</b> |   |  | <b>23,774</b>  | <b>-625</b>    | <b>23,149</b>  |
| Contributions to Reserves                     | Deferred Spending Reserve                 |  | <b>335</b>     | <b>-335</b>    | <b>0</b>       |
| <b>Total Net Spending</b>                     |   |  | <b>24,848</b>  | <b>24,109</b>  | <b>-960</b>    |
| <b>Financed by:</b>                           |   |  |                |                |                |
|   | Government support                        |  | <b>-12,940</b> | <b>-12,940</b> | <b>-12,940</b> |
|   | Collection fund adjustment                |  | <b>35</b>      | <b>35</b>      | <b>35</b>      |
|   | Council tax                               |  | <b>-7,273</b>  | <b>-7,273</b>  | <b>-7,273</b>  |
| <b>General Reserve</b>                        |   |  |                |                |                |
|   | delayed projects from 2009/10             |  | -274           | -370           | -370           |
|   | delayed projects to 2011/12               |  | 274            | 370            | 370            |
|   | revenue deficit                           |  | -4,670         | -3,931         | 960            |
|   | <b>total General reserve</b>              |  | <b>-4,670</b>  | <b>-3,931</b>  | <b>960</b>     |
| <b>Total Funding</b>                          |   |  | <b>-24,848</b> | <b>-24,109</b> | <b>960</b>     |

| <b>CONTINGENCIES INCLUDED IN THE BUDGET</b>        |             |             |             |   |
|--|-------------|-------------|-------------|---|
|  | Budget      | Estimated   | Variation   |   |
|  | £000        | outturn     | £000        |   |
|  |             | £000        |             |   |
| Turnover   | -155        | -408        | -253        | Managers are holding more vacancies   |
| Government grants                                  | -255        | 0           | 255         | The Government will not be allocating LABGI and housing and planning delivery grant |
| Transfer of revenue to capital including employees | -100        | -211        | -111        | Additional salaries charged to capital  |
| Other  | 26          | 26          | 0           |   |
|  | <b>-484</b> | <b>-593</b> | <b>-109</b> |   |

## AMOUNTS COLLECTED AND DEBTS WRITTEN OFF

### Collected

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

|                     | April to<br>Sept 2010 | Oct to Dec<br>2010 | Total  |
|---------------------|-----------------------|--------------------|--------|
|                     | £000                  | £000               | £000   |
| <b>Type of Debt</b> |                       |                    |        |
| Council Tax         | 46,737                | 23,287             | 70,024 |
| NNDR                | 33,867                | 14,671             | 48,538 |
| Sundry Debtors      | 5,093                 | 2,138              | 7,231  |
| Excess Charges      | 97                    | 48                 | 145    |

### 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<br>Sept<br>2010 | Oct to<br>Dec<br>2010 | Total | April to<br>Sept<br>2010 | Oct to<br>Dec<br>2010 | Total | Total |
|                     | £000                     | £000                  | £000  | £000                     | £000                  | £000  | £000  |
| <b>Type of Debt</b> |                          |                       |       |                          |                       |       |       |
| Council Tax         | 114.2                    | 29.3                  | 143.5 | 0.0                      | 5.5                   | 5.5   | 149.0 |
| NNDR                | 47.2                     | 35.5                  | 82.7  | 56.0                     | 13.5                  | 69.5  | 152.2 |
| Sundry Debtors      | 41.7                     | 26.1                  | 67.8  | 0.0                      | 0.0                   | 0.0   | 67.8  |
| Excess Charges      | 10.4                     | 6.8                   | 17.2  | 0.0                      | 0.0                   | 0.0   | 17.2  |

### 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.