

FINANCIAL MONITORING – REVENUE BUDGET 2012/13
(Report by the Head of Financial Services)

1. TREND

The table below summarises how the key totals have changed from the approved budget:

	Original	Reported in September	Changes for Quarter	Forecast Outturn
	£m	£m	£m	£m
Approved Budget	21.7	21.7	0.0	21.7
Projects – Timing Variations	0.0	0.2	0.2	0.4
Budget Changes	0.0	0.1	(0.2)	(0.1)
Forecast Outturn	21.7	22.0	0.0	22.0
Financed By:				
Grants & Council Tax	19.2	19.2	0.0	19.2
Timing Variations Reserve	0.0	0.2	0.2	0.4
General Fund Reserves	2.5	2.6	(0.2)	2.4
Total Financing	21.7	22.0	0.0	22.0

2. CHANGES IN THE PAST QUARTER

2.1 Most of the changes are one-off with some being due to the current economic situation. They are summarised in Annex A and the significant items are shown below. Beneficial items are shown in (brackets).

	£m	Commentary
1.	(0.132)	Capitalisation of Revenue Costs Additional capitalisation of revenue costs associated with works at the Riverside, St Neots and the purchase of Polling Booths.
2.	(0.110)	Insurance Costs Savings from decrease in insurance costs following

retendering exercise.

3. (0.099) **Central Services and Estates Reorganisation**
The saving expected from the review of Central Services, including the reorganisation of Estates, is currently better than estimated. However, in future year's part of this saving will have to be used to fund new management arrangements for Estates properties.

4. (0.050) **Environment & Community Health**
Planned savings achieved earlier than expected.

5. 0.185 **Economic Climate**
The poor economic climate is impacting on the Council's service activity. The main serve areas that are affected include:

	£m
One Leisure income	0.131
Building Control	0.079
Community	(0.025)
Infrastructure Levy	

3. NEW HOMES BONUS

- 3.1 The government introduced the new homes bonus scheme (NHB) as a way of rewarding councils for supporting residential development. The grant received is based on the increase in housing numbers.
- 3.2 The financial impact is significant and becomes even more so in future years and therefore monitoring of the likelihood of achieving forecast amounts will be included in this report every quarter.
- 3.3 Annex B provides details of the changes proposed to future years' forecasts which indicate some reduction followed by higher levels thereafter. The net effect is beneficial.
- 3.4 Monitoring information for the 2014/15 Bonus is limited to two months completions and no firm conclusions can be reached due to potential seasonality and very wet weather in recent months.

ANNEX A

REVENUE BUDGETARY CONTROL 2012/13	Original Budget	Reported to Cabinet September 2012	Changes	Forecast outturn
Approved budget	21,722	21,722		21,722
Delayed Projects from last year	274	749	0	749
Provision for delays to next year	(274)	(578)	180	(398)
Net timing changes	0	171	180	351
Savings				
Expected saving from Central Services & Estates reorganisation		(99)	(99)	(198)
Savings on insurance contract		0	(110)	(110)
Earlier achievement salary savings for Senior Management		(105)	0	(105)
Environment & Community Health savings earlier than expected		0	(50)	(50)
Savings from Engineers Vacancy & Related Environmental Management		(43)	0	(43)
Environmental Health Staff Savings		(50)	8	(42)
Savings from PV (Solar) Panels at Eastfield House		(35)	(4)	(39)
Net saving from Corporate Office Reorganisation		(22)	0	(22)
Reorganisation of Senior Managers		0	33	33
Income				
Additional income due to delay in multi-storey car park		(57)	0	(57)
CCTV reduced income		22	0	22
Reduction in Bulky Waste Income		27	0	27
Implementation of a number of energy projects has been rephrased, savings will accrue in future years		0	28	28
Reduction in Search fee income		36	(1)	35
Reduction in Court Recovery Costs for Council Tax and Other Debtors		24	20	44
Reduction in Market fee income		57	0	57
Reduction in Expected Planning Fee Income		100	0	100
One Leisure income deferred due to delay in capital schemes		108	0	108

**REVENUE BUDGETARY CONTROL
2012/13**

	Original Budget	Reported to Cabinet September 2012	Changes	Forecast outturn
Reduction in Estates Properties income.		110	1	111
Planning fees – delay in increase in fees		94	26	120
Building Control, volume of work decreased (net of associated staff savings)		0	79	79
One Leisure income lower than estimated for new facilities that are now operational (net of associated staff savings)		0	131	131
Delay in car park fee increases and excess charge notice income		192	(20)	172
Expenditure				
Pathfinder House running costs		(65)	(2)	(67)
Recycling prices higher than budgeted		(63)	11	(52)
Pension fund contribution		(33)	0	(33)
Additional costs associated with new agency worker regulations less than estimated		0	(29)	(29)
Community Infrastructure Levy, reduction in staff costs as application volumes reduced		0	(25)	(25)
Homelessness Hostel budget reduced as funding to be provided at a lower level		0	(22)	(22)
Miscellaneous grants, previous under spend now allocated to fund alternative advice service		(22)	22	0
Human resources contract		38	0	38
Refuse collection round rescheduling delay		65	17	82

**REVENUE BUDGETARY CONTROL
2012/13**

**Original
Budget**

**Reported to
Cabinet
September
2012**

Changes

**Forecast
outturn**

Other

Other Variations (individually less than £19,000) (42) (97) (139)

Additional capitalisation of revenue costs 0 (132) (132)

Housing benefits caseload changes (36) 0 (36)

Saving made due to reprioritisation of Environmental Strategy projects. (30) 0 (30)

Technical

Reduction in Minimum Revenue Provision (82) 0 (82)

Total Variations 0 89 (215) (126)

Forecast net spending 21,722 21,982 (35) 21,947

Financed from

Government Support (11,385) (11,385) (11,385)

Collection fund adjustment (63) (63) (63)

Council Tax (7,727) (7,727) (7,727)

Earmarked Reserves

Use of delayed projects reserve (274) (749) (749)

Contribution to delayed projects reserve 274 578 (180) 398

General Reserves (2,547) (2,636) 215 (2,421)

Total Financing (21,722) (21,982) 35 (21,947)

NEW HOMES BONUS

Each year the bonus is assessed based on the volume of new properties and this sum is then paid for 6 years. Thus in year 6 it will be the sum of years one to 6 but in year 7 will be the sum of years 2 to 7.

The calculation for a particular year (say 2014/15) will be based on the increase in homes on the taxbase between October 2012 and October 2013. The number is converted to Band D equivalents and then multiplied by the average national Council Tax (all tiers) for 2013/14.

In addition there would be an extra payment of £350 for each affordable home completed in the year from April 2012 to March 2013. This data is collated by the DCLG. This also is paid for a six year period in the same way.

The total of these two sums is split between HDC (80%) and the County Council (20%).

The forecast in the currently approved budget and MTP (February 2012) is shown below:

Approved Budget/MTP	2013/14	2014/15	2015/16	2016/17	2017/18
New Homes Number	863	756	993	1,061	984
Band D Equivalent	747	655	860	919	852
Affordable Homes Number	216	189	248	265	246
Resulting increase in Bonus	£944k	£848k	£1,141k	1,250k	£1,188
Cumulative	£2.9M	£3.7M	£4.8M	£6.1M	£6.5M
<i>and risk provision of</i>	<i>-£0.1M</i>	<i>-£0.2M</i>	<i>-£0.3M</i>	<i>-£0.4M</i>	<i>-£0.5M</i>

The Planning assumptions for new house building are only reviewed once a year in December because they involve a significant exercise that is jointly carried out with the County Council.

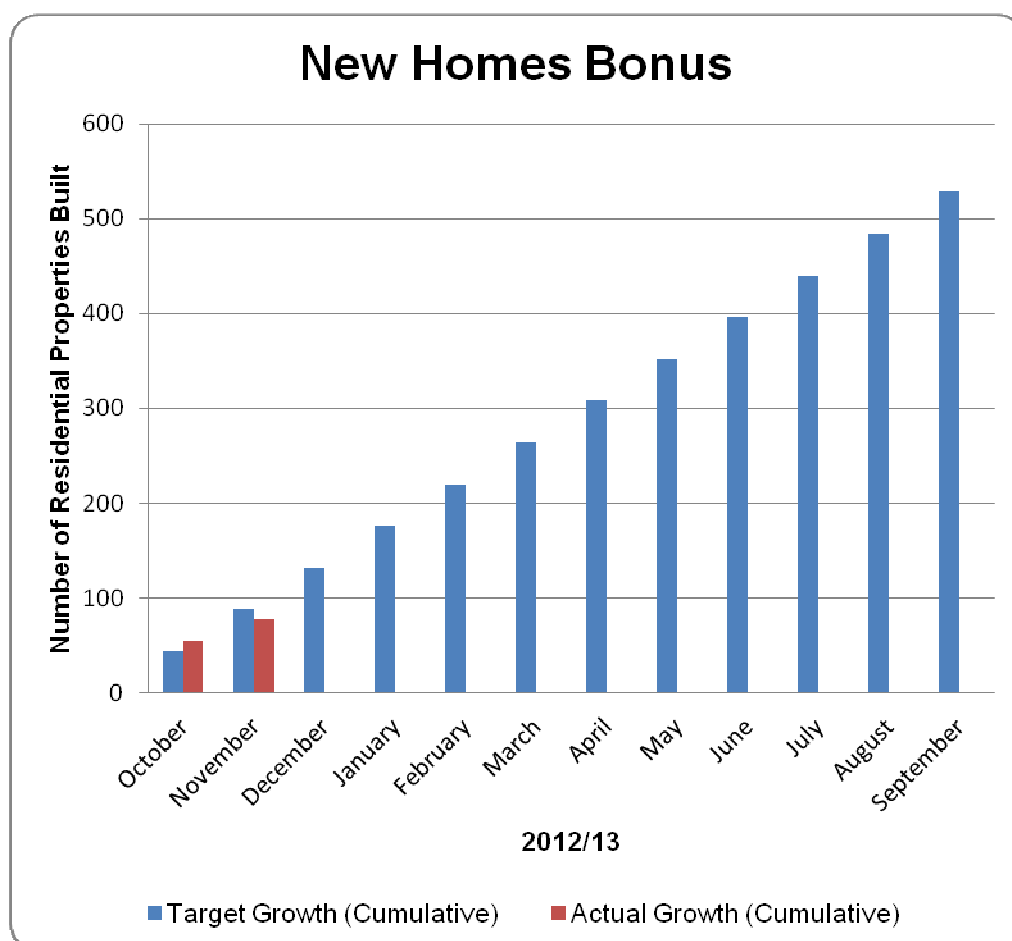
We have some affordable homes data which will feed into the 2014/15 bonus but we are not made aware of certain types of development. Our data shows an estimate of 54 for the year so the draft budget assumption has been reduced to 75.

The proposed draft figures, based on these updates, are shown below and will be included in the February Budget/MTP report.

	2013/14	2014/15	2015/16	2016/17	2017/18
Draft for 2013 Budget/MTP					
New Homes Number	831	528	823	1,203	1,352
Band D Equivalent	790	490	764	1,116	1,255
Affordable Homes Number	285	75	206	301	338
Resulting increase in Bonus	£993k	£599k	£984k	1,475k	£1,699k
Cumulative	£2.9M	£3.5M	£4.5M	£6.0M	£6.8M
<i>and risk provision of</i>	##	##	##	##	##

to be determined.

The completions can be monitored on a monthly basis and the graph below shows the cumulative increases for the first two months against the proposed draft target of 528 (490 band D).



The graph assumes that new completions are evenly spread over the year but in reality they are more likely to peak in the summer and the extremely wet conditions in recent months may also have had a delaying effect.

It is therefore too early to make a definite judgement on the achievement of the planning assumptions.

DEBT COLLECTION AND DEBTS WRITTEN OFF**Debt Collection**

The total amount of payments received, less customer refunds and transfers to other debts, to the end of November 2012 are as follows:

	April to September 2012	October to November 2012	Total
	£000	£000	£000
Type of Debt			
Council Tax	49,852	16,576	66,428
NNDR	34,865	10,377	45,242
Sundry Debtors	3,630	1,127	4,757
Excess Charges	65	19	84

Debts 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 £5,000			Over £5,000			TOTAL
	April to September 2012	Oct to Nov 2012	Total	April to June 2012	Oct to Nov 2012	Total	Total
	£000	£000	£000	£000	£000	£000	£000
Type of Debt							
Council Tax	77.8	4.4	82.2	0.0	0	0	82.2
NNDR	27.8	1.5	29.3	58.0	54.4	112.4	141.7
Sundry Debtors	82.8	10.3	93.1	13.5	6.7	20.2	113.3
Excess Charges	5.2	4.9	10.1	0.0	0.0	0.0	10.1
Irrecoverable Benefits (HB&CTB)	22.3	10.1	32.4	7.5	N/A	7.5	39.9

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 Resources, 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.

Debt Profile

Debt Type	Up to 9 months	9 to 21 months	21 to 33 months	33 to 45 months	Over 45 months	TOTAL
	£000	£000	£000	£000	£000	£000
Housing Benefit from continuing benefits	397	223	159	78	272	1,129
Council Tax and NNDR	1,045	139	156	110	142	1,592
Total Debts	1,442	362	315	188	414	2,721

Debt Type	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Housing Support	19	20	20	11	90	91	47	65	363
Property & Land Rents	63	6	3	6	21	20	13	2	134
Operations Division	6	1	0	0	3	0	0	4	14
One Leisure	14	0	2	1	5	1	0	1	24
Discretionary HB	2	2	2	6	26	14	8	5	65
Housing Benefit from those no longer on benefits	70	149	79	63	235	157	76	262	1,091
Excess Charges	9	5	3	3	9	5	1	1	36
Other	25	16	2	4	11	9	26	31	124
Total Debts	209	198	111	94	401	298	170	370	1,850

Housing Support:

Invoices for the recovery of B & B charges paid by HDC, much of which is paid by housing benefit, leaving smaller balances to recover. Invoices for 2 year rent loans (some including the deposit) to enable private housing tenancies. Invoices to rent loan tenants to recover bond payments made to landlords following their vacation.

Property & Land Rents

Rent and Insurance monies owed from tenants of HDC owned land and property.

Operations Division

Invoices for the chargeable services provided i.e. Grounds maintenance, sweeping, trade waste, market tolls. Also invoices for recycling credits from waste companies/CCC.

One Leisure

Invoices for Centre usage – mainly regular block bookings from clubs and societies.

Discretionary HB

Recovery of overpaid discretionary housing benefit granted and paid by HDC. Administrative Penalties issued by Fraud Investigation (alternative to court prosecution) and costs awarded to HDC

by the Court as a result of prosecutions (benefit fraud and enforcement prosecutions- public health, planning etc.)

Housing Benefit

Invoices for the recovery of overpaid Housing Benefit, usually as a result of late notification by the claimant of a change in their circumstances. This does not include amounts currently being recovered by deductions from current housing benefit recipients.

Excess Charges

Car Parking penalty charges

Other

Includes miscellaneous ad-hoc charges, plus Building Control and Licensing invoices. Can also include large invoices for grant monies and amounts due from developers (Section 106 agreements).