

**2012/13 OUTTURN AND
2013/14 REVENUE BUDGET MONITORING
(Report by the Assistant Director, Finance and Resources)**

1 INTRODUCTION

- 1.1 The 2012/13 accounts have now been completed and submitted for audit. This report highlights the significant savings made last year which have allowed a transfer of £1.0m into the Special Reserve whilst still retaining year-end reserves at the level assumed in the Budget/MTP approved in February.

It also considers the initial variations in the current year's budget.

- 1.2 Finally it reports on new home completions, including the forecast impact on the New Homes Bonus, and the amounts collected and debts written off in the first quarter of 2013/14.

2 REVENUE OUTTURN 2012/13

- 2.1 The table below compares the final outturn with the original 2012/13 budget.

Variance between Original budget and Outturn	Original Budget	Outturn	Variance Outturn to Budget
	£000	£000	£000
Approved budget	21,722	21,722	0
Variations		(129)	(129)
Delayed Projects (net)		237	237
Net spending	21,722	21,830	108
Funded by:			
Government support	(11,385)	(11,483)	(98)
Council tax	(7,727)	(7,727)	0
Collection fund adjustment	(63)	(98)	(35)
Reserves			
Contribution to delayed projects reserve	0	(750)	(750)
Use of delayed projects reserve	0	513	513
Special reserve	0	(1,000)	(1,000)
Earmarked & Other Reserves	0	(381)	(381)
General reserves	(2,547)	(904)	1,643
Total use of reserves	(2,547)	(2,522)	25
Total	(21,722)	(21,830)	(108)

2.2 The outturn of £21.830m was £0.108m above the original budget. However, this includes a transfer of £1.618m to earmarked reserves:

- delayed projects reserve (£0.237m, net),
- special reserve (£1.0m) to support up-front costs that will generate future savings,
- other Reserves (0.381m).

2.3 To give a true picture of savings in the year these should therefore be excluded resulting in a service saving of £0.904m.

a. The main savings variances are:

	£m
➤ Planning Services: Community Infrastructure Levy	(0.283)
➤ Housing Benefits: Change in Bad Debt Provision	(0.243)
➤ Street Cleansing: Combination of reduced use of agency staff, savings on vehicle maintenance and insurance and additional income from Luminus	(0.182)
➤ Other Housing Services: Change in Bad Debt Provision; Homelessness prevention payments lower than expected	(0.120)
➤ Neighbourhoods, Lifestyles and Community Safety Management; Staff Savings: Staff savings	(0.113)
➤ Operations Management: Efficiency savings on various administrative and transport related budgets and software	(0.110)
➤ Parks & Open Spaces: Savings on Pavilion utility costs and staff	(0.106)
➤ Housing Management: Senior officer saving and recovery of seconded officer costs	(0.099)
➤ Call Centre: Savings on IT related expenditure	(0.081)

b. The main extra cost variances are:

	£m
➤ Domestic Refuse: Fewer bulky waste collections than budgeted, round rescheduling costs and vehicle maintenance	0.149
➤ Corporate Management: Restructuring and recruitment costs	0.130
➤ Property Development & Management: Loss of rent on vacant commercial properties	0.127

2.4 The net saving is particularly welcome given the Council's financial position of needing to make significant savings over the next few years. However there was still a need to use reserves of £1.3m to

subsidise normal service spending and in total the general reserve has fallen from £12.0m to £10.4m during 2012/13.

- 2.5 A significant element of the savings emerged towards the end of the year and it is recognised that, as part of the search for savings, there needs to be further pressure on service managers to identify and confirm the position earlier in the year.
- 2.6 Annex A provides further analysis of the outturn spending against the original budget.

3.0 GENERAL FUND AND EARMARKED RESERVES

- 3.1 After the allocations to the Delayed Projects and Special Earmarked Reserves, the General Fund Balance at the year-end was £10.392m which is similar to the figure assumed in the approved MTP. The table below summarises this position:

Movement in the General Fund Balance	Original Budget	Outturn	Outturn Variation to Budget
	£000	£000	£000
General Fund Balance b/f	12,032	12,914	882
Use of revenue reserves to meet service activity	(2,547)	(1,285)	1,262
Sub Total c/f	9,485	11,629	2,144
Less allocations to:			
• Special Reserve	0	(1,000)	(1,000)
• Other Earmarked Reserves	0	(237)	(237)
General Fund Balance c/f	9,485	10,392	907
Total reserves applied	2,547	2,522	25

- 3.2 The table below shows the position on earmarked reserves:

Earmarked Reserves	B/f	Contributions		C/f
	£000	To £000	From £000	£000
Delayed Projects	749	750	(513)	986
Special Reserve	260	1,000	0	1,260
S. 106	2,739	416	(292)	2,863
Other	1,485	643	(433)	1,695
Total	5,233	2,809	(1,238)	6,804

4. REVENUE MONITORING 2013/14

- 4.1 Only limited budget monitoring takes place in April and May due to the priority to complete the final accounts, the need to wait for adjustments for debtors and creditors to be dealt with in the new

financial year and the difficulty of making assumptions on very limited evidence.

- 4.2** This first monitoring therefore concentrates on the impact of items that occurred last year plus a few significant ones that are already emerging in the current year and these are illustrated in the table below.

REVENUE BUDGETARY CONTROL 2013/14	Original Budget £000	Forecast outturn £000	Variation £000
Approved budget	22,764	22,764	0
Delayed spending from previous years	398	986	588
Delayed spending to 2014/15	(398)	(986)	(588)
Variations			
Technical: Bad Debt Provision reduction		(195)	(195)
Savings on running costs for Pathfinder and Eastfield Houses		(35)	(35)
Staff savings within Environmental Management		(14)	(14)
Rural Payments Agency Grant		(11)	(11)
Street Name Plates		(10)	(10)
Planning application fees: volume change		50	50
Green Bins – delay in implementation.		16	16
Hinchingbroke Country Park Café: reduction in income due to planned visitor numbers being down		15	15
Other variations (each less than £9,000)		(30)	(30)
Total variations		(214)	(214)
Forecast net spending	22,764	22,550	(214)

	£000	£000	£000
Financed from			
Government support	(12,929)	(12,929)	0
Collection fund adjustment	(76)	(76)	0
Council tax	(7,506)	(7,506)	0
General Reserves			
Contribution to delayed projects reserve	(398)	986	588
Use of delayed projects reserve	398	(986)	(588)
General reserves	(2,253)	(2,039)	(214)
Total use of reserves	(2,253)	(2,039)	(214)
Total	(22,764)	(22,550)	(214)

5. New Homes Bonus

- 5.1** The government introduced the new homes bonus scheme (NHB) as a way of rewarding councils for residential development (or redevelopment) within their administrative boundaries. The grant received is based on actual increases in building to the previous September.

5.2 The Council has nine month's new-build information; based on:

- "actual" build, at this point this is down by 19% against the profiled target.
- "band D equivalent", at this point new build is down 5.6% against the profiled target; this would equate to a loss on 2014/15 NHB receipts of £24,000, which is less than the £50,000 included in the risk provision.

Detailed analysis is shown in Annex B.

6.1 Collection of debts

6.1 Annex C reports on sums collected and debts written off in the last quarter.

7. CONCLUSION

- 7.1** As a consequence of savings identified during the year, £1m was able to be added to the Special Reserve whilst retaining the General Fund Balance at the level assumed in the MTP.
- 7.2** The reduced use of reserves will provide increased flexibility for the speed with which further savings are required or to cushion the Council from any additional risks.
- 7.3** Some variations to the original budget for 2013/14 have emerged giving a net decrease in the required use of reserves of £0.214m. A more reliable position will emerge as the year progresses.
- 7.4** Based on 9 months information the New Homes Bonus for 2015/16 may be marginally less than the forecast but within the sum included in the risk provision.

8. RECOMMENDATION

8.1 The Cabinet is requested to note:

- the outturn for 2012/13.
- the variations identified so far for the current year.
- the ongoing performance in respect of new homes bonus.
- the position on debts collected and written-off in the first quarter of this financial year.

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TO FOLLOW

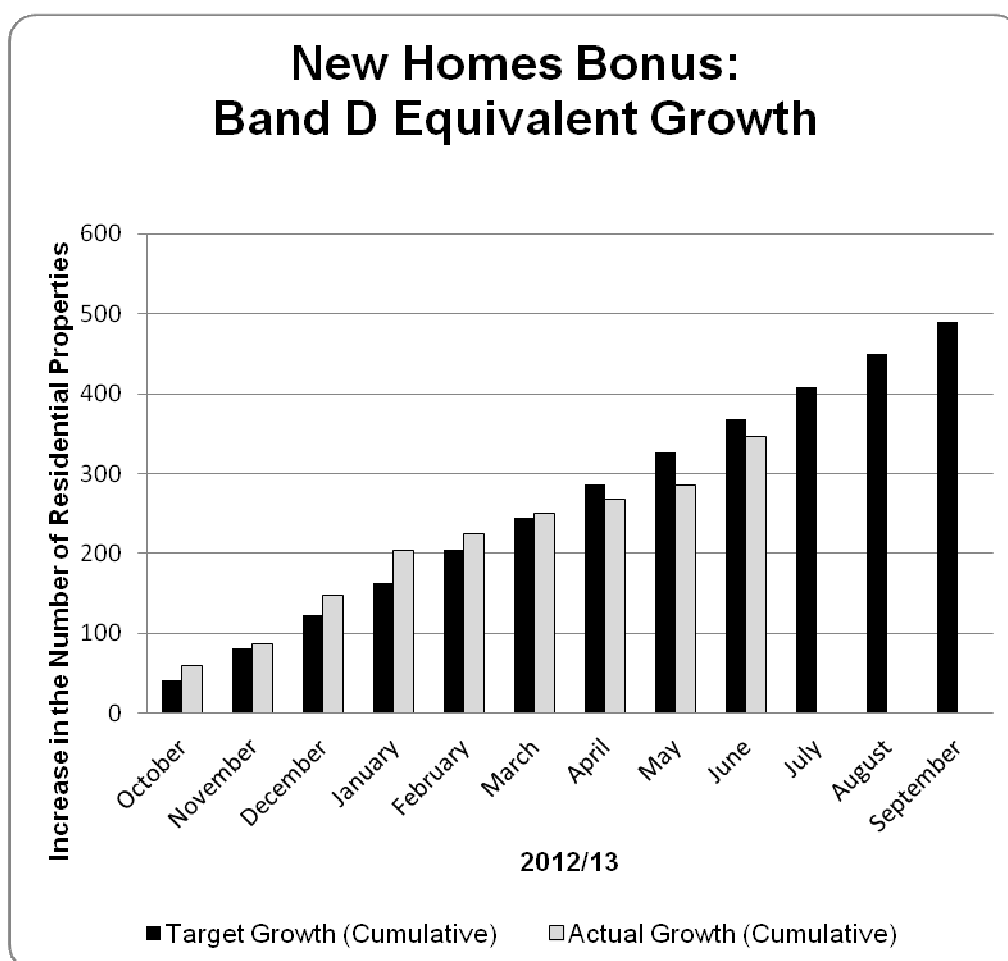
Annex B

New Homes Bonus

2013 Budget/MTP	2013/14	2014/15	2015/16	2016/17	2017/18
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	£0.993m	£0.599m	£0.984m	£1.475m	£1.699m
Cumulative	£2.905m	£3.505m	£4.489m	£5.964m	£6.832m
and risk provision of	£0	£0.050m	£0.150m	£0.300m	£0.450m

The Planning assumptions are only reviewed once a year because they require a significant piece of work that is jointly carried out with the County Council – the figures above are based on the December 2012 update.

The completions can be monitored on a monthly basis, the graph below shows the cumulative increase in “Band D equivalent” new build for the nine months against the proposed draft target of 490.



ANNEX C

**AMOUNTS COLLECTED AND DEBTS WRITTEN OFF
Debt Collection**

The total amount of payments received, less customer refunds and transfers to other debts to the end of June 2013 are as follows:

	April to June 2013
	£000
Type of Debt	
Council Tax	26,339
NNDR	19,042
Sundry Debtors	1,596
Excess Charges	42

With regard to arrears for Sundry Debts and Excess Charges, the position is as follows:

Debt Type	September 2012 %	December 2012 %	February 2013 %	June 2013		
				%	£000	Ref
Housing Support	40.4	41.9	38.3	35.0	337	
Property & Land Rents	4.1	6.2	6.3	4.3	92	
Operations Division	1.0	0.7	1.1	2.1	41	*1
One Leisure	2.0	2.2	3.8	2.7	30	
Other (*)	14.6	8.8	6.3	14.6	258	*2
Discretionary Housing Benefit	56.5	64.4	59.3	70.8	76	*3
Overpaid Housing Benefit	75.1	77.2	77.5	77.3	1,102	
Total Debts (excluding Excess Charges)	19.2	19.7	19.3	20.5	1,937	
Excess Charges	22.5	22.5	24.5	25.8	43	*4

* This includes Building Control Fees, Licensing Charges, Section 106 contributions, Printing Charges and other adhoc/project amounts due to the Council.

The reasons for increases in arrears greater than 0.3% are:

- *1 Operations (incl Markets Tolls) - up from 1.1% to 2.1%**
The increase is mainly due to two CCTV contribution invoices that were raised in May 2013 that still remain unpaid.
- *2 Other - up from 6.3% to 14.6%**
The increase is due to a Section 106 invoice, payment of which is delayed whilst legal agreements between the contractor and the debtor are signed. If this amount was discounted from the recorded debt, the arrears percentage would be 8.6%
- *3 Discretionary Housing Benefit – up from 59.3% to 70.8%**
This debt can be subject to significant movement. In this case over £10,000 more debt was raised in the last quarter than would normally have been expected. It is not yet clear what proportion will be recovered.
- *4 Excess Charges - up from 22.5% to 24.5%**
New car parking orders were introduced in early April 2013 and the slight rise is in the main due to the increase in the associated penalty charges.

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 June 2013	Total	April to June 2013	Total	
	£000	£000	£000	£000	
Type of Debt					
Council Tax	112.2	112.2	0.0	0	112.2
NNDR	21.1	21.1	9.2	9.2	30.3
Sundry Debtors	29.0	29.0	0.0	0.0	29.0
Excess Charges	2.3	2.3	0.0	0.0	2.3
Irrecoverable Benefits (HB&CTB)	*	*	*	*	*
* These amounts are not yet available.					

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.