

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Financial Reporting Revenue Budget 2013/14
Meeting/Date:	Cabinet 21 November 2013
Executive Portfolio:	Resources: Councillor J A Gray
Report by:	Assistant Director (Finance and Resources)
Ward(s) affected:	All Wards

Executive Summary:

The council is now past the mid-way point of the financial year. In-keeping with best practice, it is now opportune to provide a further update on the forecast outturn for 2013/14.

In February 2013, Council approved a net budget of £22.8m for 2013/14; following adjustments for schemes brought forward from 2012/13 (funded from an earmarked reserve) and additional capitalised expenditure, the budget now stands at £23.2m. The forecast outturn, as at the end of September is currently £21.8m; thereby showing a saving of £1.5m. This would enable the savings profile in the MTP to be adjusted to smooth some of the anticipated peak in 2015/16.

New Homes Bonus for 2014/15 will be based on the increase in houses in the year ending September 2013. The Council was behind its target by 7% which would reduce next year's NHB by £41k but this will be more than offset by the growth in affordable homes, which is not yet available, and the risk contingency of £50k.

It is expected that the cost of Council Tax Support will be lower than expected but the income from Business Rates will be lower. Neither of these will impact until next year.

The amount outstanding on Sundry Debts is in line with previous collection rates.

Recommendation(s):

The Cabinet is requested to note the:

- forecast outturn for 2013/14 and the reasons for the variations.
- expected position on new homes bonus for 2014/15.
- potential for variations on Council Tax Support and Business Rates for 2014/15.
- position on debts collected and written-off in the second quarter of this financial year.

1. PURPOSE

- 1.1 To update members, in line with best practice and agreed budget monitoring reporting cycles, on the forecast outturn for 2013/14 and other elements of strategic financial performance.

2. BACKGROUND

- 2.1 The Council has, on a quarterly basis, routinely received a budget monitoring report that gives an indication of the forecast revenue outturn for 2013/14 and the impact on the General Fund.
- 2.2 In August 2013, members received the first Financial Dashboard and since then the following additional strategic financial-reporting documents have been produced:
- In-Year Savings Forecast, and
 - Head of Service Forecast
- 2.3 These three documents now make up the “Strategic Financial Reporting Suite” (SFR) and are shown in Appendix 1 to 3.

3. Forecast Revenue Activity

Use of General Fund Balances

- 3.1 Members will be aware that the MTP currently provides for a phased reduction in the general fund balance to £5.0m by 2015/16; the general fund balance as at the end of 2012/13 was £10.6m.
- 3.2 The “Forecast Net Expenditure” graph included within the September Financial Dashboard indicated that the forecast net spend for 2013/14 was expected to be £22m (£0.8m less than the original budget). Since then, Heads of Service have reviewed their Forecasts and this has indicated that there is a further £0.2m saving, reducing the forecast to £21.8m (the “Forecast Gross and Net” graphs shown in Appendix 1 have been updated to reflect the latest forecasts).
- 3.3 The Original Budget has been adjusted to take into account approved budget carry-forwards from last year, which are funded from an earmarked reserve created for the purpose and additional capitalised expenditure. This results in an updated budget of £23.2m and when this is compared to the 2013/14 Forecast, this shows that the forecast is £1.5m under the total available revenue resources.

This has a consequential impact on the expected use of general fund reserves by:

- reducing the amount needed to balance the 2013/14 budget by £1.5m.
- providing flexibility to spread the level of future savings over a longer period.

Variations in Revenue Spend

- 3.5 Following the issue of the Heads of Service Forecast report (Appendix 3), Heads of Service have provided an extensive commentary on the reasons for variations in their forecast outturn to the updated budget. Those services where the variation is greater than +/- £75,000 are summarised below:

Variation in Forecast to Updated Budget 2013/14

	£000	Service	Commentary
1.	(217)	Planning	Policy & Conservation Savings on current year's budget due to a rephrasing of the Local Plan examination timetable to next year.
2.	(172)	Planning	Economic Development Technical adjustment in respect of a previous carry-forward request and a rephrasing of pump-priming costs relating to the St Neots Town Centre Redevelopment Scheme. £86,000 will be carried over to 2014/15.
3.	(137)	Finance	Minimum Revenue Provision Technical adjustment in the 2013/14 Minimum Revenue Provision in respect of debt repayment due to delayed capital spending. This is an actual saving in 2013/14, but could reduce in future years depending on slippage in the capital programme.
4.	(130)	Customer Services	Customer Services Combination of savings in respect of St Ives Customer Centre no longer required, reduced training budgets, vacancies in staff budgets and savings in ICT costs due to Call Centre relocation. This is a mix of one-off and ongoing savings.
5.	(103)	Finance	Internal Audit and Insurance None use of hired staff, savings on training and leased car accident costs. Income re Mesothelioma claim. This is a mix of one-off and ongoing savings.
6.	(82)	Environmental Management	Management Unit Savings from vacant posts and supplies. This is a mix of one-off and ongoing savings.
7.	(80)	Customer Services	Housing Benefits Consequential impact of an increase in the HB Admin Grant, additional one-off awards and a technical adjustment relating to a reduction in the Bad Debts Provision. This is a mix of one-off and ongoing savings.
8.	99	Operations	Refuse Collection & Recycling Income from 2 nd Green Bins currently below estimate, coupled with a delayed start.
9.	122	Corporate Office	Estates Management A strategic review of the estates service has been undertaken, including a review of costs and income streams. This has resulted in a net reduction in planned income but the budget is now reflective of the current estates portfolio.
10	141	One Leisure	Leisure, Recreation and Sport The overspend is reflective of the delay in the full opening of St Ives and lower than expected income. However, the facility is now fully functional and it is anticipated that income in the second half of 2013/14

will improve. Measures have also been introduced to minimise all staffing and premises related costs and this overspend is also netted down by a saving from the delay in filling a vacancy.

Key: (xx) = saving

- 3.6 The current fiscal tightening within the Council is ensuring that Managers get tighter control on their budgets.

Achievement of Revenue Savings

- 3.7 During the production of the 2013/14 budget, members approved a savings programme in excess of £1.1m. Although some services have met or even exceeded their savings targets, the forecast savings that will be achieved to the end of September (Appendix 2) show that 67% (£0.790m) of savings have been achieved. A summary of those savings not achieved that exceed a variance of £20,000 are shown below.

Forecast Value of Non-Achievement of Savings 2013/14

	£000	Commentary on Underachievement of Savings
1.	141	One Leisure See commentary included in the previous table.
2.	82	Increase in Car Park Charges The original savings target of £5,000 was achieved but this has been negated by the introduction of the “free after 3pm” scheme.
3.	53	Recycling Credits To date the £24,000 savings have not been achieved and there is a further £29,000 reduction in income due to lower tonnages in recycle.
4.	40	Charging for Second Green Bins Sales of second green bins have not been in line with original estimate.
5.	36	Licensing Efficiency & Charges The estimated additional income has not been realised, it is expected that such levels of income will not be realised in future years. This is mainly due to statutory limitation and fees set by central government not rising. The MTP will be accordingly adjusted.

- 3.8 Members will recall from the “Financial Forecast to 2019” report that was presented to the Cabinet in September that the “Targeted” savings for 2014/15 totalled £1.377m. Provisional indications are just over £0.400m (29%) has been achieved in the current year, which contributes to the positive in year budget position.

4. NEW HOMES BONUS

- 4.1 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.

- 4.2 For the year up to the end of September 2013, the Council had estimated that 490 Band D equivalent properties would be built, which would have equated to £0.577m. However, the actual number of properties built has been 455 Band D equivalents; this has resulted in an underachievement of £41,099 (7.1%), see the respective graphs within Appendix 2. Although this is less than budgeted, it is within the £50,000 risk provision.

5. DEBT AMOUNTS COLLECTED AND DEBTS WRITTEN OFF

- 5.1 As shown in the Sundry Debtors graph in Appendix 1, the 3 categories of debt have remained consistent over the past year, with the average percentages for debt outstanding being:

- Overpaid Housing Benefit: 77%
- Other Miscellaneous Debt *: 9%
- Excess Car Parking Charges: 24%

* this includes debts relating Housing Support, Property & Land, Operations, One Leisure.

- 5.2 To the end of September, £0.267m has been written off, this is £27,800 (9.4%) less than the same point last year. Further details are shown in Appendix 4.

6. LEGAL IMPLICATIONS

- 6.1 No direct, material legal implications arise out of this report.

7. RESOURCE IMPLICATIONS

- 7.1 The resource implications are noted within this report.

LIST OF APPENDICES INCLUDED


Appendix 1 – HDC Financial Dashboard (September 2013-Updated)
Appendix 2 – 2013/14 MTP Savings Forecast (September 2013-Updated)
Appendix 3 – Heads of Service Forecast (September 2013)
Appendix 4 – Sundry Debt (Collected and Write-Offs)

BACKGROUND PAPERS


Working papers in Financial Services

CONTACT OFFICER

Steve Couper, Assistant Director (Finance and Resources)

 01480 388103

Clive Mason, Accountancy Manager

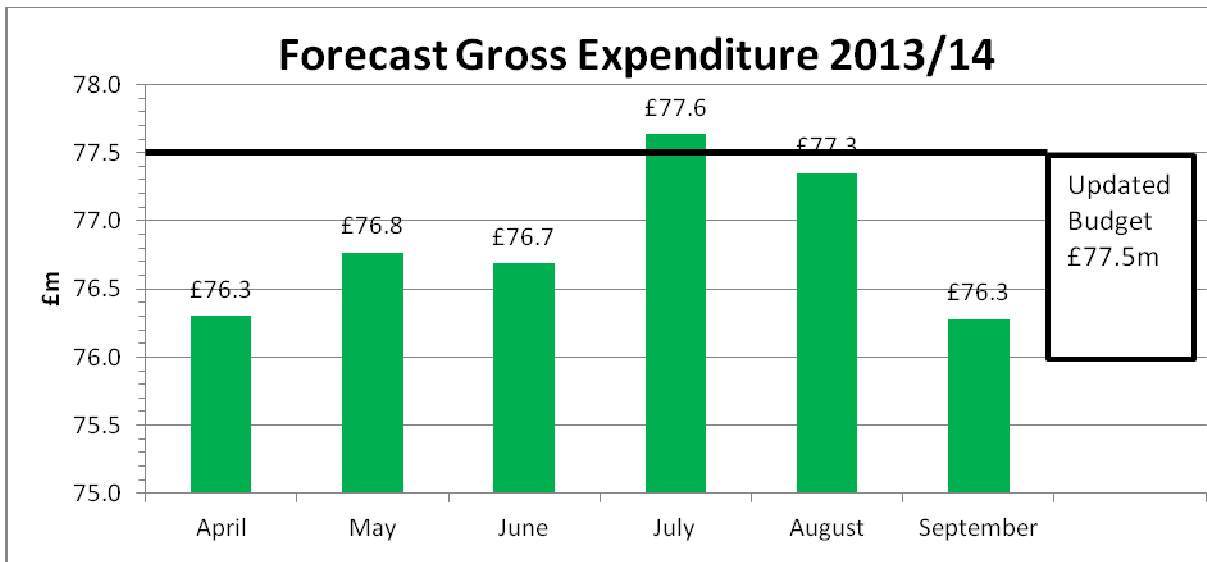
 01480 388157

HUNTINGDONSHIRE DISTRICT COUNCIL

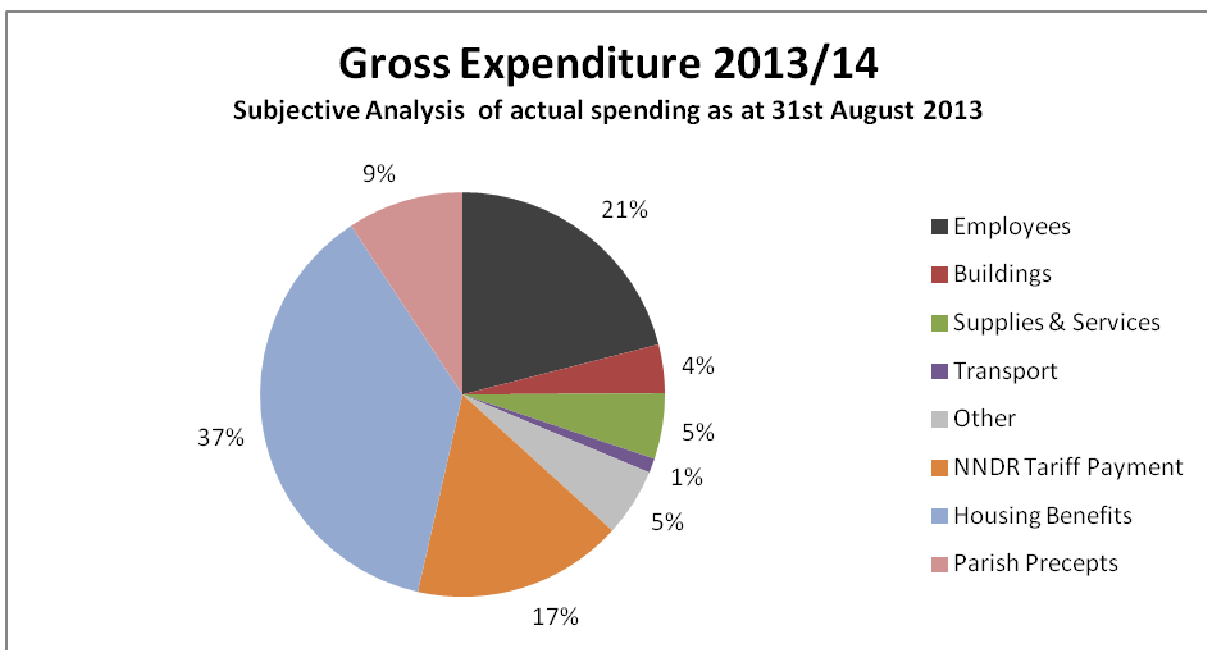
Financial Dashboard (September 2013)

Income & Expenditure

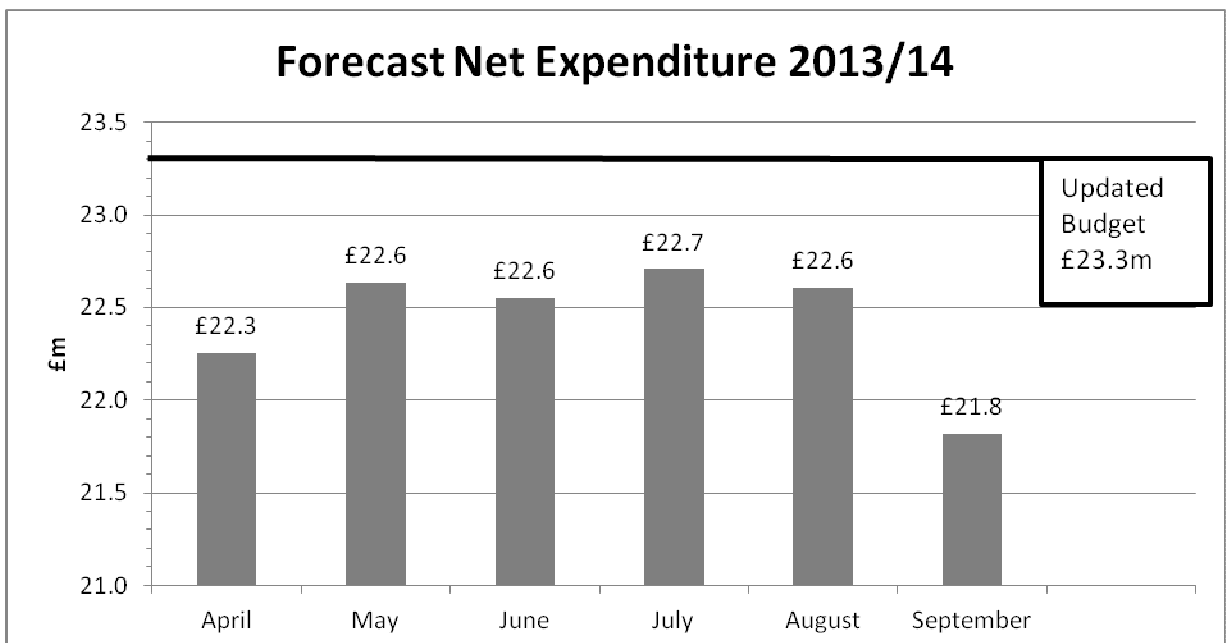
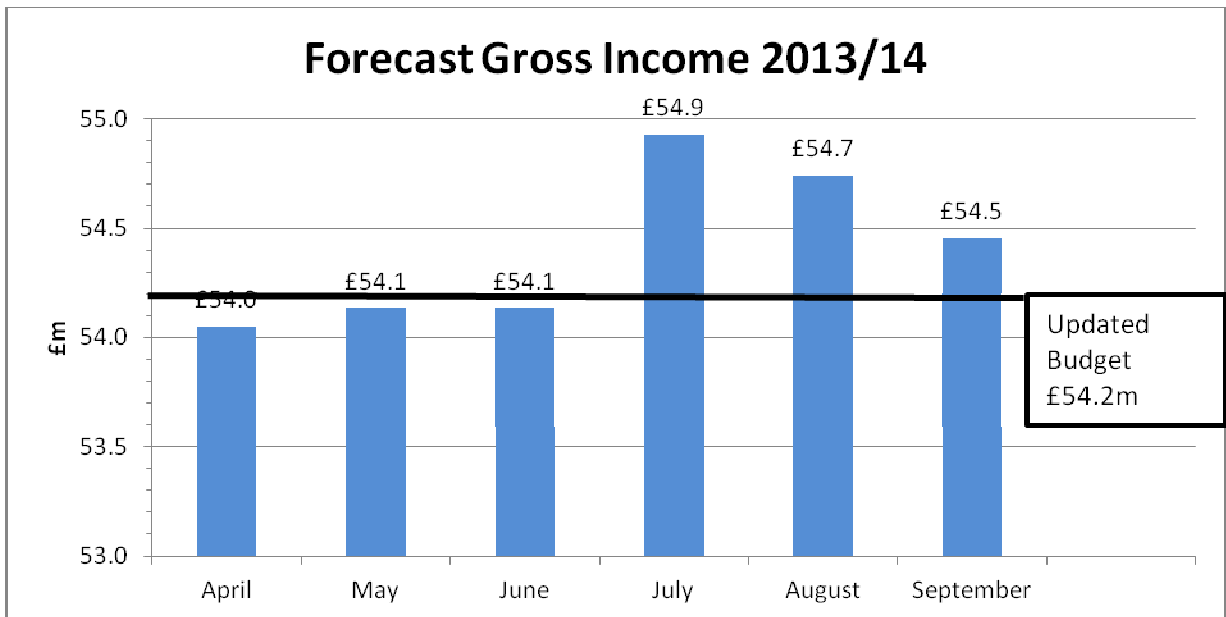
(updated for Cabinet report to show "Updated Budget")



The increase in expenditure between June and July is due to a forecast increase in Housing Benefits. The reduction in expenditure is reflecting a general lowering of forecast expenditure across most categories of spend.

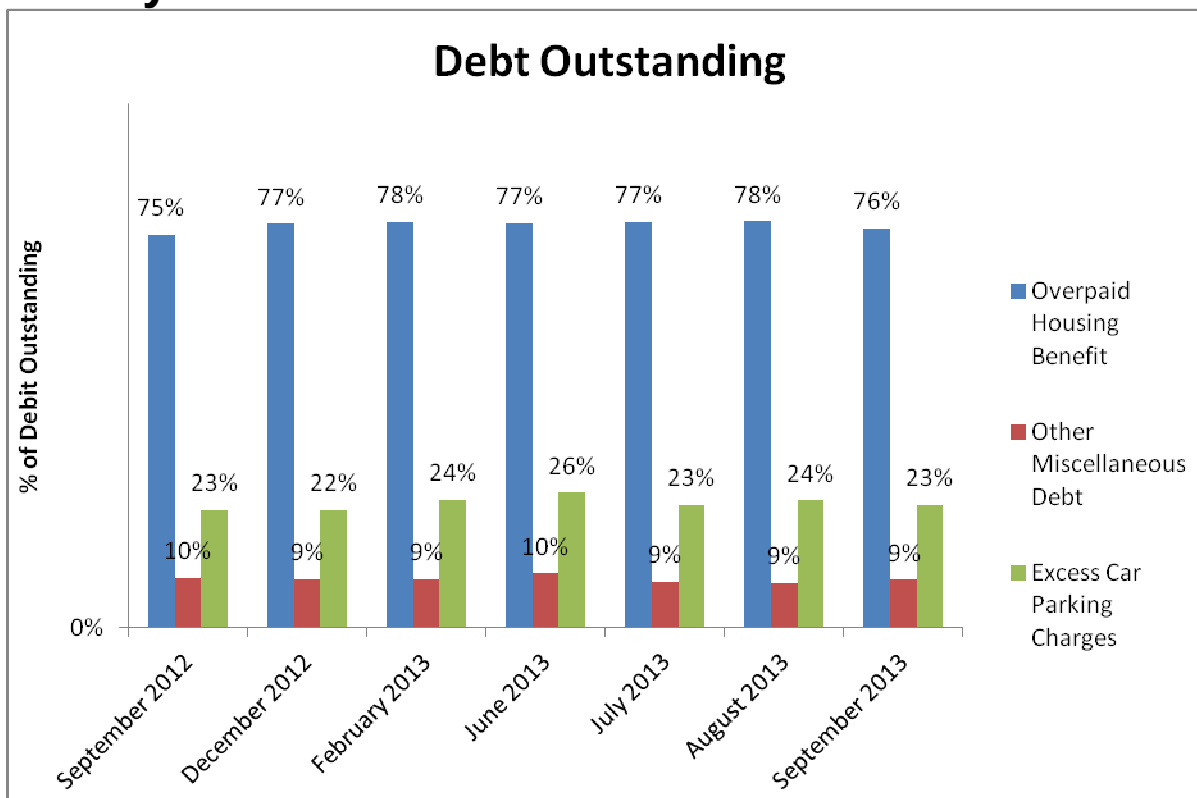


The main items of expenditure included within "Other" are HDC Collection Fund Deficit, Grants to other bodies and net costs associated with S.106 Agreements.



The fall in September is at least partly due to Managers being more robust in reviewing their forecasts.

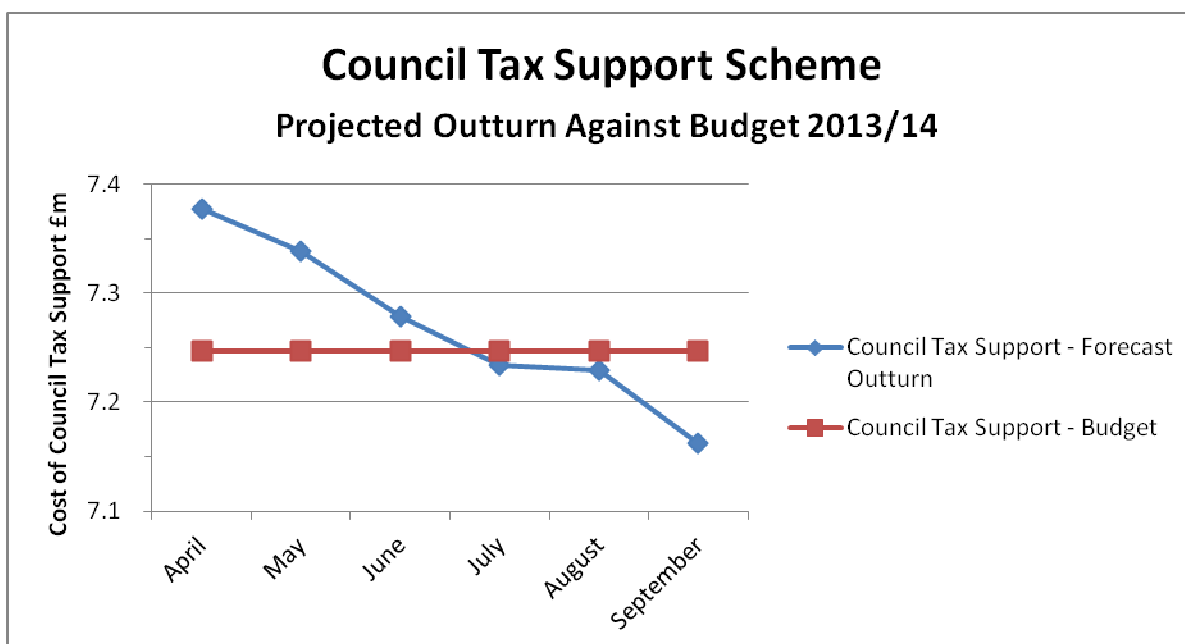
Sundry Debtors



As the year progresses it will be easier to judge whether revenue provision will need to be made for additional bad debts.

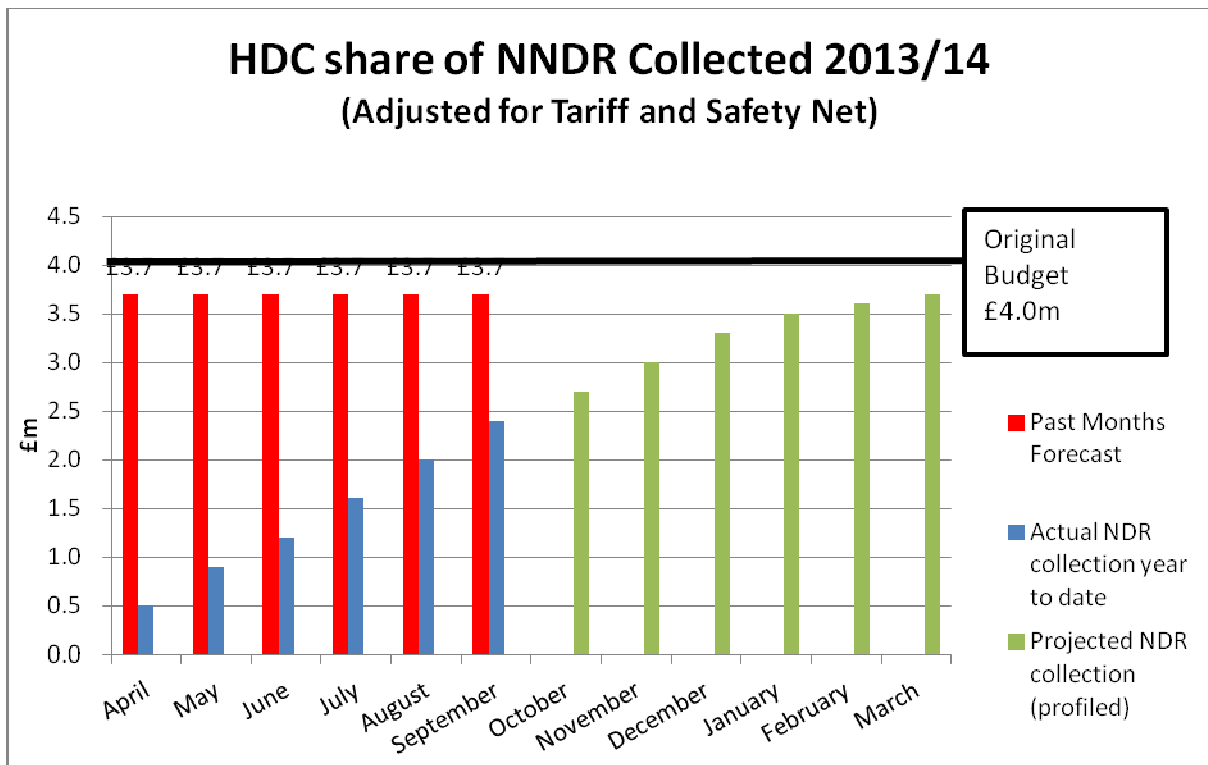
Council Tax Support Scheme

The next few months will clarify whether the budget was reasonable. As a consequence of the technical accounting arrangements within the Collection Fund, any 2013/14 saving due to the Support Scheme will impact in 2014/15.

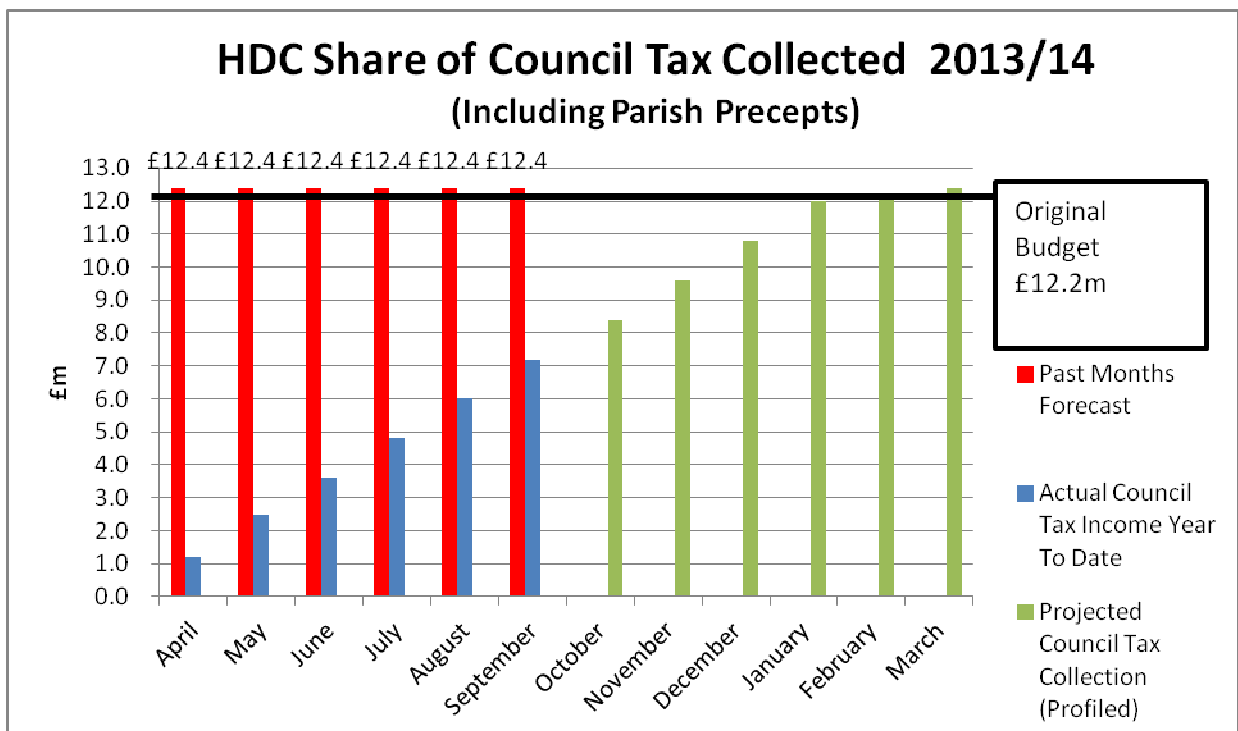


The benefit to HDC will be proportionate to all Council Tax precepts.

Collection of NNDR and Council Tax

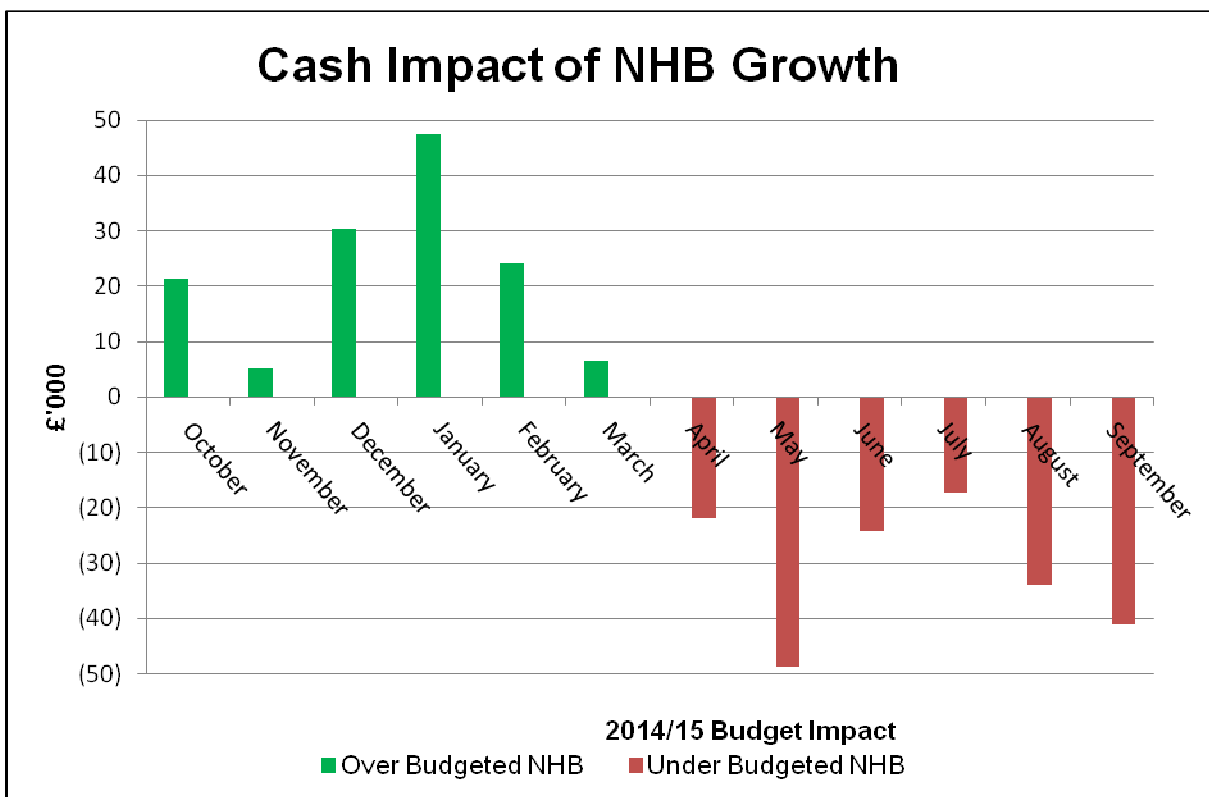
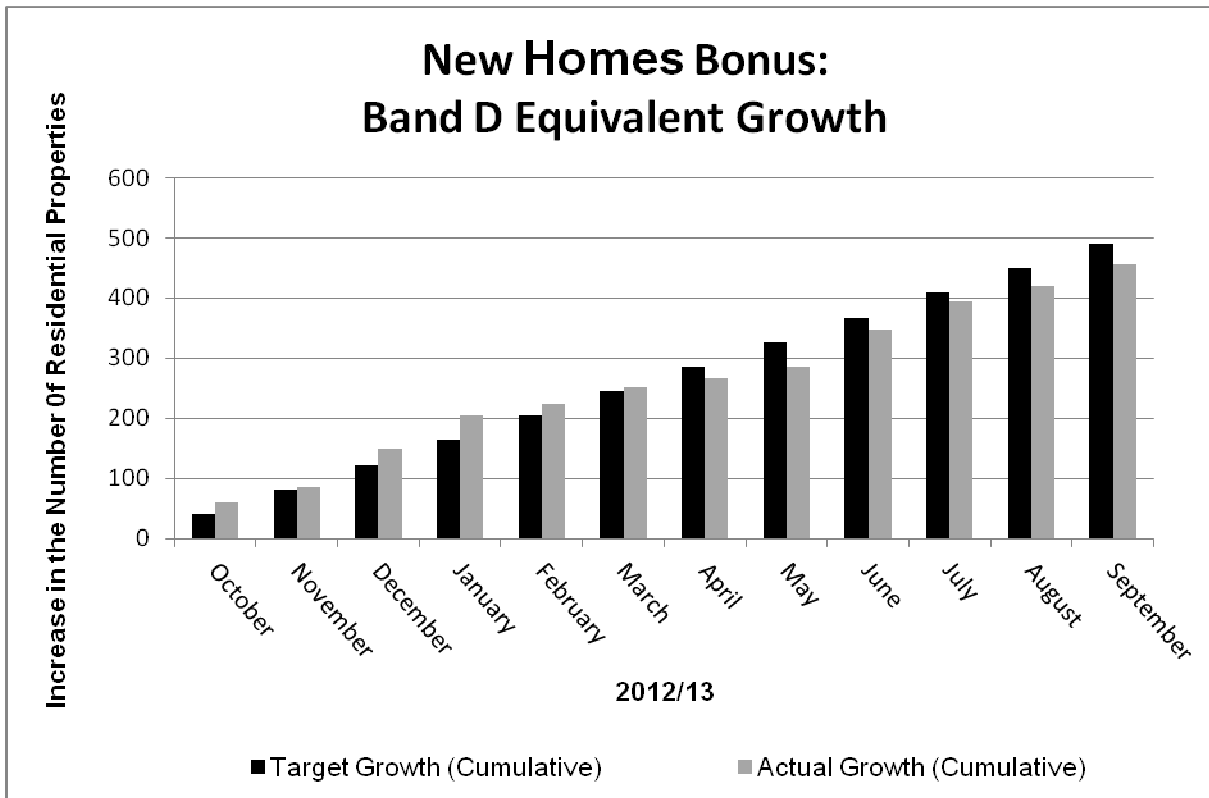


The forecast assumes historic levels of successful appeals and no net growth for the rest of the year. The safety net provisions guarantee we will receive at least £3.7m. Any variance from the budget will be felt in 2014/15.



Housing growth, on a financial year basis, is greater than anticipated. Still too early to judge the impact of any increases in non-payment. As a consequence of the technical accounting arrangements within the Collection Fund, any 2013/14 saving due to the Support Scheme will impact in 2014/15.

New Homes Bonus



Excludes the bonus for social housing which will reduce the shortfall slightly, which is anyway less than the £50,000 risk provision.

2013/14 MTP Savings Forecast

Forecast Outturn based on September 2013 Actual and estimated service costs/income to the end of the financial year.

Scheme	Head of Service	Target	Savings Achieved (based on Forecast Outturn)		Savings (greater than) or less than Target	Commentary
		£000	£000	%	£000	
Increase In Carpark Charges	Operations	5	(77)	-1540%	82	> Fee increase £5k saving achieved but £82k reduction in income due to free after 3pm
Recycling Credits	Operations	24	(29)	-121%	53	> Savings not achieved and £29k reduction in income due to lower tonnages
Pool Vehicles	Operations	19	0	0%	19	> New project, post implementation review needed to establish costs.
Car Park Strategy	Planning	10	0	0%	10	> Savings not achieved, reduction in usage of car parks
Licensing Efficiency & Charges	Legal & Democratic	47	12	26%	36	> The estimated additional income has not been realised, it is expected that such levels of income will not be realised in future years. This is mainly due to statutory limitation and fees set by central government not rising.
One Leisure Combined Savings (Updated Since September 2013)	One Leisure	242	101	42%	141	> One Leisure Combined Saving included an assumed £117,000 staff saving through restructuring but this has been delayed. The completion of the Redevelopment of OLSI has been delayed and has impacted on the income this year. The fitness equipment replacement has been delayed pending a review to ensure only necessary replacements are made.
Rental Of Office Space (additional income)	Environmental Management	44	24	55%	20	> Additional income not achieved, unable to find more tenants at the moment, although still some possible expressions of interest
Charging For Second Green Bins	Operations	101	61	60%	40	> Sales of Second green bins not been as good as originally estimated
Customer Services Line Rental Savings	Customer Services	24	24	100%	0	
Elections Integration Phasing	Legal & Democratic	73	73	100%	0	
CIL- Preparation	Planning	56	56	100%	0	
Call Centre CRM System Replacement	Customer Services	74	74	100%	0	
Automated Telephone Payments	Customer Services	7	7	100%	0	
Community Grants Reduction	Environmental Health	55	55	100%	0	
Customer Services - Staff Savings	Customer Services	14	14	100%	0	
Reorganise Senior Management	Managing Director	178	178	100%	0	
Close St Ives Customer Services Centre	Customer Services	7	7	100%	0	
Reduce Hours Huntingdon Customer Services Centre	Customer Services	7	7	100%	0	
IMD Shared Service Income	IMD	15	15	100%	0	
Document Centre Efficiency & Ext Work	Legal & Democratic	10	11	110%	(1)	
IMD Staff Savings	IMD	13	15	115%	(2)	
Business Continuity Review	IMD	6	7	117%	(1)	
PV Panels - Eastfield House	Environmental Management	39	46	118%	(7)	> This meets some of the 2014/15 targeted saving.
E-Marketplace	Financial Services	4	5	125%	0	
Environmental Community Health Services Savings	Environmental Health	65	104	160%	(39)	
		1,139	790	67%	351	

2013-14 Head of Service Corporate Budget Monitoring - September 2013						
Service	Head of Service	Original Budget	Updated Budget	Forecast	Variation Forecast to Updated Budget	Summary Comments (the following are "consolidated" comments for each service)
		£000	£000	£000	£000	
Planning	Assistant Director (Environment, Growth and Planning)	1,864	2,188	1,732	(456)	<ul style="list-style-type: none"> - Savings due to rephasing of Local Plan examination timetable. - Savings from delayed recruitment. - Correction of previous carry-forward request and rephasing of pump-priming costs relating to the St Neots Town Centre Redevelopment scheme.
Corporate Office	Corporate Team Manager	603	619	603	(16)	<ul style="list-style-type: none"> - Strategic review of estates service and associated costs and income streams. - Deletion of budget previously used for staff back-filling costs. - Reduction in pensions liability due to closure of previous voluntary redundancy scheme. - Deletion of performance management budget. - Saving from non-completion of Economic Development work programme.
One Leisure	General Manager (One Leisure)	269	280	421	141	<ul style="list-style-type: none"> - delay in the opening of the St Ives Leisure Facility. - delay on recruitment to Senior roles within the services.
Environmental Management	Service Manager (Environmental Management)	2,579	2,609	2,434	(175)	<ul style="list-style-type: none"> - Reduction of income within Building Control as a consequence of work volume decreases. - Reduction in promotion budgets because of energy and water efficiency projects not proceeding. - Savings on Council energy costs. - Savings from vacancies not being filled.

2013-14 Head of Service Corporate Budget Monitoring - September 2013

Service	Head of Service	Original Budget	Updated Budget	Forecast	Variation Forecast to Updated Budget	Summary Comments (the following are "consolidated" comments for each service)
		£000	£000	£000	£000	
Customer Services	Head of Customer Services	2,917	2,918	2,539	(379)	<ul style="list-style-type: none"> - Combination of permanent and one-off savings in respect of the closure of the St Ives Customer Centre and savings on Customer Services salaries. - Additional Admin Grant received. - Technical savings due to lower than previously expected contributions to the Bad Debts Provision. - Additional income from recovery of Council Tax Benefit overpayments.
Environmental & Community Health	Head of Environmental and Community Health Services	2,174	2,240	2,185	(55)	<ul style="list-style-type: none"> - Savings from delay in recruitment for vacant posts.
Financial Services	Assistant Director (Finance and Resources)	4,946	5,014	4,664	(350)	<ul style="list-style-type: none"> - Technical adjustment in respect of a lower Minimum Revenue Provision allocation due to lower capital spend in 2012/13. - Non-use of hired staff and savings from a one-off contribution from a Mesothelioma insurance claim. - Reduction in external audit fees.
Operations	Head of Operations	4,370	4,343	4,452	109	<ul style="list-style-type: none"> - Income from 2nd Green Bin not as high as estimated. - Unplanned reduction in recycle tonnage. - Reduction in car park income due to "free after 3pm" scheme in Sainsbury's car park. - Restructuring of management unit budget has developed a consequential saving. - The Emergency Planning contract with Cambridgeshire County Council has ceased and economies achieved from training with other Councils.

2013-14 Head of Service Corporate Budget Monitoring - September 2013

Service	Head of Service	Original Budget	Updated Budget	Forecast	Variation Forecast to Updated Budget	Summary Comments (the following are "consolidated" comments for each service)
		£000	£000	£000	£000	
Information Management Division	Service Manager (Information Management Division)	1,887	1,899	1,831	(68)	- Savings from reduced line rental and call costs. - Savings from vacancies not being filled.
Legal & Democratic Services	Head of Legal and Democratic Services	1,657	1,657	1,564	(93)	- Saving from Overview and Scrutiny Provision. - Reduction in costs of Members basic and special duty allowances. - Savings from recharge to Cambridgeshire County Council in respect of election costs. - Savings from vacancy not being filled.
Service Totals		23,266	23,767	22,425	(1,342)	
Technical adjustments for Revenue to Capital and Recharges in Controllable Expenditure		(502)	(502)	(625)	(123)	
Budget Net Expenditure		22,764	23,265	21,800	(1,465)	

Sundry Debt

Collected

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

	April to June 2013	July to Sept 2013	Total
	£000		£000
Type of Debt			
Council Tax	26,339	26,191	52,530
NNDR	19,042	16,293	35,335
Sundry Debtors*	1,724	3,781	5,505
Excess Charges	42	43	85

*Excludes payments collected on behalf of BID Huntingdon

Amounts written off

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

	Up to £5,000			Over £5,000			TOTAL
	April to June 2013	July to Sept 2013	Total	April to June 2013	July to Sept 2013	Total	Total
	£000	£000	£000	£000	£000	£000	£000
Type of Debt							
Council Tax	112.2	18.9	131.1	0.0	0.0	0	131.1
NNDR	21.1	13.5	34.6	9.2	10.6	19.8	54.4
Sundry Debtors	29.0	19.3	48.3	0.0	0.0	0.0	48.3
Excess Charges	2.3	6.9	9.2	0.0	0.0	0.0	9.2
Irrecoverable Benefits (HB&CTB)	14.3	9.8	24.1	0.0	0.0	0.0	24.1

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 Accountancy Manager deputises in her absence.