

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Budget Monitoring 2014/15 (Revenue & Capital)

Meeting/Date: Cabinet
12th February 2015

Executive Portfolio: Resources: Councillor J A Gray

Report by: Head of Resources

Ward(s) affected: All Wards

Executive Summary:

1. Budget Monitoring 2014/15

• **Revenue**

The net revenue budget approved in February 2014 was £20.870m. The variations forecast so far this year total a saving of £0.858m. The significant movements include staff related savings of £0.847m, transport savings of £0.195m and a reduction in supplies & services of £0.842m. This is offset by a shortfall in interest receipts of £0.513m and fees & charges income of £0.416m.

	£m
Approved Budget	20.870
Forecast Variation	(0.858)
Forecast	20.012

• **Capital**

The net capital budget approved in February 2014 was £4.623m in addition to which slippage added a further £1.945m giving a total updated budget of £6.568m. Currently the forecast out turn for this financial year is estimated to be £3.693m a reduction of £2.875m mainly due to (£0.401m) cost variations and (£2.486m) timing changes.

At this stage in the year variations have been reported for under/overspends totalling a net underspend of (£0.401m), including savings on bin purchases of (£0.233m), increased expenditure on the multi-storey car park of £50,000 and One Leisure St Ives Redevelopment £0.166m, housing grants (£0.100m), reduced staff recharges (£50,000), increased sale price of Green House (£25,000) and (£0.163m) saving on IMD schemes.

Slippage to future years of (£0.334m) for the CCTV Wireless scheme and camera replacements, vehicle replacements (£0.510m), purchase of small industrial units at Highlode Ramsey to rent out (£0.263m), Hunts West Development (£0.928m) and slippage from future years of (£0.180m) for the sale of the Greenhouse in St Neots.

	£ m	£ m
Approved Budget		4.623
Slippage from 2013/14		1.945
Forecast Variations:		
Cost	(0.401)	
Revenue to Capital Transfers	0.012	
Slippage to future years	(2.343)	
Slippage from future years	(0.143)	(2.875)
Forecast		3,693

- **New Homes Bonus**

The New Homes Bonus calculation is based on data collected over the twelve months between October and September each year and so we are in the early stages of the new NHB year. The target housing growth in the three months to the end of December 2014 was set at 67. Currently the position shows 187, an increase of 120 properties resulting in an estimated increase in New Homes Bonus of £0.144m.

Recommendation(s):

The Cabinet is requested to agree the:

- The Forecast Revenue Budget of £20.012m
- The Forecast Capital Budget of £3.693m

1. PURPOSE

- 1.1 To update members, in line with best practice and agreed budget monitoring reporting cycles, on the forecast outturn for 2014/15 for both capital and revenue budgets based on information available at the end of quarter three.

2. BACKGROUND

Budget Monitoring

- 2.1 Since December 2013, all members have been receiving the Financial Performance Monitoring Suite (FPMS), which incorporates the Financial Dashboard. This report formalises the reporting arrangements of the current forecast outturn for 2014/15 in respect of revenue and capital; this includes a forecast outturn for the General Fund.

3. FORECAST REVENUE ACTIVITY

Use of General Fund Balances

- 3.1 Members will be aware that the Medium Term Financial Strategy (MTFS) (formerly known as the Medium Term Plan) currently provides for a phased reduction in the general fund balance to £3.071m by 2019/20; the general fund balance as at the end of 2013/14 was £8.7m with a further £12.2m in Earmarked Reserves.
- 3.2 All Heads of Service have reviewed their forecasts and the "Forecast Performance" *tabulation (Appendix 1a)* shows that the forecast net spend for 2014/15 is expected to be £20.012m; this means that the forecast use of reserves for the year is £0.147m some £0.858m less than originally planned (this is net of carry-forwards to 2015/16).
- 3.3 This has a consequential impact on the expected use of general fund reserves by:
- reducing the amount needed to balance the 2014/15 budget.
 - providing flexibility to spread the level of future savings over a longer period.
- 3.4 The Original Budget of £20.870m, approved in February 2014, has been adjusted to take into account of:
- approved budget carry-forwards from last year, which are funded from an earmarked reserve, and
 - additional capitalised expenditure.

This results in an updated budget of £21.097m and when this is compared to the 2014/15 Forecast, this shows that the forecast is £1.085m less than the updated budget.

Variations in Revenue Spend

- 3.5 As noted above, Heads of Service have provided an extensive commentary on the reasons for variations in their forecast outturn to the updated budget; this is in the "2014/15 Head of Service Corporate Budget Monitoring" *analysis (Appendix 1b)*. The table below shows a subjective breakdown of the forecast variations:-

Summary	£'000
Approved Budget	20,870
Delayed Spending from Previous Year	246
Expenditure Variations	
Employee Costs (Including training)	(847)
Premises Costs	(6)
Supplies and Services	(842)
Transport	(195)
Use of R&R Balances to fund expenditure	(97)
Other	(46)
	(2,033)
Income Variations	
Interest Receipts	513
Fees, Charges and Grants	416
	929
Forecast Net Spending	20,012

- 3.6 The current fiscal tightening within the Council is ensuring that Managers are being more robust in the control of their budgets which is beginning to ensure more accurate forecasting.

4. FORECAST CAPITAL ACTIVITY

- 4.1 The table below shows the forecast variations to the approved capital programme, based on the evidence of expenditure to the end of December 2014. The variations include slippage to and from future years and variations to the cost of schemes.

CAPITAL BUDGETARY CONTROL 2014/15	Original Budget £000	Forecast outturn £000	Variation £000
Approved budget	4,623	4,623	0
Delayed spending from previous year	0	1,945	1,945
Cost Variations;			
Multi-Storey Car Park			50

CAPITAL BUDGETARY CONTROL 2014/15	Original Budget £000	Forecast outturn £000	Variation £000
Changes to specification to increase the usability of the car park including installing LED lighting.			
One Leisure St Ives Redevelopment Cost overruns due to additional work that emerged during the project.			166
Wheeled Bins Increased developer contributions and savings from reusing issued bins.			(233)
Green Bin Charging System Software The software needed to charge for wheeled bins has been introduced at a cost lower than estimated.			(21)
Housing Grants Increased grant awarded by government and fewer private sector grants issued.			(100)
IMD Schemes Due to lack of resources it has been decided not to proceed with some schemes and savings have been found by delivering projects in different ways.			(163)
Alconbury Enterprise Zone This scheme, to support capital investment in the Alconbury Enterprise Zone totals £5m. The scheme is being fully funded by grant from central government and so is net nil to the council.			0
Other Savings Printing and document centre equipment, and pool vehicles, community infrastructure levy software, increased sale proceeds from the sale of the GreenHouse.			(100)
Total Cost Variations		(401)	
Slippage to Future Years;			
CCTV Wireless and Camera Replacements The conversion of CCTV to wireless operation, is now subject to further review before the project commences., and changes to monitor specifications have delayed expenditure			(334)
Vehicle Replacements Extending vehicle life has delayed replacement			(510)

CAPITAL BUDGETARY CONTROL 2014/15	Original Budget	Forecast outturn	Variation
	£000	£000	£000
Highlode Ramsey This scheme is subject to further review before it commences.			(263)
Huntingdon West Development The process of working through the land development negotiations has taken longer than anticipated			(928)
Play Equipment Extending the usable life of the existing equipment has delayed the need to replace this equipment			(115)
Pathfinder House The life of operational plant has exceeded that expected so it has not been replaced			(50)
Other Slippage Including play equipment, leisure centre maintenance and Pedals scheme.			(143)
Total Slippage to Future Years		(2,343)	
Slippage From Future Years			
Green-House The tenancy at the Green-House in St Neots will end in September, as a result the sale of the property has been brought forward from 2015/16.			(180)
Building Efficiency Savings Saving from existing projects have been received earlier than expected resulting in an increased budget allocation			37
Total Slippage From Future Years		(143)	
Revenue to Capital Transfer			
Mobile Home Park Contribution from revenue to the extra ground work and higher cost of the mobile units			12
		12	
Forecast net spending	4,623	3,693	(930)

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 – Financial Performance Monitoring Suite
Appendix 1a – Forecast Performance
Appendix 1b – Head of Service Corporate Budget Monitoring
Appendix 1c – Financial Dashboard (December)

BACKGROUND PAPERS


Working papers in Accountancy

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