

Policy Committee - 28th July 2015

OUTTURN REVENUE BUDGET MONITORING REPORT - 2014/2015



Report of the Strategic Manager – Financial Services (s151 Officer)

Ward(s) affected: All

1. Purpose of Report

- 1.1 To advise members of the final revenue budget position of the Council, (subject to audit) of income and expenditure to the end of March 2015.

2. Recommendations

- 2.1 Members to note the outturn revenue budget monitoring position as at 31 March 2015.
- 2.2 Members note the transfers to earmarked reserves.

3. Background Information

- 3.1 On 25 February 2014 the Council approved its Revenue Budget at £7,575k for 2014/15.

4. Financial Performance

- 4.1 Based on the unaudited accounts the Council's performance against budget was an underspend of £1,467k for the full financial year. This is an increase of £170k over the interim figure of £1,297k reported to the meeting of Policy Committee on 9th June 2015.
- 4.2 Financial performance at the end of March compared to the interim report is shown in Appendix A and summarised in Table 1 below.
- 4.3 The formal audited Statement of Accounts will be presented to the Audit and Governance Committee on 29 September 2015.
- 4.4 In addition the council received an additional £91k as part of its "on account payment" in respect of business rates.

Table 1: Summary Of Outturn Position As At 31 March 2015

| | Interim Outturn 2014/15 £ | Actual Outturn 2014/15 £ | Variance 2014/15 £ |
|-------------------------------------------------|------------------------------------|-----------------------------------|--------------------------|
| Total Service Related Costs | 4,889,571 | 4,727,411 | (162,160) |
| <u>Corporate Costs</u> | | | |
| Investment Income | (74,172) | (74,744) | (572) |
| Interest Payable | 255,710 | 247,914 | (7,796) |
| MRP for Capital Financing | 318,428 | 318,428 | 0 |
| Support to Parishes | 77,430 | 77,430 | 0 |
| Corporate Contingency | 0 | 0 | 0 |
| Total Revenue Budget Outturn 2014/15 | 6,294,023 | 6,046,065 | (170,528) |

Service Related Costs

- 4.5 Services showed a movement in outturn variance of £162k. Details of the main variances compared to the interim position report are set out in Appendix B.

Main Risk Areas

- 4.6 The 2014/15 Revenue Budget report highlighted the main risk areas to the Council as sustaining income levels in the current economic climate, and implementing the savings that have been built into the budget. These risks will continue in to 2015/16 and beyond.

Income Streams

- 4.7 All income streams are monitored on a monthly basis. To mitigate the risk of under achievement of income cautious estimates were included within the 2014/15 budget. At the end of quarter 4 overall were 10% ahead of target.

Business Rates

- 4.8 2014/15 was the second year of following the introduction in April 2013 of a fundamental change in the Local Government Finance System regarding the Business Rates Retention Scheme (BRRS).
- 4.9 The Council has been allocated and will receive £2,016k as it's share of business rates and grant in 2014/15 an additional £91k. This includes the allocation from the North Yorkshire Business Rates Pool. However, the estimate of its liability at the year end for bad debts, appeals for rating valuations and movements in the rating base is £364k. This reduces the figure to £1,652k. This is a £15k improvement over the interim report. It is proposed that the £364k is transferred to the Business Rates Equalisation Reserve should a payment from the Council be required, together with the planned contribution of £120k, plus a contribution of £66k to offset the reduced 2015/16 budgeted contribution.

- 4.10 Budget monitoring clinics are held with budget holders on a quarterly basis. Statistics showing performance against income and salary budgets are also presented to CLT on a monthly basis.

5. Financial Position

- 5.1 The Council had a General Fund unallocated balance of £1,030k at 1 April 2014. This balance has not been utilised during 2014/15 and remains at that level.
- 5.2 Prior to 2014/15 the Council's policy was to increase the General Fund Balance to a prudent level, £1,030k is considered prudent. This is essential in order to mitigate against the risk of unplanned movements from budgeted net expenditure levels and to cover for day to day cash flow variances. Moreover, a robust level of reserves will help the Council mitigate against the risks of ongoing funding cuts.
- 5.3 The 2015/16 revenue budget is not without pressures, and as a consequence the contingency was set at £75k. The savings have enabled a contribution of £25k of the 2014/15 surplus to be added to this to increase it to £100k in accordance with the proposal contained in the interim report. This is held in a contingency and revenue expenditure reserve.
- 5.4 During 2014/15 the Council made its planned contributions to its Enabling & Efficiencies Insurance, New Homes Bonus, Vehicles, IT and Buildings reserves. The year-end surplus has enabled additional contributions to the Building Maintenance, IT, Enabling Efficiencies, Business Rates and Vehicle Fleet Replacement reserves. A complete list of revenue reserves is shown at Appendix C.

6. Summary

- 6.1 The impact of the economy on the Council's income streams and their volatility is a risk to the Council and will need to be managed closely going forward.
- 6.2 The General Fund Revenue Balance currently stands at £1,030k at 31 March 2015. This will assist in mitigating against the risk of unplanned movements from budgeted net expenditure levels, as well as the impact of changes in local government funding.
- 6.3 The Council has managed its budget within 2014/15 and generated savings for its budget targets in 2015/16 and beyond.

7. Implications

- 7.1 Financial and Value for Money Implications
All financial implications are contained in the body of the report.

7.2 Legal implications

None as a direct result of this report. The Council set a balanced budget for 2014/15, and going forward it is a further requirement that the budget is balanced.

7.3 Contribution to Council Priorities

The delivery of a balanced and managed budget is critical to the well being of the Authority.

7.4 Risk Management

Failure to achieve a balanced budget in the financial year would have had serious consequences for the Council.

7.5 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

8. Consultations with Others

None

9. Access to Information : Background Documents

None

10. Author of the Report

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11. Appendices

Appendix A – Analysis of final outturn to interim report
Appendix B – Reasons for Variance
Appendix C – Revenue Reserves

Summary of Final Outturn Position As At 31 March 2015

| | Approved Budget 2014/15 £ | Expected Outturn 2014/15 At 9/06/15 £ | Actual Accounts 2014/15 Pre-Audit £ | Movement Actual vs Expected Outturn £ |
|--------------------------------------|----------------------------------------|-------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| <u>Services</u> | | | | |
| Chief Executive/Director Of Services | 2,077,146 | 1,770,690 | 1,675,042 | (95,648) |
| Resources Department | 1,857,490 | 1,478,977 | 1,412,054 | (66,923) |
| Community Department | 2,215,809 | 1,639,904 | 1,640,315 | 411 |
| Total Services Related Costs | 6,150,445 | 4,889,571 | 4,727,411 | (162,160) |
| <u>Corporate Costs</u> | | | | |
| Investment Income | (31,410) | (74,172) | (74,744) | (572) |
| Interest Payable | 255,710 | 255,710 | 247,914 | (7,796) |
| MRP for Capital Financing | 311,310 | 318,428 | 318,428 | 0 |
| Support to Parishes | 77,430 | 77,430 | 77,430 | 0 |
| Corporate Contingency | 375 | 0 | 0 | 0 |
| Total Revenue Budget 2014/15 | 6,763,860 | 5,466,967 | 5,296,439 | (170,528) |

Reasons for Revenue Budget Major Variances Interim Outturn to Actual Outturn 2014/15

| Description | Variance £'000 | Reason |
|-------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <u>Chief Executives / Director of Services</u> | | |
| Revenues & Benefits Service | (45) | Final adjustments to year end benefits subsidy claim and benefits debtors |
| Information Services | (50) | Final adjustment for estimated accruals |
| Total Chief Executives / Director of Services | (95) | |
| <u>Resources</u> | | |
| Elections | (16) | Adjustment of estimate for pre election costs |
| Properties | (13) | Final adjustment for income |
| Car Parks | (135) | Final adjustment to year end income re Coach Street compensation from Yorkshire Water & income still in transit through banking system |
| Corporate Costs | 97 | Increase bad debt provision, accrual adjustment for pension liabilities |
| Total Resources | (67) | |
| <u>Community</u> | | |
| Local Development Framework | (35) | External contributions towards cost of studies £43k offset by accrual for costs for work on the LDF |
| Waste Management | 13 | Additional costs across the service |
| Local Land Charges | 51 | Provision for expected costs re settlement of overpaid land charges claims |
| Museum & Skipton Town Hall | (29) | |
| Total Community | 0 | |
| <u>Corporate Costs</u> | | |
| Interest Payable | (8) | Year end adjustment to borrowing costs |
| Total Corporate Costs | (8) | |
| Total Variance | (170) | |

Forecasted Balances and Reserves at 31 March 2015

APPENDIX C

| Reserve | Opening Balance 1 Apr 14 £'000 | Budgeted in Year Receipts £'000 | Utilisation £'000 | Year End Contributions £'000 | Estimated Balance Apr-15 £'000 | Known Commitments 2015/16 Onwards | Forecasted Available Balance 1 April 15 Onwards £'000 | Link to Council Plan / Priority | Purpose of Reserve (all reserves are revenue and their purpose is reviewed as part of the budget process each year) |
|-----------------------------------|--------------------------------------|------------------------------------------|----------------------|------------------------------------|-----------------------------------------|--------------------------------------------|----------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| New Homes | 1,036 | 796 | (747) | 0 | 1,085 | (384) | 701 | 1,2,3 | 3 Overarching project areas - Infrastructure, Empty Homes & Localism. |
| Planning | 400 | 0 | (14) | 0 | 386 | (346) | 40 | 1 | To contribute towards costs of LDF and contingency for planning enquiry costs / appeals |
| Enabling Efficiencies | 461 | 20 | (134) | 46 | 393 | (22) | 371 | 2,4 | For use for projects to create future savings and efficiencies |
| Vehicles | 250 | 130 | (150) | 420 | 650 | (225) | 425 | 4 | Set up to fund purchase of vehicles |
| ICT | 312 | 50 | (66) | 354 | 650 | (280) | 370 | 4 | Set up to fund investment in IT (enabling technology) |
| Buildings | 175 | 50 | (10) | 135 | 350 | (93) | 257 | 4 | Set up to fund maintenance, repairs and improvements to council properties |
| Insurance | 10 | 30 | | | 40 | 0 | 40 | 4 | Fund excess on insurance claims |
| Business Rates Contingency | 960 | 120 | | 430 | 1,510 | (1,324) | 186 | 4 | To mitigate against deficits in the North Yorkshire Business Rates Pool £960k required 15/16 |
| Future Year Budget Support | 173 | 71 | | 55 | 299 | (44) | 255 | 4 | 2013/14 & 2014/15 savings achieved as per savings plan to support future year budgets |
| Contingency & Revenue Expenditure | 173 | | (173) | 146 | 146 | (146) | 0 | 4 | Contingency funding and Slippage requests |
| Building Control | 25 | 0 | | | 25 | | 25 | 1,4 | |

| | | | | | | | | | |
|----------------------------------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|--|-----------------------------------------------------------------------|
| Partial Exemption | 17 | 0 | | | 17 | | 17 | | Offset costs of VAT implications |
| LABGI & ERDF | 57 | 0 | | | 57 | | 57 | | Balance of grant from previous projects |
| Edith Stead Bequest & Bishopdale Court | 7 | 0 | | | 7 | | 7 | | |
| Total Earmarked Reserves | 4,056 | 1,267 | (1,294) | 1,586 | 5,615 | (2,864) | 2,751 | | |
| General Fund | 1,030 | 0 | 0 | | 1,030 | (35) | 995 | | Unallocated GF reserve acts as contingency for unexpected expenditure |
| Total Revenue Reserves | 5,086 | 1,267 | (1,294) | 1,586 | 6,645 | (2,899) | 3,746 | | |

KEY Council Plan Priority Area 1 Enterprising Craven. 2 Greener Craven. 3 Working with Communities. 4 Financial Resilience.