

Report to Council

Agenda
Item:

20(ii)

Meeting Date: 3rd March 2015
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:
APRIL TO DECEMBER 2014
Report of: DIRECTOR OF RESOURCES
Report Number: RD 57/14

Purpose / Summary: This report which provides an overview of the Council's budgetary position for the Period April to December 2014 for the revenue budget only was considered by the Executive on 2nd February 2015.

Recommendations:

Council is asked to:

- (i) approve the establishment of the Improvement & Renewals Reserve for up to £300,000 subject to the provisional out-turn position, as detailed in paragraph 5.4.

Tracking

Executive:	2nd February 2015
Overview and Scrutiny:	5th March 2015
Council:	3rd March 2015

Report to Executive

Agenda
Item:

Meeting Date: 2nd February 2015
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:
APRIL TO DECEMBER 2014
Report of: DIRECTOR OF RESOURCES
Report Number: RD 57/14

Purpose / Summary: This report provides an overview of the Council's overall budgetary position for the period April to December 2014 for the revenue budget only. The revenue report includes details of balance sheet management issues, high-risk budgets and performance management.

Recommendations:

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2014;
- (ii) Note the potential forecast year end position;
- (iii) Note the action by the Director of Resources to write-off bad debts as detailed in paragraph 9; and
- (iv) Make recommendations to Council to approve the establishment of the Improvement & Renewals Reserve for up to £300,000 subject to the provisional out-turn position, as detailed in paragraph 5.4.

Tracking

Executive:	2 nd February 2015
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1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Director of Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. Further details of virements processed can be found in **Appendix A**. It is the responsibility of individual Directors to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Director of Resources.
- 1.2 All Managers currently receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process.
- 1.3 Please note that throughout this report:
- (i) the use of a bracket represents a favourable position i.e. either an underspend or additional income received,
 - (ii) the term 'underspend' is taken to include both reduced expenditure and/or increased income,
 - (iii) the term 'overspend' includes both spending above budget and/or reduced income levels.

2. REVENUE BUDGET OVERVIEW

- 2.1 The following statement shows the total annual revenue budget as at December 2014:

2014/15 Revenue Budget	£
Approved Budget (Council resolution – February 2014)	12,500,900
Carry forward requests (2013/14 out-turn)	767,600
Council Resolution 2014/15	13,268,500
Non-Recurring Expenditure (note 1)	
Transformation Costs (Transformation Reserve)	(13,000)
Updated Budget 2014/15	13,255,500

Note (1) Voluntary Redundancy savings used to replenish the earmarked reserve, partly offset by the use of earmarked reserves to fund 2014/15 expenditure

3. 2014/15 BUDGET MONITORING

3.1 The summarised budgetary position as at December 2014 is shown below:

Directorate / Appendix		Annual Net Budget	Net Budget to date	Net Spend to date	Adjusted Variance
		(£)	(£)	(£)	(£)
Chief Executive's Team	A1	589,500	358,852	338,327	(20,525)
Deputy Chief Executive's Team	A2	4,256,600	3,528,477	3,506,238	(22,239)
Economic Development	A3	2,724,700	1,818,022	1,530,909	(287,113)
Governance	A4	(1,763,600)	(2,162,602)	(2,232,149)	(69,547)
Local Environment	A5	6,157,900	4,526,109	4,050,720	(475,389)
Resources	A6	1,290,400	(2,375,327)	(2,648,008)	(272,681)
Total		13,255,500	5,693,531	4,546,037	(1,147,494)

3.2 Further details for each directorate can be found in **Appendices B1 – B6**. Each appendix shows a breakdown of the variance for the Directorate, with comments and a note of any performance issues.

3.3 The figures for the Resources directorate in the above table and attached **Appendix B6** include corporate budgets held centrally.

4. KEY ISSUES

4.1 The corporate Salary Turnover Savings target for 2014/15 is £412,500. Savings from staffing budgets across the authority are measured and transferred to it throughout the year. A summary of direct staffing expenditure to the end of December 2014, including transfers to Salary Turnover Savings, is provided in the table below. Members should be aware that approximately 80% of turnover savings are currently within the Local Environment Directorate and this may be a potential issue in future years once all the service reviews have been completed.

Direct Employee Expenditure	Updated Budget	Budget to date	Actual to date	Variance to date	STOS to date	(Under)/Overspend
Directorate	£	£	£	£	£	£
Chief Executive's Team	1,173,300	880,981	879,174	(1,807)	(8,900)	7,093
Deputy Chief Executive's Team	302,400	219,409	218,459	(950)	(1,600)	650
Economic Development	2,442,900	1,854,935	1,775,865	(79,070)	(28,800)	(50,270)
Governance	1,356,500	1,004,352	985,439	(18,913)	(22,800)	3,887
Local Environment	4,823,000	3,624,642	3,294,066	(330,576)	(309,600)	(20,976)
Resources	2,352,000	1,765,624	1,743,351	(22,273)	(10,600)	(11,673)
Total	12,450,100	9,349,943	8,896,354	(453,589)	(382,300)	(71,289)
Savings Target to Date					(309,417)	
(Over)/Under Achieved to Date					(72,883)	

5. FORECAST OUTTURN POSITION 2014/15

5.1 The Council's financial position is affected by a number of external factors that have a financial impact during the course of the year and ultimately at the year end.

These include:

- The general effect of the economic climate on the Council's income streams e.g. car parking, tourism and leisure activities.
- Fuel prices, energy costs and other inflationary issues.
- The effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control.

5.2 The Council's financial position continues to be closely monitored and will be reported fully at outturn. Some of the significant service and income variances estimated for the year end are set out below.

Income

- Projected over achievement in investment income of £50,000
- Projected shortfall on rental income from The Lanes of £77,000
- Projected surplus income from other Property rents of £116,000 due to rent reviews and back dated rent collected. £50,000 from this additional income may be required to be carried forward at year end to honour committed expenditure for costs in future years for rent reviews commissioned, and a 3 year asset valuation contract.
- Projected net overspend position in Car Parking of £100,000 mainly due to shortfalls in income on external car parking contracts.

Expenditure

- Projected savings on past pension service costs of £113,000
- Projected over achievement of salary turnover savings of £70,000

- Projected savings on inflation of £58,500
- Projected transformation savings achieved early of target of £147,500

This would give the Council a net underspend position (after carry forwards for any committed expenditure) of £328,000.

- 5.3 The City Council's share of the Retained Business Rate Collection Fund deficit at 31 March 2014 was £163,430. This deficit is recovered during 2014/15 and as the budget assumed additional growth and the benefit of Pooling of £500,000 these will have an impact on the final year end underspend position. Pooling and Growth are anticipated to be broadly in line with the budgeted estimate of £500,000 but recovery of the brought forward deficit is likely to impact the final outturn.
- 5.4 The Capital Strategy (RD19/14) approved by Council in September 2014 highlighted that the capital resources available to support the capital programme are reducing, and due to projects currently under consideration, the capital programme for 2015/16 to 2019/20 may require the use of Prudential Borrowing (including internal borrowing). It is proposed that an Improvements & Renewals Reserve be established and a balance of up to £300,000 from the projected year end underspends, is transferred to the Reserve which will help to negate the need for Prudential Borrowing in future years. It is further recommended that management of the Reserve rests with the Director of Resources with the use of the Reserve requiring Executive approval.
- 5.5 **Carry forward requests will be considered in line with the Council's Constitution as part of the year end process. However, a more robust and stringent approach will be taken where carry forwards will be strictly limited to those where there is evidence of contractual commitments to expenditure.**
- 6. HIGH RISK BUDGETS**
- 6.1 A number of high-risk budgets have been identified which require detailed monitoring throughout the year. These particularly include income budgets, recurring and non-recurring bids, approved in the 2014/15 Council Resolution.
- 6.2 The summarised position of income budgets deemed to be high risk is as follows:

Budget Area	Directorate	Annual Budget £	Budget to date £	Actual to date £	Variance £	para.
Hostels	ED	(535,500)	(401,685)	(472,243)	(70,558)	6.3
Building Control	ED	(322,400)	(244,329)	(277,572)	(33,243)	6.4
Development Control	ED	(521,500)	(401,867)	(470,073)	(68,206)	6.5
Enterprise Centre	ED	(101,400)	(76,064)	(73,721)	2,343	6.6
Tourist Information Centres	ED	(143,400)	(119,983)	(87,333)	32,650	6.7
Land Charges	Gov	(172,000)	(129,019)	(122,118)	6,901	6.8
Industrial Estates	Gov	(2,503,700)	(2,025,600)	(2,121,456)	(95,856)	6.9
Lanes	Gov	(1,383,300)	(1,383,300)	(1,306,342)	76,958	6.10
Cemeteries	LE	(292,300)	(218,850)	(193,428)	25,422	6.11
Crematorium	LE	(926,800)	(676,234)	(665,006)	11,228	6.11
Off Street Parking	LE	(1,077,600)	(861,558)	(845,048)	16,510	6.12
On Street Parking	LE	(330,300)	(253,671)	(249,073)	4,598	6.12
External Parking Contract	LE	(213,000)	(159,750)	(92,118)	67,632	6.12
Bring Sites	LE	(181,000)	(137,832)	(131,515)	6,317	6.13
Garden Waste	LE	(499,700)	(440,234)	(515,650)	(75,416)	6.13
Bulky Waste/Special Collections	LE	(37,700)	(28,280)	(27,738)	542	6.13
Green Box Collection	LE	(301,800)	(223,211)	(220,023)	3,188	6.13
Plastics & Card	LE	(174,300)	(130,378)	(171,901)	(41,523)	6.13

- 6.3 The income target for **Hostels** is lower than for the previous year. Income is in excess of the new target by 17.6% to date.
- 6.4 The income levels from **Building Control** fees continue to challenge the service managers and spending is held at the lowest possible level in an attempt to minimise the effect should any shortfall in income arise. Income is currently in excess of the target by 13.6%.
- 6.5 Fee income from **Development Control** charges has been increasing in recent years due to an increase in planning applications received since the economic downturn. A non-recurring budget pressure of £45,000 has reduced the income target for this year to a level that is now likely to be exceeded. Income is 17% more than the target to date.
- 6.6 The income target for the **Enterprise Centre** is lower than the previous year by a non-recurring budget pressure of £40,000. Income received to date is more or less in line with the target to date.
- 6.7 Income generated from sales at Carlisle's **Tourist Information Centre** has been affected by its relocation whilst building improvements were carried out at the Old Town Hall and although it was expected that the refurbishment and changes would reverse this position on re-opening, income is down 27% against the target to date.

- 6.8 The annual budget for income from **Land Charges** has increased by £6,300 from 2013/14. The current activity levels are below the improved target by 5%.
- 6.9 Adjustments for rent recovered from **Industrial Estates** now sold have helped in 2013/14 to offset the full effects of the downturn in the property market. Further rent reviews have improved income levels for 2014/15 to 4.7% higher than the target to date.
- 6.10 Income from the **Lanes** continues to be affected by the number of empty units, and is down approximately 6% against the target for the first nine months with a shortfall of £77,000 projected for the year end. An additional shortfall of £80,700 for an adjustment to the 2013/14 Head Rent has been accommodated from back rent received on other properties.
- 6.11 There was a small surplus of less than 1% on **Bereavement Services** income at the end of last year. Income targets for 2014/15 are 8.9% higher than 2013/14 and income is currently falling short of the target for the first nine months by 4%.
- 6.12 Income generated from **Car Parking** has been consistently lower than the level budgeted for a number of years and significant changes to the charging strategy were introduced after a review undertaken in 2012. Parking income budgets have been reduced this year and there is a deficit of 1.9% against the new level up to the end of December 2014. The shortfall in income for External Parking Contract is from the management fee income which is based on the number of PCNs, Patrols costs, and cash collection fees where applicable.
- 6.13 The total income from the various **Waste and Recycling Collection Services** is 11% higher than the expected levels up to the end of the third quarter of 2014/15. Garden Waste and Plastic and Card income are currently above target by 17% and 32% respectively.

7. S.106 COMMUTED SUMS

- 7.1 As at December 2014 balances totalling £1,774,296 are held in respect of Section 106 agreements and other commuted sums, with a further £5,055,587 expected. The expected sums, for the most part, relate to agreements for sites yet to be developed and include negotiated items that, in view of the terms of the agreement, may not be due until later phases of development. These sums are to be used for the provision and future maintenance of public open spaces, school buildings, children's play areas, cycleways and transport facilities etc.

- 7.2 The City Council acts as custodian only for £1,175,504 of the sums held, in respect of projects for which Cumbria County Council is responsible, including the Public Realm. Should the County Council not progress these projects, or they remain incomplete within the agreed deadlines, the custodial sums must be repaid, along with a premium for interest, to the Developers. A summary of the balances retained is set out in the table below:

Commuted Sums 2014/2015	Opening Balance & Receipts (£)	Spend (£)	Retained Balance Dec 2014 (£)	Expected Sums (£)
Affordable Housing Contributions	21,250	0	21,250	254,373
Public Realm	706,056	5,307	700,749	0
Education	0	0	0	3,500,000
Play Areas & Facilities	281,608	117,805	163,803	417,896
Public Open Spaces Provision/Maintenance	417,195	8,736	408,459	237,669
Habitat	0	0	0	100,000
Waste	5,280	0	5,280	3,780
Sports Provision/Maintenance	0	0	0	48,584
Transport & Pedestrianisation	474,755	0	474,755	493,285
Total	1,906,144	131,848	1,774,296	5,055,587

8. DIRECTION OF TRAVEL

8.1 Balance Sheet Management

In line with CIPFA guidance and good practice, information relating to significant items on the Council's balance sheet is shown below. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis.

Balance Sheet item	Balance at 31/03/2014	Balance at Dec 2014	Note
Investments	£19.15m	£20.6m	(i)
Loans	£15.0m	£15.0m	(ii)
Debtors	£1.10m	£1.84m	(iii)
Creditors	£0.04m	£0.10m	

- (i) The anticipated return on investments for 2014/15 is estimated at £226,100 with current projections anticipated to be above this level due to the approval by Council to include the use of the CCLA managed LAMIT Property Fund in the Council's investment portfolio.
- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,319,600 in 2014/15 with costs currently on target. There are no proposals for further borrowing during 2014/15.

- (iii) There may be a significant impact on the cash flow of the Council if outstanding debts are not received. Any debts deemed to be irrecoverable are written off against a bad debt provision set up specifically for this purpose. Other significant debts relate to Council Tax, NNDR and Housing Benefit overpayments.
- (iv) Use of Reserves: The usage and level of all Council reserves are set out in the Medium Term Financial Plan (RD18/14), approved by Council in September 2014. It is anticipated that £0.7m will be required from the Council's Revenue Reserves to fund expenditure in 2014/15, including £767,600 of 2013/14 carry forwards. Any under or overspend at the year end will adjust the balance transferred to or from the reserve. Council reserves are under significant pressure for 2014/15 and the savings strategy approved in February 2014 will help to resolve the projected deficit. However, further savings must be identified to replenish usable revenue reserves to the minimum required.
- (v) The Council's VAT partial exemption calculation for the period ending December 2014 is still being calculated but is likely to be well below the 5% limit set by HMRC.

9. BAD DEBT WRITE-OFFS

- 9.1 The Director of Resources has delegated authority for the write-off of outstanding debts for NNDR, Council Tax and Debtors (including Penalty Charge Notices). In accordance with this, the Executive is asked to note that debts totalling £403,887.51 have been written off during Quarter 3. A summary of bad debts is given in Table 1, **Appendix C** of this report and these costs will fall against the following:

	£
General Fund	22,817.75
Council Tax (Collection Fund)	37,683.62
NNDR	343,386.14
Total Write-offs	403,887.51

- 9.2 The "write-ons" itemised in Table 2, **Appendix C**, totalling £61,343.26, are in respect of balances originally written off that have since been paid, credit write-offs for Quarters 3. The write-ons will be credited as follows:

	£
General Fund	1.08
Council Tax (Collection Fund)	2,885.42
NNDR	58,456.76
Total Write-offs	61,343.26

9.3 In the case of the General Fund, the write-offs will be charged against provisions for bad debts. However, VAT, which has been identified separately, will be recouped in future VAT returns. HRA debts and provisions have transferred to the General Fund and any write-off/write-on of Council Tax will fall against the pool provisions within these accounts. Any Council Tax court costs written off will be charged against the Bad Debt Provision within the General Fund.

9.4 At this stage of the year, the level of bad debts is broadly in line with expectations and at this level will be within the scope of the current provisions to fund the bad debts. This situation is continuously under review and any major deviations will be reported as part of the outturn report.

10. CONSULTATION

10.1 Consultation to date.

SMT and JMT have considered the issues raised in this report.

10.2 Consultation Proposed

Resources Overview and Scrutiny Panel will consider the report on 5th March 2015.

11. CONCLUSION AND REASONS FOR RECOMMENDATIONS

11.1 The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2014;
- (ii) Note the potential forecast year end position;
- (iii) Note the action by the Director of Resources to write-off bad debts as detailed in paragraph 9; and
- (iv) Make recommendations to Council to approve the establishment of the Improvement & Renewals Reserve for up to £300,000 subject to the provisional out-turn position, as detailed in paragraph 5.4.

12. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

12.1 The Council's budget is set in accordance with the priorities of the Carlisle Plan and the position to December 2014 shows the delivery of these priorities within budget.

Contact Officer: Emma Gillespie

Ext: 7289

**Appendices A, B1 to B6, & C
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS: SMT and JMT have been involved in the preparation of this report. Risks to budgets and development of ongoing impact of issues identified are monitored carefully and appropriate action taken.

Chief Executive's – N/A

Deputy Chief Executive's – N/A

Economic Development – N/A

Governance – The Council has a fiduciary duty to manage its finances properly and the proper reporting of budget monitoring is part of this process.

Local Environment – N/A

Resources – Financial implications are contained within the main body of the report.

REVENUE BUDGET MONITORING 2014/15

VIREMENTS PROCESSED FOR PERIOD OCTOBER TO DECEMBER 2014

Date	Virement Details	Permanent/ Temporary	Value	Authorised By
Requested by Officers (under £35,000) 25/11/2014	Movement of Corporate Budgets to fund increasing level of Bank Charges.	Permanent	20,600	Director of Resources
Approved by Executive (£35,000 to £70,000)				
Approved by Council (over £70,000)				

REVENUE BUDGET MONITORING 2014/15

CHIEF EXECUTIVE'S TEAM	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	2,882,400	(108,800)	(2,184,100)	589,500
Budget to date	2,088,864	(102,146)	(1,627,866)	358,852
Total Actual	2,081,567	(114,839)	(1,628,401)	338,327
Adjusted Variance	(7,297)	(12,693)	(535)	(20,525)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Miscellaneous	1	(7,297)	(12,693)	(535)	(20,525)
Total Variance to date		(7,297)	(12,693)	(535)	(20,525)

Note	Chief Executive's Team - Comments
1.	Various net minor underspends and surplus income across the service.

REVENUE BUDGET MONITORING 2014/15

DEPUTY CHIEF EXECUTIVE'S TEAM	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	4,649,500	(214,300)	(178,600)	4,256,600
Budget to date	3,782,021	(119,575)	(133,969)	3,528,477
Total Actual	3,820,932	(180,744)	(133,950)	3,506,238
Adjusted Variance	38,911	(61,169)	19	(22,239)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Miscellaneous	1	38,911	(61,169)	19	(22,239)
Total Variance to date		38,911	(61,169)	19	(22,239)

Note	Deputy Chief Executive's Team - Comments
1.	Various net overspends offset by surplus income across the service.

REVENUE BUDGET MONITORING 2014/15

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	5,411,100	(2,153,400)	(533,000)	2,724,700
Budget to date	3,926,575	(1,708,746)	(399,807)	1,818,022
Total Actual	4,121,567	(2,175,538)	(415,120)	1,530,909
Adjusted Variance	194,992	(466,792)	(15,313)	(287,113)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Building Control	1	(5,575)	(37,904)	0	(43,478)
Development Control	2	15,445	(72,802)	0	(57,357)
Hostels and Homeshares	3	25,545	(70,604)	0	(45,059)
Housing Regeneration	4	(49,054)	38,790	0	(10,264)
Home Improvement Agency	5	60,313	(165,849)	(15,370)	(120,905)
Miscellaneous	6	148,317	(158,423)	57	(10,049)
Total Variance to date		194,992	(466,792)	(15,313)	(287,113)

Note	Economic Development - Comments
1.	Surplus fee income received.
2.	Overspend on advertising & consultants fees; surplus fees income.
3.	Overspend on premises & supplies and services offset by surplus income on Housing Benefit contribution to rent.
4.	Underspends on salary costs; underachievement of LA fees on Disabled Facilities Grants.
5.	Surplus grant income in excess of expenditure to date. Balance will be required to fund expenditure in future years.
6.	Various net minor overspends and surplus income against budgets to date.

REVENUE BUDGET MONITORING 2014/15

GOVERNANCE	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	4,810,000	(4,990,900)	(1,582,700)	(1,763,600)
Budget to date	3,305,887	(4,281,302)	(1,187,187)	(2,162,602)
Total Actual	3,475,927	(4,521,023)	(1,187,053)	(2,232,149)
Adjusted Variance	170,040	(239,721)	134	(69,547)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Legal Services	1	(1,115)	(34,597)	33	(35,679)
Asset Disposal Costs	2	78,150	(500)	0	77,650
The Lanes	3	488	76,958	0	77,446
Industrial Estates and Other Properties	4	(13,823)	(141,263)	0	(155,086)
Miscellaneous	5	106,341	(140,319)	101	(33,878)
Total Variance to date		170,040	(239,721)	134	(69,547)

Note	Governance - Comments
1.	Underspend on supplies & services; surplus on Legal Services fees received.
2.	Costs associated with the disposal of assets. In accordance with Capital Finance Regulations, part of this expenditure can be funded from the capital receipts generated. The value will be calculated at year end..
3.	Shortfall on guaranteed rent income due to continuing effects of the recession. An additional pressure of £80,700 for an adjustment to the 2013/14 Head Rent has been accommodated from back rent received on other properties.
4.	Surplus rent income due to rent reviews and backdated rent income.
5.	Overspent expenses and surplus income across the service.

REVENUE BUDGET MONITORING 2014/15

LOCAL ENVIRONMENT	Gross Expenditure	Gross Income	Recharges	Total
Position as at December 2014	£	£	£	£
Annual Budget	14,517,800	(5,863,900)	(2,496,000)	6,157,900
Budget to date	10,885,381	(4,486,355)	(1,872,917)	4,526,109
Total Actual	10,493,416	(4,570,016)	(1,872,680)	4,050,720
Adjusted Variance	(391,965)	(83,661)	237	(475,389)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Environmental Health	1	(40,399)	(31,442)	(8)	(71,849)
Green Spaces	2	(41,329)	(64,445)	53	(105,721)
Misc Environmental Expenses	3	(30,127)	0	0	(30,127)
City Lighting	4	(51,256)	0	0	(51,256)
Other Parking Contracts	5	(35,998)	115,689	0	79,692
Recycling & Waste Collection	6	(90,174)	(113,445)	63	(203,556)
Clean Up Carlisle	7	(73,880)	0	0	(73,880)
Miscellaneous	8	(28,802)	9,981	129	(18,692)
Total Variance to date		(391,965)	(83,661)	237	(475,389)

REVENUE BUDGET MONITORING 2014/15

Note	Local Environment - Comments
	<ol style="list-style-type: none"> 1. Underspend on supplies & services; over achieved Pest Control income and Food Safety income. 2. Underspend on transport and supplies & services; surplus income & grant income received of which some will require to be carried forward into 2015/16. 3. Underspends on Councillors' small scale community schemes. 4. Underspend on lighting maintenance and energy savings. Charging mechanism to be introduced for County works. 5. Under budget expenses and partnership monies to be paid over; shortfall in income. 6. Underspend on transport costs & contract costs; surplus income from Garden Waste & Plastics and Card. 7. Underspend on supplies & services. Budget required to fund scheme completion. 8. Various minor underspends & shortfalls in income across the service.

REVENUE BUDGET MONITORING 2014/15

RESOURCES	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	43,297,000	(35,734,900)	(6,271,700)	1,290,400
Budget to date	30,897,313	(28,454,734)	(4,817,906)	(2,375,327)
Total Actual	30,692,986	(28,581,772)	(4,759,222)	(2,648,008)
Adjusted Variance	(204,327)	(127,038)	58,684	(272,681)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Civic Centre	1	(26,372)	(37,754)	68	(64,058)
Treasury and Debt Management	2	(5,009)	(24,672)	0	(29,681)
Non Distributed Costs	3	(90,880)	0	0	(90,880)
Other Financial Costs	4	(71,847)	(29,366)	0	(101,214)
Miscellaneous	5	(10,218)	(35,245)	58,616	13,152
Total Variance to date		(204,327)	(127,038)	58,684	(272,681)

REVENUE BUDGET MONITORING 2014/15

Note	Resources - Comments
	<ol style="list-style-type: none"> 1. Underspend on premises costs& third party payments; surplus rent for accommodation space & phone aerials. 2. Overachieved market deposit investment interest. 3. Savings on shared service pension costs. 4. Improvements in savings for Salary Turnover (£72,900). Surplus income including: Compensation Payment received (£8,800), Concession Sale (£16,200). 5. Various minor underspends, surplus income offset by recharged expenses shortfall.

BAD DEBT PROVISION

TABLE 1 Type of Debt	Write-Offs December 2014		Comments
	No.	£	
NNDR (General)	75	343,386.14	01/04/14 to 31/12/14
NNDR (PSCT)			
Council Tax	116	37,683.62	01/10/14 to 31/12/14
Debtors:			
Private Tenants			
Housing Benefit Overpayments	86	12,500.07	01/10/14 to 31/12/14
General Fund	11	175.69	01/10/14 to 31/12/14
Penalty Charge Notices:			
On Street	104	9,649.99	01/10/14 to 31/12/14
Off Street	6	492.00	01/10/14 to 31/12/14
Ex FTA Benefit			
TOTAL	398	403,887.51	

TABLE 2 Type of Debt	Write-Ons December 2014		Comments
		£	
NNDR (General)	20	58,456.76	01/04/14 to 31/12/14
Council Tax	11	2,885.42	01/10/14 to 31/12/14
Debtors:			
Private Tenants			
Housing Benefit Overpayments			
General Fund	8	1.08	01/10/14 to 31/12/14
Ex FTA Benefit			
TOTAL	39	61,343.26	

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 2 FEBRUARY 2015

**EX.17/14 REVENUE BUDGET OVERVIEW AND MONITORING REPORT – APRIL
TO DECEMBER 2014**
(Non Key Decision)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Finance, Governance and Resources Portfolio Holder submitted the Revenue Budget Overview and Monitoring Report for April to December 2014 (RD.57/14). The Portfolio Holder outlined the overall budgetary position and the monitoring and control of expenditure against budget allocations, together with the exercise of virement. An explanation of balance sheet management issues; a number of high risk budgets; Section 106 Commuted Sums and action taken to write off bad debts was also provided. He added that the City Council was still one of the best performing authorities nationally in terms of bad debt recovery.

The Portfolio Holder pointed out that the Council's financial position was affected by a number of external factors (including the general effect of the economic climate on the Council's income streams; fuel prices, energy costs and other inflationary issues; and the effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control). The Council's overall position would be closely monitored as the year progressed. He also highlighted some of the significant service and income variances estimated for the year end (Section 5.2), which would give the Council a net underspend position (after carry forwards for any committed expenditure) of £328,000.

Members' attention was further drawn to Section 5.4 which recorded that the Capital Strategy (RD.19/14) approved by Council in September 2014 highlighted that the capital resources available to support the capital programme were reducing, and due to projects currently under consideration, the capital programme for 2015/16 to 2019/20 may require the use of Prudential Borrowing (including internal borrowing). It was therefore proposed that an Improvements and Renewals Reserve be established and a balance of up to £300,000 from the projected year end underspends, be transferred to the Reserve which would help to negate the need for Prudential Borrowing in future years. It was further recommended that management of the Reserve should rest with the Director of Resources with the use of the Reserve requiring Executive approval.

The Portfolio Holder reported on a number of key issues together with their budgetary implications, including the corporate Salary Turnover Savings Budget. Details of the main variances in the Directorates' budgets were also set out in the report. He considered the level of detail within the report to be excellent and thanked the members of staff involved.

In conclusion, the Finance, Governance and Resources Portfolio Holder moved the recommendations which were seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

- (i) Noted the budgetary performance position of the Council to December 2014, as detailed within Report RD.57/14;
- (ii) Noted the potential forecast year end position;
- (iii) Noted the action by the Director of Resources to write-off bad debts as detailed in paragraph 9; and
- (iv) Made recommendations to Council to approve the establishment of the Improvement and Renewals Reserve for up to £300,000 subject to the provisional out-turn position, as detailed in paragraph 5.4.

Reasons for Decision

To show that the Executive had been informed of the Council's actual financial position compared with the budgeted position, and to bring to their attention any areas of concern