

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
2 December 2014

**Subject:** 2014/15 QUARTER 2 REVENUE MONITORING REPORT

All Wards

Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to provide an update on the revenue budget position of the Council and the reserve funds at the end of September 2014.
- 1.2 The Quarter 2 monitoring for the Capital Programme and Treasury Management position is contained in a separate report on this Cabinet agenda.
- 1.3 This report focuses on three key areas:-
- (a) The changes to the revenue budget
  - (b) Additional Grant income received
  - (c) Reserve Funds

### **2.0 REVENUE BUDGET:**

- 2.1 The Council set its budget on 11 February 2014 for 2014/15 at £7,463,150 in line with the approved Financial Strategy on 5 November 2013.
- 2.2 At Cabinet on 2 September 2014, the Quarter 1 revenue monitoring report revised the budget to £7,235,329. The approved budget at Quarter 1 in accordance with the Council portfolio themes is detailed below:
- 2.3

	£
Customer & Leisure Services	1,352,700
Environmental Services	4,212,069
Support Services	1,570,730
Drainage Board levies	<u>99,830</u>
<b>Net Revenue Expenditure</b>	<b><u>7,235,329</u></b>

### **3.0 BUDGET POSITION TO SEPTEMBER 2014:**

- 3.1 Since the budget for 2014/15 was set in February 2014, adjustments to the budget outlook have occurred in the Revised Financial Strategy approved at Cabinet on 10 June 2014. At Quarter 1 the budget that was approved at Cabinet in September 2014 decreased from £7,463,150 to £7,237,347 – a saving of £227,821. The table below details the changes that have been approved through separate reports to Cabinet and also those that have been identified and are recommended to this Cabinet for approval at budget monitoring Quarter 2:

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Budget Outlook approved at Q1 2 Sept 2014	7,235,329	7,155,389	7,383,665	7,476,429	7,571,047
<b>Changes to be approved by this Cabinet:</b>					
Restructure Savings Adj	34,000	-34,000			
Support Services	15,200	-	-	-	-
Environmental Services	-77,660	-	-	-	-
Customer & Leisure Services	29,300	-	-	-	-
<b>Budget Outlook Q2</b>	<b>7,236,169</b>	<b>7,121,389</b>	<b>7,383,665</b>	<b>7,476,429</b>	<b>7,571,047</b>
<b>Financial Strategy 10 June 2014</b>	<b>7,237,347</b>	<b>7,344,080</b>	<b>7,567,682</b>	<b>7,606,872</b>	<b>7,647,046</b>
<b>Budget Outlook Q2 Surplus / (Shortfall)</b>	<b>1,178</b>	<b>222,691</b>	<b>184,017</b>	<b>130,443</b>	<b>75,999</b>

- 3.2 The recommended changes to the 2014/15 budget in Quarter 2 total a small increase to the budget of £840. Compared to the revised Financial Strategy approved in June 2014 there remains a small surplus at Quarter 2 of £1,178.
- 3.3 The changes to the budget in this quarter relate to one corporate change and also changes in the three service areas. For the corporate change, the table above shows that in relation to the restructure, savings of £34,000 will now be achieved in 2015/16 rather than in 2014/15 due to timing. The following paragraphs provide more detail of the budget changes in each portfolio theme.
- 3.4 Support Services – the overspend of £15,200 is as a result of increased costs and savings. Increased costs are attributable to the Health & Safety Service Level Agreement where previous savings had been reported but are now revised and reduced to £14,980, there is a requirement for the increase in the postage budget of £11,170. Increased costs are also seen in the reduced £12,050 of income received from market traders due to a number of market traders not attending Northallerton and Thirsk markets. The bad debt provision has increased by £17,000. The budget has reduced by £40,000 due to additional costs recovered from Council Tax payers when summonsed and taken to Court to seek repayments of outstanding debts.
- 3.5 Environmental & Planning Services – there is an overall underspend in the budget of £77,660 due to increased income of £73,760 as a result of £12,500 additional receipts from work done by the Council in regards to the Section 106 Agreements, a one-off VAT claim relating to Trade Waste of £61,260 and reduced expenditure of £30,000 in vehicle and travel costs due to lower than anticipated fuel prices. There is an overspend on the budget due to increased agency work totalling £77,100 within the Waste Collection and Recycling teams as a result of long-term staff sickness, suspensions and dismissals. This has, however, been off-set by the Homelessness project now being funded by the One-off Fund in 2014/15 as approved in previous Cabinet report in November 2012. In addition there is an overspend of £20,000 in Homelessness service mainly in connection with payments to Broadacres for periods of voids within Homelessness.
- 3.6 Customer & Leisure Services – there is an overall overspend of £29,300 due to an increase of £11,300 in Public Performance Licence music used in classes at the Leisure Centres as changes have occurred in regulations and CCTV increases of £18,000 in regards to previously identified savings not yet achieved due to a delay in the related capital scheme.
- 3.7 The revised changes to the budget at Quarter 2 listed above are detailed in the recommendations section of this report for approval by Cabinet and Council.

#### 4.0 OTHER MATTERS – GRANTS:

4.1 The following grants have been allocated to the Council and paid into the One-Off Fund Reserve since the Q1 revenue monitoring report was approved in September 2014:

Description	Amount £
DWP Grant – Migrants Access to Benefits	2,000
<b>Total</b>	<b>2,000</b>

#### 5.0 SENSITIVITY ANALYSIS:

5.1 Further to the recommendations for changes to the budget in this Quarter 2 monitoring report, this report also highlights where there are areas of budget uncertainty. This can give Members early warning of possible issues in the future. All areas will be monitored closely and an update provided for Quarter 3 as at this time there is too much uncertainty surrounding these figures to include them as an adjustment to the budget. Annex A attached details the sensitivity analysis.

#### 6.0 RESERVE FUNDING:

6.1 The table below shows the revenue reserve position at 30 September 2014, Quarter 2, if the recommendations are approved in this Cabinet report. Three reserves have changed the Grant Fund, the Economic Development Fund and the One-Off Fund. Further detail is provided below.

Reserve Fund	Balance at 30 June 2014 Q1 £	Movement (from) / to Reserve Q2 £	Balance at 30 Sept 2014 £
General Fund	2,000,000	-	2,000,000
Council Taxpayers Reserve	2,773,475	-	2,773,475
Grants Fund	520,508	-3,000	517,508
Economic Development Fund	5,000,000	-94,640	4,905,360
One Off Fund	487,682	-4,360	483,322
Computer Fund	1,698,000	-	1,698,000
Repairs & Renewal Fund	4,082,986	-	4,082,986
Community Safety Partnership	74,327	-	74,327
Strategic Forum Reserve	14,399	-	14,399
Arts Grants Reserve	5,949	-	5,949
<b>Total</b>	<b>18,262,063</b>	<b>-102,000</b>	<b>16,555,326</b>

6.2 Grant Fund - £3,000 will be used from this fund to support the Over 50's and Hambleton Strollers activities; in line with the grants usage.

6.3 Economic Development Fund – At Quarter 1, Cabinet approved that the change in policy for the first hour at Applegarth Car Park to be free would be funded from the Economic Development Fund.

6.4 One Off Fund – the initial balance at the beginning of 2014/15 was £2,092,419, with movement of £1,604,737 being explained at Quarter 1. At Quarter 2, the movement in the reserve was £4,630. This is due to income of £2,000 being received, seen in paragraph 4.1 above; expenditure of £94,640 allocated at Q1 being reversed at Q2 due to the change in the parking at Applegarth car park policy now being funded from the Economic Development Fund, £91,000 is allocated to the District elections for May 2015 and £10,000 is to be allocated to Neighbourhood planning in lieu of a grant received in 2012. The expenditure to be allocated from the One-off Fund is detailed in the table below. The balance on the One-off Fund at year end is estimated at Quarter 2 to be £483,332.

<b>Expenditure in 2014/15 from the One-Off Fund</b>	<b>Amount</b>
Reversal of Applegarth 1 hour free parking to be funded from the Economic Development Fund not One-Off Fund	94,640
District Elections – Expenditure commences in March 2014	(91,000)
Neighbour Hood Planning Grant	(10,000)
<b>Total expenditure recommended for approval at Q2</b>	<b>(6,360)</b>

6.5 At Quarter 2, it is recommended to Cabinet and Council that the total allocation from the One-off Fund of £6,360 is approved.

#### **7.0 LINK TO COUNCIL PRIORITIES:**

7.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council's service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

#### **8.0 RISK ASSESSMENT:**

8.1 There are no major risks associated with this report.

#### **9.0 FINANCIAL IMPLICATIONS:**

9.1 The financial implications are dealt with in the body of the report.

#### **10.0 LEGAL IMPLICATIONS:**

10.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.

#### **11.0 EQUALITY/DIVERSITY ISSUES:**

11.1 There are no specific equality implications to this report.

#### **12.0 RECOMMENDATIONS:**

12.1 That Cabinet approves and recommends to Council:-

- (1) the budget surplus of £1,178 at paragraph 3.2 of the report;

(2) the return of funds to the One-off Fund at paragraph 6.4 of £84,640.

JUSTIN IVES

**Background papers:** Budget Monitoring Q2 working papers

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**BUDGET 2014/15 SENSITIVITY ANALYSIS – POTENTIAL SAVINGS / COSTS**

<b>Portfolio Area</b>	<b>Area of Sensitivity</b>	<b>Commentary</b>
Support Services	Housing Benefit - civil penalty income not achieved	£65,000 income is expected to be received from claimants who do not notify the Council of a change in their circumstances. This is being continually monitored.
	Housing Benefit - payments overspend	There is a potential overspend of Housing Benefit where more people are claiming benefit that was estimated in the budget.
Environmental & Planning Services	Fuel prices increase / decrease	Any fluctuation in fuel prices will affect the budget in Waste and Street Scene.
	Planning Fee income not achieved	This is currently below budget for receipt of £700,000. At Q2 £292,971 (41.9%) had been received. This is a large income stream for the Council, so it will be continue to be closely monitored.
Customer & Leisure Services	Workspace Management – unpaid rent on two units at Lumley Close	The tenant is in the process of selling his business to pay off the arrears, however, if this is unsuccessful, the debt will need to be written off at £19,600
	Hambleton Leisure Centre – downturn in memberships income	Hambleton Leisure Centre is experiencing a downturn in membership fees. A specific action plan is being put into place and this will be closely monitored over the next few months.