

**TITLE OF REPORT: REVENUE BUDGET OUTTURN 2012/13**

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE  
PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

**1. SUMMARY**

- 1.1 The purpose of this report is to inform Cabinet of the summary position on income and expenditure as at the end of the financial year 1 April 2012 to 31 March 2013 for the General Fund.
- 1.2 This report will highlight significant variances (+/- £25K or +/- 25%) on the working budget with explanations and impact upon next year's base budget.
- 1.3 The report also highlights the year end position with regard to the carry forward balances and efficiencies approved for the year.
- 1.4 Key items that greatly influence the 'financial health' of the Council are monitored and reported here as key Corporate Health indicators.
- 1.5 This report updates Cabinet on the position of the Council's Earmarked Reserves and Provisions as at 31 March 2013 and any transfers to/from reserves.
- 1.6 This report updates Cabinet on the projected General Fund balance at the end of 2013/14 as a result of the 2012/13 outturn position.
- 1.7 This report updates Cabinet of any requests for 2012/13 carry forwards that require approval.

**2. RECOMMENDATIONS**

- 2.1 Cabinet is requested to ask any questions which may arise from the report's contents and note this report.
- 2.2 That Cabinet approves a decrease of £677k in the 2012/13 General Fund expenditure (Paragraph 8.1, Table 1 refers) to £15.066million.
- 2.3 That Cabinet approves the amendments to the 2013/14 budget, a net decrease in expenditure of £95k (£14k reported at third quarter and a £81k further reduction, paragraph 8.1, Table 1 refers).
- 2.4 That Cabinet approves the carry forward of budgets into 2013/14 of £489k. This includes a transfer of £100k of the vacancy control underspend to the Strategic Priority fund to enable Challenge Board to undertake invest to save and/or continuous improvement projects. (Appendix B refers).

- 2.5 That Cabinet recommend that Council approve the net transfer from earmarked reserves of £63k, (Paragraph 8.15 refers).

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure Cabinet's budget monitoring role is fulfilled before the finalisation of the Annual Statement of Accounts by the 30 June.
- 3.2 Changes to the Council's balances are monitored and approved.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Budget holders have considered the options to live within the existing budget but consider the variances reported here necessary and appropriate.

### **5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS**

- 5.1 Consultation on the budget monitoring is not required. Members will be aware that there is wider consultation, including with external stakeholders, on budget estimates during the corporate business planning process each year.

### **6. FORWARD PLAN**

- 6.1 This Report does contain a recommendation on a key decision that was first included in the Forward Plan on 8 March 2013.

### **7. BACKGROUND**

- 7.1 Members approved the General Fund 2012/13 estimates in February 2012 and approved General Fund net expenditure of £15.566million. In addition to the 2012/13 original budget, Members approved carry forward budgets of £418k, a contribution to a strategic priorities fund of £100k and a net decrease to the base budget of £38k. The total working budget for 2012/13, was therefore, £16.046million.
- 7.2 The 2012/13 General Fund estimates included efficiency proposals of £600k and investment proposals of £119k agreed as part of the Corporate Business Planning process, and an allowance of £890k for known financial risks in reserves following an assessment of the risk register.
- 7.3 At 1<sup>st</sup> Qtr the projected expenditure on the General Fund was estimated to be £15.914million, this was a net decrease on the working budget of £132k. A total of £20k of the overspends were able to be covered from the general fund reserve balance since some of the variances had been identified as a financial risk. Also reported at 1<sup>st</sup> quarter was a decrease to the base budget for 2013/14 of £72k.
- 7.4 At 2<sup>nd</sup> Qtr the projected expenditure on the General Fund was estimated to be £16.024million, this was a net increase on the working budget of £110k. A total of £179k of the overspends were able to be covered from the general fund reserve balance since some of the variances had been identified as a financial risk. Also reported at 2<sup>nd</sup> quarter was a net nil impact on the base budget for 2013/14.

- 7.5 A high level review of the most volatile budgets was completed with data as at 30 November 2012 and reported to Members in January. There were two forecasted  
**CABINET (18.6.13)**

significant variances on the working budget that totalled a decrease in net expenditure of £49k.

- 7.6 At 3<sup>rd</sup> Qtr the projected expenditure on the General Fund was estimated to be £15.742million, this was a net decrease on the working budget of £282k. Of this reduction in spend in this financial year £211k was requested to be carried forward and spent in 2013/14. The net impact on the 2013/14 base budget, reported at 3<sup>rd</sup> quarter, was an increase of £198k.
- 7.7 The Accounts and Audit Regulations, revised in 2011, require the Statement of Accounts to be signed off by the responsible finance officer by the 30 June. There is no longer a statutory obligation for the Statement of Accounts to be signed off by Full Council by the 30 June. The Statement of Accounts are required to be formally approved by a Committee by the 30 September (Regulation 8(3)) and they will be presented to the Finance, Audit and Risk Committee on the 19 September.
- 7.8 At the Council meeting on the 9 February 2013 a minimum general fund balance for 2013/14 of £2.3million was approved.

## 8. ISSUES

### Executive Summary

Issue & Relevant Table	Comment
Net general fund expenditure for 2012/13 (Table 1)	Net expenditure in 2012/13 was £15.066million. This is a £677k (or 4.5%) decrease on the working budget. Of this reduction in spend £489k is requested to be carried forward to 2013/14.
Budgets Carried Forward from 2011/12 (Table 3)	Of the £418k of carry forward budgets into 2012/13 £210k (50%) has been spent. Three of these unspent carry forwards will be transferred to new earmarked reserves.
Achievement of Efficiencies (Table 4)	The £609k of agreed efficiency proposals were over achieved by £44k, or 7%.
Key Financial Indicators (Table 5)	The key financial indicators have been monitored throughout 2012/13 and the outturn position is reported in table 5.
General Fund Reserve Balance (Table 6)	The general fund reserve has a balance of £3.160million at 31 March 2013. This is £860k higher than the minimum balance approved for 2013/14 of £2.3million.
Allowance for financial risks (Table 7)	The budgeted minimum general fund balance of £1.668million included an allowance of £890k for known financial risks. £494k of these risks had been realised leaving a remaining balance of £396k.
Earmarked Reserves and Provisions (Table 8, 9 and 10)	As at 1 April 2012 there was a balance of £2.776million in other useable earmarked reserves. The balance at the 31 March 2013 is £2.713million. A total of £163k is held in provision at 31 March 2013 and a total of £595k is held as bad debt provision, not including Council Tax bad debt provision.
Collection Fund (Appendix C)	At the 31 March 2013 the Collection Fund has a surplus balance of £157k.

## General Fund – Income and Expenditure

- 8.1 The net expenditure on the General Fund for the period 1 April 2012 to 31 March 2013 was £15.066million. This is a net decrease of £677k (or 4.5%) on the working budget of £15.742million at 3<sup>rd</sup> Qtr and is a net decrease of £500k (or 3.2%) on the original budget estimate of £15.566million. The significant changes (+/- £25K or +/- 25% of the working budget) to the General Fund expenditure are detailed in table 1. There is an increase in estimated spend in 2013/14 of £390k (£198k of this increase was reported at the 3<sup>rd</sup> quarter). This includes the request of the carry forward of £489k of budgets from 2012/13 to 2013/14 for projects which have not completed by the end of the financial year. If approved the revised estimated net expenditure for 2013/14 will be £17.081million.

**Table 1: Significant changes to the General Fund**

Expenditure/ Income	Working Budget £'000	Outturn £'000	Increase / Decrease(-) £'000	Comment	Effect on 2013/14 Budget £'000
<b>Churchgate</b> - Hired services	0	+524	+524	Relevant expenditure incurred in pursuing the Churchgate scheme was capitalised in previous years in anticipation of delivery of the capital project. Now the project will not proceed it is necessary to charge the expenditure to the general fund. The non collection of the Developer's contribution of £200k was identified as a financial risk for 2012/13. A request to the DCLG for special capitalisation direction was rejected.	
<b>Leisure Services</b> - Provision	0	-600	-600	Following the annual review of the level of provisions and earmarked reserves it is deemed appropriate to transfer this provision back to the general fund reserve and review the allowance for financial risks at the first quarter of 2013/14. Paragraph 8.18 refers.	
- Other Hired Services	+33	+54	+21	Cost of various surveys and studies required prior to the commencement of capital works for the development of multi-use facilities at Hitchin Swim Centre. The approved scheme is expected to generate substantial savings for NHDC over 10 years.	
<b>Area Committees</b> - Grants	+233	+277	+44	Carry forward request. The working budget was adjusted at third quarter for an expected carry forward into 2013/14 of £103k. Grants were released during the final quarter of the year and as a result the carry forward of budget to 2013/14 is £64k. The majority of this is expected to be drawn down in early 2013/14.	+64

<b>Expenditure/ Income</b>	<b>Working Budget £'000</b>	<b>Outturn £'000</b>	<b>Increase / Decrease(-) £'000</b>	<b>Comment</b>	<b>Effect on 2013/14 Budget £'000</b>
<b>Planning Policy Projects</b>  - Highways repair and maintenance	+424	+376	-48	Carry forward request. As reported at the third quarter a proposed assessment of existing lines and signs will be carried out in 2013/14 which will inform a maintenance work programme going forward.	+37
<b>Employee costs</b>  - Vacancy control	-300	-449	-149	The budget estimates anticipate a level of turnover of staff which will result in vacancies over the year and an underspend on the employee budget. This target has been over-achieved in 2012/13 and is partly due to the vacant Strategic Director post and the early delivery of other savings approved for 2013/14. Challenge Board request that £100k of this underspend be carried forward to 2013/14 as a Strategic Priorities Fund. The fund, provides Challenge Board with authority to approve the allocation of up to £100k during the year for invest to save or continuous improvement projects as the opportunity arises.	+100
<b>Strategic Priorities Fund</b>	+100	+53	-47	Carry Forward Request. The 2012/13 Strategic Priorities fund was fully allocated to projects during the year but not fully spent. The outstanding projects include a business case for a crematorium and work towards a Northern Transfer Station for waste collection and are subject to Member approval to proceed.	+47
<b>Waste Collection and Recycling</b>  - Alternate Financial Model fund  - Recycling income and credits	+93  -759	+16  -828	-77  -69	Carry Forward Request. This resource will be required to support the rollout of new waste services in 2013/14.  The overachievement of paper produce income, offset with some underachievement of collected tonnage of recyclables, is primarily the result of only 11 months of income from paper collected at kerbside being reported in 2011/12. The necessary correction in 2012/13 means that the total reported represents income from paper collected for recycling over a period of 13 months.	+77

<b>Expenditure/ Income</b>	<b>Working Budget £'000</b>	<b>Outturn £'000</b>	<b>Increase / Decrease(-) £'000</b>	<b>Comment</b>	<b>Effect on 2013/14 Budget £'000</b>
<b>Parking Services</b>					
- Penalty Charge Notice Income	-323	-346	-23	The filling of vacancies in the final quarter of 2012/13, with staffing levels increased from 6 FTEs to 11 FTEs, has helped to increase the number of PCNs issued.	
- Repairs and Maintenance	+96	+62	-34	The installation of a new lift at Letchworth multi-storey car park has reduced costs in 12/13, as repairs and maintenance for the new lift are covered under warranty for the first year of operation. In addition, the budget allows provision for ad-hoc / emergency call-outs, for example due to vandalism, but there were none required at the Lairage in 2012/13.	
- Street name plates and signs	+34	+9	-25	Carry forward request. The budget is required for the district wide review of lines and signs, which has been commissioned. The review will set out a maintenance programme with the schedule of works organised according to priority. Implementation will start from October 2013 going forward.	+25
<b>Council Tax</b>					
- Reclaimed Summons costs	-360	-325	+35	The Council is able to recoup the costs incurred when it is necessary to progress a council tax debt collection to Court. Invoices are raised as and when required but the amount has been lower than budgeted for 2012/13.	
<b>Council Tax Benefits</b>					
- Council Tax Benefit payments	+8,087	+8,070	-17	Council Tax Benefit payments are funded by the subsidy received from Central Government (although since the 1 April 2013 and the start of the Council Tax Reduction Scheme this is no longer the case). In addition the Council is able to keep subsidy relating to overpayments. Based on the pre audited year end subsidy claim to Central Government there is a net over collection in 2012/13.	
- Council Tax Benefit Subsidy	-8,087	-8,187	-100		
<b>Net payment</b>	<b>0</b>	<b>-117</b>	<b>-117</b>		
<b>Local Land Charges</b>					
- Contribution to earmarked reserve	+37	+62	+25	A legal case between local authorities and personal search agencies is ongoing. The amount being claimed from NHDC to date is £192k. Funds have been set aside in an earmarked reserve to help cover	

Expenditure/ Income	Working Budget £'000	Outturn £'000	Increase / Decrease(-) £'000	Comment	Effect on 2013/14 Budget £'000
				a future payment, should the claim be successful. This additional contribution to the reserve of £25k is the identified known financial risk balance in the general fund for 2012/13.	
<b>Building Control</b> - Net cost of service	+265	+225	-40	An under-achievement of income is more than offset by underspends in expenditure in the fee earning service. Overall the service has achieved a small surplus which has been transferred to the earmarked reserve.	
<b>Cost of Democracy</b> - Members Allowances and Expenses	+407	+386	-21	The budget for training Members and the budget for payment of Member allowances has been under utilised in 2012/13.	
<b>Learning and Development</b> - ring fenced training budget	+15	0	-15	The underspend reflects that services had sufficient budgets allocated to meet their learning needs. For 2013/14 the training budgets have been reduced. It is therefore expected the ring fenced budget will be in greater demand. The underspend has been requested to be carried forward to fund an upgrade of the Councils Learning Management System.	+22
Other minor variances			-61		+22
<b>Total change in General Fund expenditure compared to the working budget</b>			<b>-677</b>		<b>+394</b>
Of which:					
<b>Carry Forwards reported at the 3<sup>rd</sup> quarter</b>					+212
<b>Other minor variances reported at the 3<sup>rd</sup> quarter</b>					-14
New carry forward requests					+277
Other minor variances					-81
<b>Net Change in 2013/14 General Fund Expenditure</b>					<b>+394</b>

## Careline

8.2 At the end of the year Careline has achieved £926k of income from fees and charges, sales and contributions. This has resulted in a net deficit (including overheads) of £139k in 2012/13. Careline made a net overall deficit of £80k in 2011/12 and is currently estimated to make an overall net deficit of £185k in 2013/14, although this is subject to regular review and also includes an anticipated net cost of £10k for marketing as part of the investment programme approved by Members for 2013/14 and onwards. This investment has not yet been deployed due to the uncertainty regarding the future provision to HCC.

**Table 2 Careline Operations 2012/13**

<b>2011/12 Outturn £'000</b>	<b>Trading Account</b>	<b>Working Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance to Projection £'000</b>
907	- Direct Costs	925	914	-11
155	- Recharges	155	151	-4
<b>1,062</b>	<b>Gross Expenditure</b>	<b>1,080</b>	<b>1,065</b>	<b>-15</b>
<b>982</b>	<b>Gross Income</b>	<b>933</b>	<b>926</b>	<b>+7</b>
<b>80</b>	<b>Net Deficit (funded by the general fund)</b>	<b>147</b>	<b>139</b>	<b>-8</b>

8.3 The net deficit position includes all recharges for overheads. Independent consultant advice, provided as part of the value for money review of the service during 2012, suggested that if the service was run as an independent commercial business the overheads would be reduced significantly and as a result the net deficit position would also be reduced. The loss of significant contracts in recent times has had a detrimental effect on the ability of the service to recover all costs. Staffing levels have been reviewed to minimise the deficit position as much as possible and Members have approved an invest to save proposal for Marketing activity in 2013/14 following the recommendations of the value for money review.

#### **Carry Forward of Budgets**

8.4 There were a total of £418k of budgets carried forward from 2011/12 into 2012/13. As at the 31 March 2013 £210k of these budgets had been spent. Those carry forwards that remain unspent at 31 March 2013 are listed in table 3.

8.5 A condition of carry forwards is that there is a clear plan for spending the budget. The carry forward budgets are monitored during the year with a traffic light code to signify whether there is a problem with spending or completing the project within the timeframe. Of the remaining unspent amount of £208k it has previously been agreed to transfer £113k for Town Area Wide Reviews, £14k for town centre maintenance and £7k for IT works relating to the office accommodation move, into earmarked reserves. This is reflected in the balances of earmarked reserves in table 8. The remaining unspent amount of £74k is requested to be carried forward again into 2013/14 and is included in the requests in Appendix B.

**Table 3 - Progress of carry forward budgets**

<b>Carry Forward</b>	<b>Budget £'000</b>	<b>Outturn £'000</b>	<b>Underspend £'000</b>
IT works linked to office move	+7	0	-7
Road Markings (funded by LABGI)	+43	+5	-38
On Street Parking lines and signs	+9	+7	-2
Area Committee Grants	+84	+53	-31
Town Centre Maintenance	+39	+25	-14
Street Name Plates	+12	+9	-3
Town Area Wide Reviews	+143	+30	-113
			<b>-208</b>

#### **Carry Forward of Budgets from 2012/13 to 2013/14**

8.6 Members were informed at the 3<sup>rd</sup> quarter that £211k of 2012/13 budgets would be requested to be carried forward into 2013/14. Following spend in the final quarter of the year the total final amount requested to be carried forward from 2012/13 into 2013/14 is £489k. The detail of these carry forward budgets is detailed in Appendix B.



The carry forward request from 2010/11 into 2011/12 was £290k and the carry forward request from 2011/12 into 2012/13 was £418k.

- 8.7 It has been policy in the past to approve the use of an over-achievement of the vacancy control target as a strategic priorities fund for the following year to assist in facilitating the shift in resources to meet key priorities. Members are asked to approve a £100k transfer into a Strategic Priorities Fund from the £149k net over-achievement. The fund, provides the Challenge Board with authority to approve the allocation of up to £100k during the year for invest to save or continuous improvement projects as the opportunity arises. Following review of the general fund position the funding of a strategic priorities fund is considered affordable.

### Efficiency Proposals Incorporated in the 2012/13 Budget

- 8.8 A total of £609k of proposals were approved within the 2012/13 budget and a total of £653k has been achieved in financial year 2012/13. Of these £360k had already been achieved at the time of setting the 2012/13 budget.

**Table 4: Summary of all 2012/13 efficiency proposals for the period 1 April 2012 to 31 March 2013**

	<b>Original Budgeted Efficiency £'000</b>	<b>Actual Efficiency £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
Already achieved staff reductions	-215	-215	0	
Already achieved other expenditure reductions	-145	-145	0	
<b>Sub-Total</b>	<b>-360</b>	<b>-360</b>	<b>0</b>	
Further staff reductions	-168	-153	+15	Previously reported.
Further expenditure reductions	-81	-140	-59	Over achievement of savings on public conveniences and external audit fees.
<b>Sub-Total</b>	<b>-249</b>	<b>-293</b>	<b>-44</b>	
<b>Total efficiency proposals</b>	<b>-609</b>	<b>-653</b>	<b>-44</b>	

### Key Corporate 'Financial Health' Indicators

- 8.9 There are 5 key corporate 'financial health' indicators identified and listed in table 5 below. These indicators reflect specific aspects of the budget which have a significant impact on the overall Council's net budget and are likely to be influenced by changes in the external environment. Activity data of these indicators is maintained on the Council's performance system, Covalent.

**Table 5 – Key Corporate 'Health' Indicators**

<b>Indicator</b>	<b>Original Budget £'000</b>	<b>Working Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance to Original Budget £'000</b>
Building Control Fees	-430	-430	-382	+48
Planning Application Fees	-375	-414	-421	-46
Land Charges	-183	-210	-219	-9
Car Parking Fees	-1,622	-1,587	-1,587	0
Housing and Council Tax Benefit	+43,390	+45,803	+45,934	+2,544

- 8.10 Fee earning Building control application numbers are lower than the previous year (851 in 2012/13 compared to 945 in 2011/12). The resultant reduction in income has been managed within budgets by reducing expenditure. In contrast the number of fee earning planning applications was higher than the previous year (1,248 in 2012/13 compared to 1,118 in 2011/12). The total amount of Housing and Council Tax Benefit paid has increased. The average caseload during 2012/13 was 9,862 and this compares to an average in 2011/12 of 9,778.

### General Fund Balance At 31 March 2013

- 8.11 A summary of the general fund expenditure and income is shown in appendix A. The General Fund balance as at 31 March 2013 is £3.160million. This is £1.492million higher than the projected balance of £1.668million, when the original budget was approved in February 2012. The difference has been explained in the quarterly monitoring reports during the year and also reflects the planned intention to increase the balance in the general fund for 2013/14 to provide a cushion for the identified known financial risks.
- 8.12 A total of £494k of known financial risks were realised during 2012/13. The original budgeted allowance for known financial risks for 2012/13 was £890k. A summary of the transactions to the projected year end general fund balance is shown in table 6 and the movement of the necessary minimum general fund balance is shown in table 7.

**Table 6: General Fund Balances as at 31 March 2013**

General Fund Balances as at 31 March 2013	£'000
<b>Balance Brought Forward (1/4/2012)</b>	<b>2,674cr</b>
Net Spend (including precepts)	15,993dr
Precept Receipts & Government Grants	16,479cr
Contribution to Special Reserve	0
<b>Balance Carried Forward (31/3/2013)</b>	<b>3,160cr</b>

**Table 7: Minimum General Fund Balance**

	£'000
<b>Original minimum general fund balance</b>	<b>1,668cr</b>
Known financial risks realised in quarter 1	20dr
Known financial risks realised in quarter 2	199dr
Known financial risks realised in quarter 3	0
Known financial risks realised in quarter 4	275dr
<b>Revised minimum general fund balance</b>	<b>1,174cr</b>
The balance consists of two elements:	
Allowance for known financial risks	396cr
Allowance for unknown financial risks	778cr
	<b>1,174cr</b>

- 8.13 The Statement of Accounts has yet to be audited, (deadline of 30 September), and changes to the General Fund balance may arise as a result of the final audit. As the Housing Benefit claim has yet to be audited (due by November 2013) the accounts are based on un-audited figures.

## Earmarked Reserves and Provisions

- 8.14 The Council can set aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. There are stricter statutory rules as to when the Council can create a provision, but it should do so when there is a liability of uncertain timing or amount and it is probable that expenditure will be incurred to settle the obligation. Reserves and Provisions are created by moving funds out of the General Fund balance. When expenditure to be financed by the reserve or provision is incurred the funds are moved back to the General Fund.
- 8.15 The Council has a number of earmarked reserves which can be used to fund revenue expenditure and these are detailed in Table 8. A net total of £63k has been used from earmarked reserves during 2012/13 (contributions of £529k less payments from the reserves of £592k) leaving a balance at 31 March 2013 of £2.713million.
- 8.16 There are seven new earmarked reserves included in table 8. These are as follows:
- Street Furniture – reserve to be used on an ad-hoc basis as street furniture needs replacing.
  - Office Move IT Works – this is the remainder of the one-off budget for the office move from Town Lodge to DCO and is for the movement of underground cabling that connects the offices with the Document Centre.
  - Local Authority Mortgage Scheme – the interest earned from the scheme will be transferred to this reserve and will be used to fund any liability arising as a result of mortgage defaults. At the end of the scheme any surplus will be transferred back to the general fund.
  - DCLG Grants – Letchworth has been awarded £10k from the Government’s Mary Portas Grant Scheme for Town Centres, a condition of that funding being that it must be managed and administered by the local authority in which the town operates.
  - Growth Area Fund – the remaining unspent revenue element of the Growth Area Fund Scheme has been committed to schemes.
  - Community Development – a small amount of remaining grant funding earmarked for community development.
  - Personal Search Fees - A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £192,685 plus interest and costs. This reserve will be maintained to help cover the cost of refunds should the claimants be successful.

**Table 8 – Earmarked Reserves**

	Balance at 1 April 2012	Contributions	Payments to Fund expenditure	Balance at 31 March 2013
	£'000	£'000	£'000	£'000
Special Reserve	967cr	0	0	967cr
Housing Planning Delivery Reserve	648cr	0	302dr	346cr
Information Technology Reserve	382cr	0	66dr	316cr
Environmental Warranty Reserve	209cr	0	0	209cr
Performance Reward Grant Reserve	71cr	3cr	10dr	64cr
Insurance Reserve	90cr	7cr	80dr	17cr
Cemetery Mausoleum	96cr	0	0	96cr
S106 Monitoring	72cr	17cr	18dr	71cr
Homelessness	72cr	8cr	37dr	43cr
Building Control Reserve	42cr	14cr	10dr	46cr
DWP Additional Grants	41cr	21cr	29dr	33cr

	Balance at 1 April 2012	Contributions	Payments to Fund expenditure	Balance at 31 March 2013
Climate Change Grant	28cr	0	3dr	25cr
Museum Exhibits Reserve	12cr	1cr	0	13cr
Property Maintenance	15cr	10cr	7dr	18cr
Paintings Conservation	11cr	0	1dr	10cr
Childrens Services	6cr	2cr	0	8cr
Hitchin Museum Donations	2cr	0	0	2cr
Leisure Management Reserve	12cr	20cr	0	32cr
Town Wide Review	0	185cr	7dr	178cr
Town Centre Maintenance	0	43cr	19dr	24cr
Community Right to Bid	0	13cr	0	13cr
Street Furniture	0	2cr	0	2cr
Office Move IT Works	0	7cr	0	7cr
Local Authority Mortgage Scheme	0	9cr	3dr	6cr
DCLG Grants	0	10cr	0	10cr
Growth Area Fund	0	53cr	0	53cr
Community Development	0	7cr	0	7cr
Personal Search Fees	0	97cr	0	97cr
<b>Total Revenue Reserves</b>	<b>2,776cr</b>	<b>529cr</b>	<b>592dr</b>	<b>2,713cr</b>

8.17 The Council has a total of £163k held in Provisions as at 31 March 2013. These are listed with a brief explanation in Table 9 below:

**Table 9: Provisions as at 31 March 2013**

Provision	Balance as at 31 March 2013 £'000	Explanation
Baldock Road Pavilion	17	Provision for the rebuilding of the pavilion which was burnt down. The monies were generated as a result of an insurance claim.
Insurance	142	This balance is to cover either the insurance policy excess of known claims or the amount of any outstanding claim against the Council's self-insurance. The provision is also to cover the claw-back under the Municipal Mutual Insurance Ltd (MMI) Scheme of Arrangement. The Council has been informed it is liable for 15% of the cost of successful claims.
Maintenance of Graves	4	A provision for graves that the Council has the ongoing responsibility for maintaining.
<b>Total</b>	<b>163</b>	

8.18 Following a review of the level of all reserves and provisions during the year it is no longer necessary to maintain a provision for Homeless Deposit Guarantees or in regard to the Leisure Management Contract. The funds held in these provisions as at 31 March 2012 have been returned to the general fund and the balance maintained for known financial risks has been adjusted accordingly.

8.19 The Council also has a policy for maintaining bad debt provisions. This is in order to prudently anticipate that not all outstanding debts will be collected. The level of bad debt provision for the Collection Fund (Council Tax and Business Rates) is discussed in paragraph 8.20 below. The level of bad debt provision at 31 March 2012 and 31 March 2013 for all other debtors is shown in table 10 below. A bad debt provision is

used when a debt is written off because it cannot be collected. During 2012/13 a total of £19k of sundry debtors were written off, £100k of housing benefit overpayments were written off and £90k of car parking penalty charge notices were either waived following a successful challenge or written off.

**Table 10: Bad Debt Provisions (non Collection Fund)**

Type of Debt	Outstanding Debt as at 31 March 2012 £'000	Bad Debt Provision as at 31 March 2012 £'000	Outstanding Debt as at 31 March 2013 £'000	Bad Debt Provision as at 31 March 2013 £'000
Sundry Debtors	(1,387)	164	(1,298)	156
Housing Benefit Overpayments	(1,068)	367	(1,226)	388
Car Parking Penalty Charge Notices	(83)	40	(101)	51
<b>Total</b>	<b>(2,538)</b>	<b>571</b>	<b>(2,625)</b>	<b>595</b>

### Collection Fund

- 8.20 Collection Fund surpluses can be transferred to the general fund in future years to reduce the amount of council tax the Council has to raise to finance its own expenditure. Similarly surpluses on the collection fund attributable to Hertfordshire County Council and Hertfordshire Police Authority can be transferred to their respective general funds in future years to reduce their amount of council tax.
- 8.21 The activity on the collection fund in 2012/13 is summarised in Appendix C. There was an overall net surplus of £222k on the collection fund in 2012/13. As a result the balance on the Collection Fund at the year end is a net surplus of £157k. This is apportioned to the precepting authorities based on the size of the precepts. The NHDC share of the balance is a surplus of £26k.
- 8.22 Council Tax Arrears as at 31 March 2013 are £3.5million and the bad debt provision is £1.38million. This compares to Arrears of £3.6million and bad debt provision of £1.35million at 31 March 2012. NNDR Arrears as at 31 March 2013 are £2.2million and the bad debt provision is £0.5million. This compares to Arrears of £1.9million and bad debt provision of £0.5million at 31 March 2012.
- 8.23 As part of the budget setting process for 2013/14 no contribution to or from the collection fund was planned to or from the general fund budget.

### 9. LEGAL IMPLICATIONS

- 9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance
- 9.2 The Accounts and Audit Regulations 2011 require that the responsible finance officer certify that the Annual Statement of Accounts presents a true and fair view of the financial position of the Authority by no later than 30 June of the following year. A

Committee or Member meeting must then consider and approve, by way of resolution, the Statement of Accounts by the 30 September.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.
- 10.2 The general fund balance of £3.160million meets the recommended minimum balance of General Fund reserves agreed when the budget was set. The minimum balance for 2013/14 of £2.3million contains a 5% tolerance on original net expenditure for unknown risks and an allowance of £1.5million for identified key financial risks which had a total potential risk value of £7.9million.

## **11. RISK IMPLICATIONS**

- 11.1 As outlined in the body of the report. The process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate against the risk of an unplanned overspend of the overall Council budget.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 The Equality Act 2010 came into force on the 1 October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5 April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 For any individual new revenue investment proposal of £50k or more, or affecting more than two wards, a brief equality analysis is required to be carried out to demonstrate that the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12. Any individual award of a public service contract will be evaluated in terms of its social value through the Council's procurement processes.

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 Although there are no direct human resource implications at this stage, care is taken to ensure that where efficiency proposals or service reviews may effect staff, appropriate communication and consultation is provided in line with HR policy.

## **15. APPENDICES**

- 15.1 Appendix A General Fund Summary
- 15.2 Appendix B Carry Forward Budgets requested for 2013/14
- 15.3 Appendix C Collection Fund as at 31 March 2013

## **16. CONTACT OFFICERS**

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## **17 BACKGROUND PAPERS**

- 17.1 Estimates 2012/13  
Statement of Accounts 2011/12