

This report is in a draft format prior to presentation to Cabinet on 25 March 2014.

TITLE OF REPORT: THIRD QUARTER REVENUE BUDGET MONITORING 2013/14**REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE****1. SUMMARY**

- 1.1 The purpose of this report is to inform Cabinet of the summary position on income and expenditure for the period April to December 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, with the use of a traffic light system, the 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.

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 Cabinet is requested to approve the changes to the 2013/14 General Fund budget identified in paragraph 8.1, table 1, a £774k decrease in net expenditure.
- 2.3 Cabinet is requested to approve the changes to the 2014/15 General Fund budget identified in paragraph 8.1, table 1, a £437k increase in net expenditure.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Members are able to monitor and request appropriate action of Directorates who do not meet the budget targets set as part of the Corporate Business Planning process.
- 3.2 To ensure that changes to the Council's balances are monitored and approved.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Budget holders have considered the options to operate within the existing budget and 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 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 28 June 2013.

7. BACKGROUND

- 7.1 Members approved the General Fund 2013/14 estimates in February 2013 and approved General Fund net expenditure of £16.691million. In addition to the 2013/14 original budget, Members approved carry forward budgets of £489k and a net decrease to the base budget of £95k. These were approved at the June meeting of Cabinet. The total working budget for 2013/14 was therefore £17.085million.
- 7.2 The 2013/14 General Fund estimates included efficiency proposals of £850k and investment proposals of £105k agreed as part of the Corporate Business Planning process, and an allowance of £1.5million for known financial risks in reserves, following an assessment of the risk register.
- 7.3 At 1st Qtr the projected expenditure on the General Fund was estimated to be £17.016million, this was a net decrease on the working budget of £69k. A £3k increase to the base budget for 2014/15 was also reported.
- 7.4 At 2nd Qtr the projected expenditure on the General Fund was estimated to be £16.753million, this was a net decrease in the working budget of £263k. A £33k increase to the base budget for 2014/15 was also reported.
- 7.5 A high level summary of the projected position on the General Fund at the end of November 2013 was provided to members in January 2014. The projected expenditure on the General Fund reported below includes those significant changes reported to members in January.

8. ISSUES

Executive Summary

Issue & Relevant Table	Comment
Net general fund expenditure for 2013/14 (Table 1)	Forecast net expenditure for 2013/14 is £15.979million. This is a £774k (or 4.6%) decrease in the working budget and is £712k (or 4.2%) lower than the original budget. Of this reduction in spend in this financial year, £367k is requested to be carried forward and spent in 2014/15.
Budgets Carried Forward from 2012/13 (Table 2)	Of the £489k of carry forward budgets into 2013/14 £161k (33%) has been spent by the end of the third quarter. There are six carry forwards at amber status that may not be spent by the end of the year.
Achievement of Efficiencies (Table 3)	Efficiency proposals were originally £850k. At third quarter the total efficiencies that will be achieved has increased to £881k.
Key Financial Indicators (Table 4)	Building Control income is now at amber, the rest of the key financial indicators remain on green.
General Fund Reserve Balance (Table 5)	The general fund reserve is now forecast to have a balance of £3.141million at 31 March 2014. This is after a contribution of £800k to the special reserve. This is £841k higher than the originally approved minimum balance of £2.3million.
Allowance for financial risks (Table 6)	The budgeted minimum general fund balance of £2.3million included an allowance of £1.5million for known financial risks. This was subsequently revised to £1.3million when risks were realised at the end of 2012/13. As at the end of the third quarter £92k of these risks have been realised.
Earmarked Reserves (Table 7)	As at 1 April 2013 there was a balance of £2.713million in other useable earmarked reserves. The balance is forecast to be £3.335million at 31 March 2014.

General Fund – Income and Expenditure

- 8.1 The projected expenditure on the General Fund is now estimated to be £15.979million. This is a net decrease of £774k on the working budget of £16.753million. 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 2014/15 of £437k. This includes the request of the carry forward of £367k of budgets from 2013/14 to 2014/15 for projects which are not expected to be completed by the end of the financial year, details of which are included in Table 1.

Table 1: Significant changes to the General Fund

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2014/15 Budget £'000
Apprenticeship budget	+84	+4	-80	Carry forward request. Vacancies for apprentices have meant that less of the provision has been drawn down in 13/14 than planned.	+80
Strategic Priorities Fund	+122	+69	-53	Carry forward request. It is proposed that unallocated corporate monies are carried forward to fund key projects in 2014/15.	+53
Area Committees	+237	+117	-120	Carry forward request. Each Area Committee has 1 further meeting scheduled to occur in March 2014 and it is expected that all unallocated funds will either be spent in this year or assigned to specific projects that will continue into the next financial year.	+120
Burial Grounds Income - Interment, monuments & inscriptions, purchase of graves	304	284	+20	While the total number of burials completed has been similar to the previous year, the interments of ashes have represented an increasing proportion (48% compared to 43% in previous year). This has affected income as the fees received for the interment of ashes are significantly lower than those for a full traditional burial.	
Document Centre NHH Income	-32	-17	+15	NHH recently entered into a framework agreement for Publishing Services with another Housing Association. It is estimated that annual orders worth around £20k in income will be lost, of which 80% would relate to litho printing work.	+20
Off Street Parking Income from Car Park Season Tickets	-219	-190	+29	Income receipted is significantly behind both profile estimates and the total achieved at the equivalent point in 2012/13. The revised estimate assumes a level of activity in Q4 similar to that in recent years.	
On Street Parking				Carry forward request.	

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2014/15 Budget £'000
On Street Signs/Plates	+50	+5	-45	The district-wide audit is now complete. A work programme will be developed to carry out recommended works. Works should commence in April 2014 following the completion of the procurement exercise.	+45
Income from Penalty Charge Notice	<u>-340</u>	<u>-410</u>	<u>-70</u>	PCN income continues to exceed estimates, with activity in Q3 (£103k) comparable to Q2 (£108k) and Q1 (£103k). This is due to a combination of factors; there is now a full complement of staff in post, a review of the areas covered and the hours of enforcement has been implemented and there has been an increase in parking activity generally.	
Total Variance On Street Parking	-290	-405	-115		
Refuse Service: AFM Income from Herts CC	-395	-362	+33	The AFM allocation confirmed by HCC for activity in 12/13 is less than that received for the previous year.	
Trade Refuse Commercial Recycling Service: Expenditure Income Net Cost	+0	+70 <u>-10</u> <u>+60</u>	+60	While the initial start-up costs in 12/13 were met from the AFM resource, the on-going cost of provision was anticipated to be funded from surpluses achieved in the trade [residual] refuse service. A trade refuse surplus of £68,990 is projected in 2013/14, meaning that overall commercial waste service provision is being delivered at less than zero cost to NHDC.	+60
Office Accommodation DCO Rent and Rates	+219	+160	-59	The District Council Offices have now been purchased; hence the reported decrease in outturn reflects the rental saving to NHDC in 13/14. The permanent saving has already been accounted for in the base budget for 2014/15.	
Cleaning & domestic supplies	+64	+39	-25	The re-procurement of the cleaning contract has resulted in a saving in 13/14 of £25k. This saving has already been incorporated in the corporate efficiency target for 2014/15.	

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2014/15 Budget £'000
Other hired services	+70	+40	-30	Carry forward request.	+30
Office Accommodation Total Variance	+353	+239	-114	Underspend in 13/14 relates to allocated provision for the commissioning of energy efficiency and asbestos surveys and the Office Accommodation feasibility study, which are underway. These will be completed in 2014/15.	
Revenues and Benefits				Carry forward request.	
Computer Supplies & Materials	+6	+1	-5	E Billing software has not been introduced this year, as system will be part of a wider review in 2014/15.	+5
Benefits				Carry forward request.	
Computer Supplies & Materials	+30	+25	-5	Purchase and integration of Credit Manager software has been delayed, as errors were apparent in the product Northgate provided. A workable version of the system has been requested from Northgate.	+5
Overpayments bad debt position	+100	+50	-50	Current aged debt analysis shows the relative value of older debt decreasing, which has helped to reduce the bad debt provision required in this year. With current year debt however increasing, it is not proposed to reduce the budget permanently as this debt may need to be provided for in 14/15 if the debt is not collected.	
Council Tax Benefits Payments	-40	-63	-23	The favourable variance is due to claimants returning Council Tax benefit that they should not have received due to their circumstances changing.	
Discretionary Housing Payments Grant Income	-20	-130	-110	NHDC have received increased DHP grant this year due to changes in the benefits system, with claimants likely to require financial help if their benefits suddenly reduce.	
Income due from Overpayments	-488	-684	-196	Increased housing benefit activity following welfare reforms has resulted in an increase in invoices raised for overpayment of benefits.	
Benefits Total Variance	-418	-802	-384		

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2014/15 Budget £'000
IT Income from Local Authority Work	-22	-8	+14	Income relates to supporting the roll-out of Information@Work at Dacorum BC. The urgent business requirement to complete the roll-out across the authority prior to accommodation changes no longer applies, allowing a wider timeframe for the delivery of the project. Income for this project maybe received in future years but at this time the exact timing is not known.	
Planning Policy and Projects Other consultants	+20	0	-20	Carry forward request. Decision is awaited on the application for extending the Chiltern Area of Natural Beauty submitted to Natural England by the Chilterns Conservation Board on behalf of NHDC. It is not anticipated that Natural England will be seeking to progress the application this financial year.	+20
Highways Local Authority Business Growth Incentive (LABGI) Grant Funding	+37	+27	-10	Carry forward request. Funding will not be fully utilised this year. The district wide lines and signs audit has now been completed and the funds will be spent on implementing the work in 2014/15.	+10
Other minor variances			-44		-11
Total change in General Fund expenditure			-774		+437

Recycling Services Budget Update

8.2 The Table below provides a breakdown of how the current projected revenue outturn for recycling services in 2013/14 of £1.470m compares to the anticipated position if recycling provision had been kept unchanged of £1.397m. As the rollout of the new services commenced in June 2013, the financial impact of the change in services recorded in the table is part-year. The position for 2013/14 is therefore affected by both one off costs of the transition, as well as expenditure and income relating to services withdrawn during the year.

- 8.3 The projected additional net expenditure in 2013/14 is £73,390. Unallocated AFM resource in 2012/13 of £76,530 was approved at closure to be carried forward into 2013/14 to support the costs of the rollout of the new recycling services. The financial impact of the change in services, including the one-off costs, will therefore be managed within the existing resource available in 2013/14.
- 8.4 The table does not include the resource required to provide compostable liners to NHDC residents, estimated to be a total of £150k in 2013/14. As denoted in the original project proposal, the cost of the liners provided to households will be funded in 2013/14 from the AFM resource available. Liners provided as part of the Flats Weekly Collection service, estimated to account for 10% of the total, will be funded from the DCLG grant provision. Provision of compostable liners free of charge will cease from April 2014.
- 8.5 The current estimated impact on the financial position in 2014/15, with transition costs no longer applicable, is a saving of approx. £90,000 compared to the 'do nothing' option. This estimate is based on the current sale price of recycling materials collected and the trend in tonnages apparent so far this year, both of which are subject to change in the future.

**Recycling services
2013/14**

	Projected resource required for pre-existing services ('do nothing' option)	New services: Comingled dry recyclates			Change in projected resource required in 2013/14	
		Cost of Ongoing Service Provision	One-off transition costs and transactions relating to services withdrawn	Total		
Collection and Processing Costs	Recycling	£16,390	-	£9,560	£9,560	(£6,830)
	Recycling Cans	£48,750	-	£9,060	£9,060	(£39,690)
	Recycling Glass	£17,310	-	£13,230	£13,230	(£4,080)
	Recycling Compost	£1,012,310	£1,012,310	-	£1,012,310	-
	Recycling Paper	£1,195,620	£1,195,620	-	£1,195,620	-
	Recycling Plastic	£140,000	-	£83,360	£83,360	(£56,640)
	Recycling Textiles	-	-	-	-	-
	Comingled Dry Recyclates (June - March 14)	-	£135,610	£160,340	£295,950	£295,950
Total Expenditure	£2,430,380	£2,343,540	£275,550	£2,619,090	£188,710	
Income from sale of recyclates and recycling credits	Recycling	-	-	-	-	-
	Recycling Cans	(£84,880)	-	(£17,520)	(£17,520)	£67,360
	Recycling Glass	(£157,750)	-	(£26,950)	(£26,950)	£130,800
	Recycling Compost	-	-	-	-	-
	Recycling Paper	(£737,020)	(£647,410)	-	(£647,410)	£89,610
	Recycling Plastic	(£23,590)	-	(£6,690)	(£6,690)	£16,900
	Recycling Textiles	(£30,300)	(£29,710)	(£13,660)	(£43,370)	(£13,070)
	Comingled Dry Recyclates (June - March 14)	-	(£406,920)	-	(£406,920)	(£406,920)
Total Income	(£1,033,540)	(£1,084,040)	(£64,820)	(£1,148,860)	(£115,320)	
Net Resource Required	£1,396,840	£1,259,500	£210,730	£1,470,230	£73,390	

Comingled recycling transition cost figure includes £102k for transport. While this expenditure is not ongoing, the cost to NHDC of transporting the materials is reflected in the reduced sales price of £3.52 from 01/02/2014 (see table below), a figure which is inclusive of transport costs.

Recycling credit figures assume £40.60 per tonne.

Figures above based on projected recycling tonnages in 2013/14 and sales prices as detailed in the table below.

Projected tonnages for pre-existing services = recycling rates in 2012/13.

Tonnages for new services based on actual tonnage data for April - January (inclusive), with projection for February and March based on extrapolation of trend to date using 12/13 tonnage profile.

	Do Nothing	New Services	Change	Sale Price
	Tonnage	Tonnage		
Recycling Cans	470	97	(373)	£140.00
Recycling Glass	3,451	589	(2,862)	£5.11
Recycling Compost	14,785	14,479	(306)	-
Recycling Paper	4,775	4,194	(581)	£113.75
Recycling Plastic	581	165	(416)	-
Recycling Textiles	71	102	31	£425.00
Comingled Dry Recyclates (June 13 - 1st Feb)	-	5,547	5,547	£21.00
Comingled Dry Recyclates (Feb 14 - March 14)	-	1,478	1,478	£3.52
Total	24,133	26,652	2,519	-

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

- 8.6 There are a total of £489k of budgets carried forward from 2012/13 into 2013/14. As at the end of the third quarter £161k of these budgets had been spent.
- 8.7 A condition of carry forwards is that there is a clear plan for spending the budget. The carry forward budgets are given a traffic light code to signify whether there is a problem with spending or completing the project within the timeframe. There are six carry forwards at amber status and the remainder are at green status as at the end of December 2013. This indicates that six carry forwards are still anticipated to be spent but there is a risk that this may not be achieved in the normal timeframe.

Table 2 - Progress of carry forward budgets

Carry Forward	Amber/ Red	Budget £'000	Projected Variance in 13/14 £'000	Explanation
Street Plates and Signs	A	25	-25	The district wide review has been completed and the next stage is to procure contractors and start the work programme which will commence the last quarter of the year and carry on into 2014/15. This budget will need carrying forward into 2014/15.
Boundary extension to the Chilterns Area of Outstanding National Beauty	A	20	-20	The investment bid for extending the Chiltern Area of Natural Beauty is now requested to be carried forward. The decision on whether this work takes place is with Natural England. The application has been submitted by the Chilterns Conservation Board on behalf of NHDC and the Board is waiting to hear their decision on whether the application has been successful. It is not anticipated that Natural England will be seeking to progress the application in this financial year. Officers will continue to track progress and engage positively with the Chilterns Conservation Board and Natural England on how this proposal is progressed. Should the application be successful then work on extending the boundary will commence.
Energy Efficiency Surveys	A	18	-5	These are due to be completed by April 1 st 2014 however the scheduled programme can be impacted by access problems to the premises. A percentage of the budget has therefore been requested to be carried forward into 14/15 in the possible eventuality that the programme slips.
Strategic Priority Fund for 2013/14	A	100	-53	As at the end of December a total of £53k remains unallocated to projects. While further proposals for funding may come forward to Challenge Board in the final quarter, it is less likely that SPF funded projects will be completed within the financial year. It is therefore requested that unallocated resource is carried forward.
DCO accommodation survey	A	13	-5	The survey is scheduled to be completed by April 1 st 2014. There is a risk however that a portion of the work will be undertaken after 1st April; therefore a £5k carry forward is requested.

Carry Forward	Amber/ Red	Budget £'000	Projected Variance in 13/14 £'000	Explanation
Road Markings	A	37	-10	The lines and signs assessment is complete and the implementation of the maintenance programme will commence towards the end of the 4th quarter and continue into 2014/15. Therefore the funding will not be fully spent in this year, with a £10k carry forward requested for works undertaken in 2014/15.

Efficiency Proposals Incorporated in the 2013/14 Budget

8.8 A total of £850k of proposals were approved within the 2013/14 budget. As at the end of the third quarter it is anticipated £881k will be achieved in 2013/14. This is summarised in table 3.

Table 3: Summary of all 2013/14 efficiency proposals

	Original Budgeted Saving in 2013/14 £'000	Projected Saving as at end of 3rd Qtr £'000	Variance £'000
Budget Scrutiny Reductions	323	323	0
Senior Management Restructure	115	115	0
Other Staff Restructures	344	344	0
Sub-total	782	782	0
Other Detailed Efficiency Proposals	26	87	-61
Other Income Generation Proposals	42	12	+30
Total Proposed	68	99	-31
Grand Total	850	881	-31

The overachievement of £31k is made up of an over and under achievement of a number of proposals. These are listed below:

	Original Budgeted Saving in 2013/14	Projected Saving as at end of 3rd Qtr	Variance	Reasons for Variance
Distribution of Committee Papers	-12	-4	+8	The £12k printing efficiency is additional to a £10k budget scrutiny print saving (total saving of £22k); both relate to a reduction in the number of agendas printed for committees. As per the original proposal, the following no longer receive printed agendas: the public; press; officers; NHDC Members who are not members of the committee in question. In order to achieve the total saving of £22k, a reduction of 41% would be required against the 12/13 outturn. As reported at Q2, the reduction in black & white print volumes has not been replicated in demand for colour prints. At the end of Q3, there was a 27% reduction in black & white print volumes compared to the same period in 12/13, but a 4% increase in the volume of colour pages ordered. The revised projected outturn represents an overall saving of £14k.
Customer Self Service	-4	0	+4	As reported at 2 nd Quarter.
Royston Market	0	-48	-48	As reported at 2 nd Quarter.
Cleaning	0	-25	-25	The retender of the cleaning contract for all Council operational buildings has resulted in a saving of £25k in 13/14.
Careline Income	-30	0	+30	As reported at 2 nd Quarter.
Total	-46	-77	-31	

Key Corporate 'Financial Health' Indicators

8.9 There are 5 key corporate 'financial health' indicators identified and listed in table 4 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 4 – Key Corporate ‘Health’ Indicators

Indicator	Original Budget	Working Budget	Actual to date	Projected Variance to Original Budget
	£'000	£'000	£'000	£'000
Building Control Fees – Amber	-461	-377	-253	+84
Planning Application Fees - Green	-431	-514	-478	-83
Land Charges - Green	-160	-217	-197	-57
Car Parking Fees – Green	-1,657	-1,619	-1,216	+67
Council Tax Support Scheme - Green	+7,249	+7,249	N/A	-202

8.10 The number of Building Control fee earning applications are reduced on the same period last year (578 in 2013/14 compared to 643 in 2012/13), while the number of non-fee earning applications are increased (5,759 in 2013/14 compared to 4,700 in 2012/13). The projected income shortfall of £84k reported at 2nd Qtr remains unchanged at the end of the third quarter, with this likely to result in a projected £43k deficit at the end of the year. The reduction in income can be attributed to the current economic climate and increased competition from the private sector. There is enough money in the reserve to cover the current deficit; however this will reduce the reserve to £3k. Future deficits will therefore have to be funded from the general fund.

8.11 The number of Planning Control fee earning applications is similar to the same period last year (992 in 2013/14 compared to 990 in 2012/13), while the number of non-fee earning applications are increased (842 in 2013/14 compared to 652 in 2012/13). The overall income projection remains as reported at Qtr 2.

8.12 The number of local land charges searches completed by the end of the third quarter was greater than the same period last year (1,436 residential searches and 187 commercial searches in 13/14 compared to 1,250 residential and 141 commercial in 12/13). The income position is unchanged from that reported at Qtr 2.

8.13 Car Park ticket sales and income is marginally higher in 13/14 than for the equivalent period last year. Income to date from ‘pay-as-you use’ parking charges is 4% higher than last year and the original budget projection is likely to be achieved. The negative variance includes the relative slowdown in the sale of permits compared to last year, as reported above, as well as reflecting that income from Angel Pavement and Market Place is now transferred to Royston Town Council following the Market Agreement that commenced on 1st August 2013. The number of tickets purchased as at the end of the third quarter for each of the towns was as follows:

Hitchin: 503,624 (491,687 in 2012/13)
Letchworth: 168,735 (162,836 in 2012/13)
Royston: 211,445 (197,978 in 2012/13)

- 8.14 The number of claims for Council Tax support has reduced slightly during the third quarter of the year and the projected total council tax support in 2013/14 is now around £202k less than the “budget”, an improvement of £75k on the position reported at Q2. Note that the “budget” for the scheme is within the Collection Fund and not the General Fund, although the District share of any deficit on the Collection Fund would need to be met from the General Fund. Provided there is not a sudden increase in the number of claimants and collection rates are maintained for the rest of the year, the scheme is now likely to come in under budget for 2013/2014. There was a significant risk that Council Tax collection rates would be significantly reduced as a result of the Council Tax Reduction Scheme, however to date this has not proved to be the case.

General Fund Balances Projected for 2013/14

- 8.15 The revision to the 2013/14 working budget of General Fund projected net expenditure will result in a decrease of £774k in expenditure during the year and hence an increase in the year end balances available for general fund purposes. An £800k contribution to the special reserve is proposed which will still leave the General Fund balance above the approved minimum required level.
- 8.16 Known financial risks have not been realised in the third quarter. A summary of the transactions to the projected year end general fund balance is shown in table 5 and the movement of the necessary minimum general fund balance is shown in table 6. The projected general fund balance is in excess of the minimum required balance.

Table 5: Projected General Fund Balances as at 31 March 2014

Projected General Fund Balances	£'000
Balance Brought Forward (1/4/2013)	3,160cr
Projected Net Spend (including precepts)	16,941dr
Precept Receipts & Government Grants	17,722cr
Contribution to Special Reserve	800dr
Balance Carried Forward (31/3/2014)	3,141cr

Table 6: Approved Minimum General Fund Balance

	£'000
Original minimum general fund balance	2,300cr
Revision to known financial risks at closure 12/13	178dr
Known financial risks realised in quarter 1	0
Known financial risks realised in quarter 2	92dr
Known financial risks realised in quarter 3	0
Revised minimum general fund balance	2,030cr
The balance consists of two elements:	
Allowance for known financial risks	1,230cr
Allowance for unknown financial risks	800cr
	2,030cr

Earmarked Reserves

- 8.17 The Council has a number of earmarked reserves which can be used to fund revenue expenditure, these are detailed in Table 7.

Table 7 – Earmarked Reserves 2013/14

	Balance at 1 April 2013 £'000	Projected Contributions £'000	Payments to Fund expenditure £'000	Balance at 31 March 2014 £'000
Special Reserve	967cr	800cr	0	1,767cr
Housing Planning Delivery Reserve	346cr	0	148dr	198cr
Information Technology Reserve	316cr	0	93dr	223cr
Environmental Warranty Reserve	209cr	0	0	209cr
Performance Reward Grant Reserve	64cr	0	64dr	0
Insurance Reserve	17cr	7cr	0	24cr
Cemetery Mausoleum	96cr	0	0	96cr
S106 Monitoring	71cr	26cr	18dr	79cr
Homelessness	43cr	88cr	43dr	88cr
Building Control Reserve	46cr	0	43dr	3cr
DWP Additional Grants	33cr	0	0	33cr
Climate Change Grant	25cr	0	3dr	22cr
Museum Exhibits Reserve	13cr	0	0	13cr
Property Maintenance	18cr	10cr	0	28cr
Paintings Conservation	10cr	0	0	10cr
Children's Services	8cr	0	8dr	0cr
Hitchin Museum Donations	2cr	0	0	2cr
Leisure Management Reserve	32cr	20cr	0	52cr
Town Wide Review	178cr	0	0	178cr
Town Centre Maintenance	24cr	0	2dr	22cr
Community Right to Bid	13cr	16cr	0	29cr
Street Furniture	2cr	4cr	2dr	4cr
Office Move IT Works	7cr	0	0	7cr
Local Authority Mortgage Scheme	6cr	25cr	0	31cr
DCLG Grants	10cr	0	0	10cr
Growth Area Fund	53cr	0	0	53cr
Community Development	7cr	0	0	7cr
Personal Search Fees	97cr	50cr	0	147cr
Total Revenue Reserves	2,713cr	1,046cr	424dr	3,335cr

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

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 projected general fund balance of £3.141million meets the recommended minimum balance of General Fund reserves agreed when the budget was set, after adjustments for the financial risks which have occurred. The minimum balance for 2013/14 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.
- 10.3 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. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present. The Council has put aside funds of £147,000 as at 31 March 2013 in an earmarked reserve and has also made allowance in the general fund balance by identifying this issue as a financial risk.

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

16. CONTACT OFFICERS

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17 BACKGROUND PAPERS

- 17.1 2013/14 Budget Estimate Book:
http://www.north-herts.gov.uk/index/council_and_democracy/budgets_and_spending/budgets_for_this_year.htm

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