

TITLE OF REPORT: THIRD QUARTER REVENUE MONITORING 2014/15

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE

Note: This report will be presented to Cabinet on 24 March 2015.**1. SUMMARY**

- 1.1 The purpose of this report is to inform Cabinet of the summary position on General Fund income and expenditure for the period October to December 2014.
- 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 2014 - 2015 General Fund budget identified in paragraph 8.1, Table 1, a £380K decrease in net expenditure.
- 2.3 Cabinet is requested to approve the changes to the 2015 - 2016 General Fund budget identified in paragraph 8.1, Table 1, a £139K 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 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 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 1 August 2014.

7. BACKGROUND

- 7.1 Members approved the General Fund 2014 - 2015 estimates in February 2014 and approved General Fund net expenditure of £15.636million. In addition to the 2014 - 2015 original budget, Members subsequently approved carry forward budgets of £351K and a net increase to the base budget of £127K. These were approved at the March and June meetings of Cabinet. The total working budget for 2014 - 2015 was, therefore, £16.114million.
- 7.2 The 2014 - 2015 General Fund estimates included efficiency proposals of £1.514million, an amount of £150K for growth pressures and an investment proposal of £20K agreed as part of the Corporate Business Planning process. An allowance of £1.2million was put aside in reserves for known financial risks following an assessment of the risk register.
- 7.3 At 1st Qtr the projected net expenditure on the General Fund was estimated to be £16.097million, this was a net decrease on the working budget of £17K. A £74K decrease to the base budget for 2015 - 2016 was also reported.
- 7.4 At 2nd Qtr the projected net expenditure on the General Fund was estimated to be £15.996million, this was a net decrease in the budget of £111K. A £56K increase to the base budget for 2015 - 2016 was also reported.
- 7.5 At Month 8 monitoring the projected net expenditure on the General Fund was estimated to be £15.592million, this was a net decrease in the budget of £404K. A £57K decrease to the base budget for 2015 - 2016 was also reported.

8. ISSUES Executive Summary

Issue & Relevant Table	Comment
Net general fund expenditure for 2014/15 (Table 1)	Forecast net expenditure at third quarter is £15.212million. This is a £380k (or 2.5%) decrease in the working budget and is £424k (or 2.79%) lower than the original budget. Of this reduction in spend, £188k is requested to be carried forward and spent in 2015/16.
Budgets Carried Forward from 2013/14 (Table 2)	Of the £351k of budgets carried forward into 2014/15 £188k (53%) has been spent by the end of the third quarter. There are five carry forwards at amber status that may not be spent by the end of the year, and one carry forward at red status which will not be spent at all.
Achievement of Efficiencies (Table 3)	It is expected that £1.572million of the agreed efficiency proposals will be achieved (103.8%). This is an overachievement of efficiencies of £58k
Key Financial Indicators (Table 4)	One indicator is at amber status, the rest are green status.
General Fund Reserve Balance (Table 5)	The general fund reserve is now forecast to have a balance of £5.4million at 31 March 2015. This is £3.4million higher than the originally approved minimum balance of £2million.
Allowance for financial risks (Table 6)	The budgeted minimum general fund balance of £2million included an allowance of £1.2million for known financial risks. As at the end of the third quarter £252k of these risks had been realised.
Earmarked Reserves (Table 7)	As at 1 April 2014 there was a balance of £4million in other useable earmarked reserves. The balance is forecast to be £4.6million at 31 March 2015.
Funding of Net Expenditure (Table 8)	A net total of £2.408million is anticipated to be receivable in the general fund with regard to Business Rates. This is slightly lower (£102k) than the budgeted amount of £2.510million.

General Fund – Income and Expenditure

- 8.1 The projected expenditure on the General Fund is now estimated to be £15.212million. This is a net decrease of £380K on the working budget of £15.592million. 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 2015 - 2016 of £139K. This includes the request of the carry forward of £188k of budgets from 2014 - 2015 to 2015 -2016 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 2015/16 Budget £'000
Parking:					
On street Parking – Street Name Plates/Signs	+66	+9	-57	Request for this budget to be carried forward into 2015/16. An audit of lines and signs highlighted works that were due to be implemented this year. However due to officer's time being taken up with other key priorities, the work plan has slipped. Additional resources maybe employed to implement the work so that the work plan stays on track and the budget will be fully spent in 2015/16.	+57
Off Street Parking – car parking fees	-1,410	-1,451	-41	£18k of the variance is due to the increased value of parking transactions using RINGO. The remaining variance of £23k is simply due to parking machine income of £142k being recorded for December. This level of income was £20k higher than any month in the last four financial years. Parking machine income at Q4 will not change from current projection due to increased Parking tariffs introduced from January.	-18
Off Street Parking – Penalty Charge Notices	-145	-185	-40	The increase in the projected budget reflects only the income receipted in the first three quarters of the year. No assumption is made that this trend will continue in the final quarter of the financial year. The situation remains constantly under review.	
Residents Permit Income	<u>-102</u>	<u>-122</u>	<u>-20</u>	Income from residents' parking permits at the end of Q3 is ahead of profile. Projected outturn is likely to be similar to that achieved in 2013/14.	<u>-20</u>
Total Parking	-1,591	-1749	-158		19
Homelessness:					
B&B Temporary Accommodation	+0	+87	+87	The use of B&B accommodation to house homeless households has grown throughout the year, primarily due to difficulties in accessing the private rented sector. There is a cap on the	

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2015/16 Budget £'000
				amount NHDC can claim back through Housing Benefit Subsidy which has resulted in a projected overspend of £87k. Officers have developed a series of actions aimed at limiting the current and long term use of B&Bs, which include reviewing the temporary accommodation options with local registered providers and neighbouring authorities. They are unlikely to have a significant impact before the end of the current financial year. The risk entry for this activity is being reviewed for 2015/16.	
Housing Benefit:					
Housing Benefit Payments	+39,217	+38,440	-777	Housing benefit payments have reduced by £822k, this is reflecting current spend which is lower than the mid year estimate. This is due to lower claimant numbers. DHP payments have increased by £45k as demand for payments have risen. Both DHP and HB payments will be offset by DWP grants.	
Housing Benefit Subsidy	-38,829	-38,007	+822	Reduction in subsidy due to lower claimant numbers.	
Discretionary Housing Payment Grant	<u>-160</u>	<u>-205</u>	<u>-45</u>	All of the DHP grant allocated to NHDC will be spent this year. The social sector size criteria, continues to be the primary reason for requesting a DHP payment.	
Net variance	<u>+228</u>	<u>+228</u>	<u>+0</u>		
Strategic Priorities Fund	+68	+0	-68	The Strategic priorities fund has been fully allocated for 2014/15, but a number of projects will not start until 2015/16, so request for budget to be carried forward..	+68
Legal Consultants	<u>+25</u>	<u>+13</u>	<u>-12</u>	SPF funds were requested for external legal advice for the crematorium project. The project is on hold so request for this to be carried forward into 2015/16.	+12
Net Variance	+93	+13	-80		+80
Office Accommodation					
Repairs and Maintenance	+92	+41	-51	Due to the expansion of properties within the Health and	

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2015/16 Budget £'000
				Safety Compliance Contract, there has been a reduction in the amount of supplementary maintenance work needed in 2014/15. £12k of this saving is from the Hitchin Town Hall maintenance budget. Budget will be reviewed for future years.	
Sales Ledger Bad Debt Provision	+30	+5	-25	The recovery of sales ledger debtors has improved following a more service driven process and action taken to cease services until debts are paid.	-25
Parks Development – Green Space Strategy Consultants	+0	+43	+43	This variance is due to the Bancroft Recreation Renovation Project not now going ahead as planned, as per the report submitted to Cabinet in December 2014. The project costs incurred to date will be charged to revenue in 2014/15.	
Careline Advertising	+37	+12	-25	Careline have not been able to carry out the planned marketing campaigns due to all resources being deployed on setting up and monitoring new customers. Request to carry forward £25k to 2015/16.	+25
Refuse Service: Unilateral Undertaking Agreements	-11	-29	-18	A detailed review of Section 106 monies outstanding identified £29k Waste Collection contributions that are eligible to be transferred to Waste Services in 2014/15.	
Waste Minimisation – Veolia Recharge	+0	-6	-6	The £6k variance relates to the reimbursement from Veolia for the cost of producing bin stickers. This job is undertaken annually and so a permanent budget adjustment is requested.	-6
Net Variance	-11	-35	-24		
Building Control	-27	+0	+27	A surplus was budgeted, to reimburse the General Fund for funding the deficit incurred in 2013/14. Due to low levels of income in the second half of the year this surplus will not be achieved. A break even position should still be achieved.	+27

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2015/16 Budget £'000
Planning Policy Economic Development Officer	+20	+0	-20	The Council is currently consulting on an Economic Development Strategy. In addition joint work is underway with East Herts around economic development. It is anticipated that these projects will create an action plan from which a job description can be created to recruit an officer in 2015/16, a carry forward of budget to 2015/16 is therefore requested.	+20
Planning Projects Consultants	+35	+9	-26	The Indoor and Outdoor Sports Facility study to support the Local Plan has commenced, this is a long term piece of work which will continue through into 2015/16. Therefore the investment will only be partially spent this year and the rest is requested to be carried forward.	+26
Planning Control Agency Costs	+18	+0	-18	Agency budget will underspend. Planning Control have had 3 officers on maternity leave and one on long term sickness which means that any additional resource has been able to be funded from the salary lag that these absences have generated.	
Grants, reimbursements & Contributions	<u>-3</u>	<u>-15</u>	-12	Income has been received for a planning appeal which NHDC has won. Income was for legal costs that NHDC incurred.	
Net Variance	+15	-15	-30		
Burial Grounds: Interment Income	-116	-129	-13	Increased income projection due to a greater than anticipated level of burials income recorded in November and December. The £40k income received in November was almost double the amount received for October and a higher level of activity was also apparent in December. The trend to date in income correlates with published death rate statistics for North Hertfordshire, with a marked (30%) increase in the death rate in Qtr3 in comparison	-13
Purchase of graves income	<u>-91</u>	<u>-98</u>	<u>-7</u>		<u>-7</u>
Net Variance	-207	-227	-20		20

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2015/16 Budget £'000
				to the previous quarter. The projection assumes that income in the final quarter will be equivalent to the last four years average.	
Licensing Licensing Fees	-108	-118	-10	Increase by £10k for Kilimanjaro additional events. 2015/16 base budget will be adjusted, however the budget is to be taken out in 2016/17 as this is when the licence ceases and is unlikely to be renewed.	-10
Local Plan Local Plan Expenditure	+216	+75	-141	Request to transfer underspend into local plan reserve, as the majority of spend will be in the next two years. Growth bids put forward for 2015/16 anticipated the under spend being transferred into the reserve.	
Transfer to Local Plan Reserve	<u>-2</u>	<u>+141</u>	<u>+140</u>	Transfer underspends in Local Plan budgets above to reserve, to cover expenditure that will be incurred in future years	
Net Variance	+216	+216	+2		
Planning Projects Neighbourhood Plan Consultants	+10	+0	-10	Transfer investment into reserve, the majority of work on the neighbourhood plans will occur as plans are developed and public examinations and referendums are required.	
Government Grant	+0	-30	-30	Transfer Income from DCLG for neighbourhood plan applications into the reserve, Income is to assist in the process of examinations and referendums when plans are implemented. .	
Transfer to Neighbourhood plan reserve	<u>+0</u>	<u>+40</u>	<u>+40</u>	Transfer to new Neighbourhood Plan Reserve, to support future work.	
Net Variance	+10	-10	+0		
Land Charges Land Charges Fees	-178	-213	-35	Land Charges fees have reduced, and income is lower than the same period last year. However due to an increased demand for searches the income is over achieving.	

Expenditure/ Income	Working Budget £'000	Revised Estimate £'000	Increase / Decrease(-) £'000	Comment	Effect on 2015/16 Budget £'000
Transfer to earmarked reserves	-3	+32	+35	Transfer of projected profit into Personal search fees legal claim reserve.	
Net Variance	-181	-181	0		
Audit Fees	+80	+65	-15	Saving on audit fees following abolition of audit commission.	
Revs and Bens Computer Supplies	+51	+46	-5	Request for E Billing carry forward to be carried forward into 2015/16. E billing is dependant on the outcome of the post project. Hybrid Mail option is still being explored.	+5
Benefits Computer Supplies	+5	+0	-5	Credit Manager Software carry forward of £5k is now no longer needed, due to improvements to the standard software which now provides increased functionality.	
			-335		+141
Other minor variances			-45		-2
Total change in General Fund expenditure			-380		+139

Carry Forward of Budgets from 2013/14 to 2014/15

- 8.2 There is a total of £351K of budgets carried forward from 2013 - 2014 into 2014 - 2015. As at the end of the third quarter £188K of these budgets had been spent.
- 8.3 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 five carry forwards at red status, one at amber status, and the remainder are at green status as at the end of December 2014. This indicates there is one carry forward that is still anticipated will be spent, but there is a risk this may not be achieved in the normal timeframe. The five carry forwards at red status means the carry forwards will no longer be spent within this financial year or will not be spent at all.

Table 2 - Progress of carry forward budgets

Carry Forward	Amber/ Red	Budget £'000	Projected Variance £'000	Explanation
Area Committee Budgets	A	79	0	The majority of the remaining balance of carry forwards relate to committed funds within the Hitchin, Southern Rural and Baldock Area Committee budgets. The Chairs & Members of each Committee during the March cycle of area meetings, will be advised accordingly as to the possible utilisation / release or reallocation of such funds, prior to any new allocations / commitments being awarded from each of the Committees' respective 2014/15 Base Budget. The matter will also be reviewed at the Area Chairs & Vice Chairs meeting on 12/02/15
Extending boundary of Chiltern Area of Natural Beauty	R	20	0	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 North Hertfordshire and the Board is waiting to hear their decision on whether the application has been successful. Officers will continue to track progress and engage positively with the Chilterns Conservation Board and Natural England on how this proposal is progressed. The budget was approved at Month 8 monitoring to be carried forward into 2015/16.
E Billing Software	R	5	0	Software implementation has been delayed as this will form part of a wider review of NHDC post systems. The investment will not be spent this year and will request to be carried forward into 2015/16. Post review will not be complete until the new financial year, and the ebilling software implementation is dependant on the outcome of the review.
On street parking – Street plates and signs	R	41	0	An audit of lines and signs work that needs to be carried out in the district was undertaken and implementation was supposed to happen this year. However officer's time has been taken up with other key priorities so the work plan has slipped. Request to be carried forward into 2015/16.
Strategic Priorities Fund	R	68	0	The Strategic priorities fund has been allocated for 2014/15, but a number of projects will not start until 2015/16. Request to be carried forward into 2015/16.
Credit Manager	R	5	-5	Credit Manager Software carry forward of

Software				£5k is now no longer needed, due to improvements to the standard software, which now provides increased functionality.
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Efficiency Proposals Incorporated in the 2014/15 Budget

8.4 A total of £1.514million of proposals were approved within the 2014 - 2015 budget. As at the end of the third quarter it is anticipated £1.572million (or 103.8%) will be achieved in 2014 -2015. This is summarised in Table 3. The overall net over achievement of £58K is made up of a number of offsetting variances. . The on going impact on future years is anticipated to be £12K.

Table 3: Summary of all 2014/15 efficiency proposals

	Original Budgeted Saving in 2014/15	Projected Saving as at end of 3rd Qtr	Variance
	£'000	£'000	£'000
Expenditure Reduction:			
Staff structure changes	149	124	+25
Hitchin Leisure Management Contract	156	163	-7
Letchworth Leisure Management Contract	500	500	0
Market contracts	57	57	0
Reduction in investment in Area Wide Parking Reviews	65	65	0
Acquisition of District Council Offices	208	208	0
Temporary closure of Museums	55	55	0
New Cleaning Contract/ Revised Royston Town Hall Agreement	50	55	-5
Reduction in grant to Parish Councils for Council Tax Reduction Scheme	11	11	0
Other	6	6	0
Sub-total	1,257	1,244	+13
Income Generation:			
Collection of income for penalty charge notices	100	190	-90
Increase in parking income following review of tariffs.	157	138	+19
Grand Total	1,514	1,572	-58

Key Corporate 'Financial Health' Indicators

8.5 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	2013/14 Actual April – December	Original Budget	Working Budget	Actual to date	Projected Variance to Original Budget
		£'000	£'000	£'000	£'000
Building Control Fees – Green	-255	-351	-351	-245	0
Planning Application Fees - Green	-478	-431	-612	-501	0
Land Charges - Green	-193	-167	-213	-166	-35
Car Parking Fees - Amber	-1,010	-1,466	-1,451	-1,102	+15
Parking Penalty Charge Notices - Green	-448	-410	-500	-415	-90

8.6 The number of building control fee earning applications are slightly up on the same period last year (582 in 2014 - 2015 compared to 579 in 2013 - 2014) but is less than 2012 - 2013 and prior years, while the number of non-fee earning applications has continued to increase (5,927 in 2014 - 2015 compared to 5,766 in 2013 - 2014). The projected income budget has not been adjusted.

8.7 The number of development control fee earning applications, are also up on the same period last year (1127 in 2014 - 2015 compared to 1,025 in 2013 - 2014) and the number of non-fee earning applications are also higher (891 in 2014 - 2015 compared to 761 in 2013 -2014). The income budget has not been adjusted this quarter..

8.8 The number of local land charges searches completed in the third quarter was down on the same period in last year. For example, the number of full residential searches was 1,415 compared to 1,436 in 2013 - 2014.. The amount of income received is still ahead of profile.

8.9 The number of car park tickets purchased in the third quarter is higher than the past two years in each of the towns. The reason why the indicator is at amber status is due to the income recorded being lower than originally anticipated. This is due to the delay in introducing the fee increases which was implemented in January 2015.

Hitchin: 528,453 (503,624 in 2013 - 2014)
Letchworth: 170,925 (168,735 in 2013 - 2014)
Royston: 227,625(211,445 in 2013 - 2014)

8.10 The number of penalty charge notices issued for car parking was 10,522 in the third quarter of 2014 - 2015. This compares to 11,039 in the same quarter of 2013 - 2014 and 6,679 in 2012 - 2013.

General Fund Balances Projected for 2014/15

8.11 The revision to the 2014 - 2015 working budget of General Fund projected net expenditure will result in a decrease of £380K in expenditure during the year and hence an increase in the year end balances available for general fund purposes.

8.12 Two known financial risks have been realised in the third quarter resulting in additional unbudgeted expenditure of £113K. These were the increased expenditure in temporary accommodation and the reduction in projected surplus position in Building

Control caused by reduced income. There is also a risk that has been highlighted within the risk register that could potentially be realised. CoinCo who provided the cash collection service for the councils parking ticket machines across the district, went into administration at the end of November 2014. The company owes the Council £130K. A debtor has been raised but there is a high possibility that the council may not receive this payment.

- 8.13 A summary of the transactions to the projected year end general fund balance is shown in Table 5 and the realisation of known financial risks is shown in Table 6. The projected general fund balance is in excess of the minimum balance of £2million approved by Council in February.

Table 5: Projected General Fund Balances

Projected General Fund Balances	£'000
Balance Brought Forward (1/4/2014)	3,932cr
Projected Net Spend (including precepts)	16,211dr
Precept Receipts & Government Grants	17,661cr
Contribution to/from Special Reserve	25dr
Balance Carried Forward (31/3/2014)	5,357cr

Table 6: Known Financial Risks

	£'000
Original allowance for known financial risks	1,200cr
Known financial risks realised in quarter 1	26dr
Known financial risks realised in quarter 2	113dr
Known financial risks realised in quarter 3	113dr
Remaining allowance for known financial risks	948cr

Earmarked Reserves

- 8.14 The Council has a number of earmarked reserves which can be used to fund revenue expenditure; these are detailed in Table 7. A total of £1,494K is projected to be contributed to the reserves in 2014 - 2015 and a total of £916K is expected to be used to fund expenditure. This will leave a projected amount in earmarked reserves at 31 March 2015 of £4.580million. A significant element of the contribution to reserves in 2014 -2015 will be the section 31 grant from government for compensation of business rate reliefs (see para 8.17 below). A new earmarked reserve has been set up at Qtr3 for neighbourhood planning income and budget underspend, with projected contribution of £40K. This contribution is from the DCLG for the neighbourhood plans that have been approved to date. This contribution will be needed in future years as plans are developed and public examinations and public referendums are required.

Table 7: Earmarked Reserves 2014/15

	Balance at 1 April 2014	Contributions	Payments to Fund expenditure	Balance at 31 March 2015
	£'000	£'000	£'000	£'000
Special Reserve	1,767cr	0	25dr	1,742cr
Housing Planning Delivery Reserve	243cr	141cr	116dr	268cr
Information Technology Reserve	293cr	0	146dr	147cr
Environmental Warranty Reserve	209cr	0	0	209cr
Performance Reward Grant Reserve	50cr	0	20dr	30dr
Insurance Reserve	28cr	0	0	28cr
Cemetery Mausoleum	96cr	4cr	0	100cr
S106 Monitoring	88cr	20cr	17dr	91cr
Homelessness	28cr	0	28dr	0
Building Control Reserve	0	0	0	0
DWP Additional Grants	27cr	27cr	25dr	29cr
Climate Change Grant	53cr	0	0	53cr
Museum Exhibits Reserve	13cr	0	0	13cr
Property Maintenance	28cr	10cr	0	38cr
Paintings Conservation	13cr	0	2dr	11cr
Children's Services	7cr	0	5dr	2dr
Hitchin Museum Donations	0	0	0	0
Leisure Management Reserve	49cr	20cr	0	69cr
Town Wide Review	180cr	0	21dr	159cr
Town Centre Maintenance	31cr	8cr	1dr	38cr
Street Name Plates	4cr	0	4dr	0
Community Right to Bid	29cr	16cr	1dr	44cr
Street Furniture	4cr	4cr	4dr	4cr
Office Move IT Works	7cr	0	7dr	0
Local Authority Mortgage Scheme	31cr	25cr	0	56cr
DCLG Grants	492cr	852cr	481dr	863cr
Growth Area Fund	53cr	0	0	53cr
Community Development	1cr	0	1dr	0
Personal Search Fees	152cr	35cr	3dr	184cr
Electoral Services	9cr	0	9dr	0
Taxi Licences Reserve	17cr	0	0	17cr
Waste Reserve	0	292cr	0	292cr
Neighbourhood Plan Reserve	0	40cr	0	40cr
Total Revenue Reserves	4,002cr	1,494cr	916dr	4,580cr

Funding of Net Expenditure

- 8.15 The Council's general fund net expenditure is funded by the Council Tax precept, revenue support grant, new homes bonus and the retained business rates. These were budgeted as follows:

8.16

Funding Source	2014/15 Original Estimate £'000	%
Revenue Support Grant	2,760	16%
Retained Business Rates	2,510	15%
New Homes Bonus	1,982	12%
Council Tax Precept	9,590	57%
Total Funding	16,842	100%

8.17 The revenue support grant and new homes bonus received should be consistent with the numbers above and should not change during the year. However, funding from council tax and business rates is dependent on the overall collection rates and in the case of business rates is dependent on the amount of appeals that are ultimately successful. Council Tax and Business Rates are accounted for separately in the Collection Fund. The Council had a £742K share of the collection fund deficit position at the 31 March 2014 and there will be a contribution of £1.2million from the general fund to the collection fund in 2015 -2016 to make good this deficit.

8.18 Over the past year the Government has announced a number of business rate relief measures and has announced that compensation will be provided to local authorities for the loss of income. This compensation will come in the form of a section 31 grant and will be payable direct to the general fund, rather than into the Collection Fund. The Council received a section 31 grant of £444K in 2013 - 2014 in compensation for the small business rate relief scheme. This was transferred to an earmarked reserve and will be used to partly offset the levy repayment in 2014 - 2015. The Council will receive a further £770K in 2014 - 2015 for the following measures which will also be initially transferred to an earmarked reserve to help cover the deficit on the Collection Fund:

- 2% cap in the inflation increase for 2014 - 2015
- Doubling of small business rate relief
- Relaxation of the small business rate relief second property rules
- £1,000 retail relief
- Reoccupation relief, and
- Empty new build measure

8.19 The collection fund is anticipated to move further into deficit in relation to business rates in 2014 - 2015, mainly as a result of successful appeals. However, the collection fund is anticipated to move further into surplus in relation to council tax. This is demonstrated in Table 8 below. After the payment of a levy and receipt of the S31 grant is considered the Council will have retained a net total of £2.408million of business rates in the general fund in 2014 - 2015. This is £102K less than budgeted. The general fund will need to make good the Council's share of any deficit position over time. The forecasted net deficit on business rates of £1.2million will be largely mitigated by the availability of £770K of grant, as detailed in 8.17.

Table 8: Collection Fund Monitoring

	Business Rates		Council Tax	
	2013/14	2014/15	2013/14	2014/15
Collection Rate of in year debt as at September	86.79%	81.92%	86.03%	85.69%
Forecast year end share of (Surplus) / Deficit	£797,000	£1,200,000	(£53,000)	(£83,000)
Net Retained Business Rates in the General Fund	£2,592,000	£2,408,000		

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 £5.357million meets the recommended minimum balance of General Fund reserves agreed when the budget was set and is consistent with the planned intention to increase balances in the short term in order to allow a lead in time for the delivery of projects needed to balance the budget over the medium to longer term. The minimum balance for 2014 - 2015 contains a 5 per cent tolerance on original net expenditure for unknown risks and an allowance of £1.2million for identified key financial risks which had a total potential risk value of £6.2million.
- 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 £178,000 as at 31 March 2014 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

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17. BACKGROUND PAPERS

17.1 Estimate Book 2014/15 [Budget Book 2014/15](#)

17.2 Statement of Accounts 2013/14 [Statement of Accounts](#)