

NAME OF COMMITTEE	Resources
DATE	3rd February 2015
REPORT TITLE	Revenue Budget Monitoring 2014/15 – Quarter 3 – 31st December 2014
Report of	Finance Business Partner
WARDS AFFECTED	All

Summary of report:

To give Members an indication of the potential year end financial position of West Devon Borough Council for the revenue budgets for 2014/15 and to bring to Members' attention any significant variance from the revenue budgets set. This report enables Members to monitor income and expenditure variations against the approved budgets for 2014/15.

Financial implications:

This report details the latest financial position of the Council's revenue budgets for 2014/15, as at the end of December 2014.

Currently the Council is predicted to be underspent by £15,000 at the year end. This is comparing the predicted revenue outturn of £7,784,000 against the net budget set of £7,799,000.

RECOMMENDATION:

1. Members are asked to note the forecast income and expenditure variations for the 2014/15 financial year for the revenue budget.

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1. REVENUE BUDGET OVERVIEW

- 1.1 The gross service expenditure budget for 2014/15 was set at £26 million (£7.79 million net).

Actual revenue expenditure and income is expected to be underspent by £15,000 when compared against the total budget set for 2014/15.

Table 1 below provides an analysis of the projected variances against budget.

TABLE 1: 2014/15 BUDGET FORECAST

	Budget 2014/15	Budget variations increase/ (decrease)		Note
	£000	£000	£000	
APPROVED BUDGET			7,799	
Reduced expenditure/additional income				
Asset Management	40	(10)		A
Additional Car Parking Income	860	(10)		B
Additional Estates Income	240	(10)		C
Business Rates	1,500	(25)		D
Additional Planning income	389	(30)		E
Other small underspends		(14)		F
<i>Sub total</i>			(99)	
Increased expenditure/reduced income				
Reduced Land Charges Income	110	15		G
Reserve Bids - Planning Officer	n/a	30		H
Reserve Bid T18 CIVICA Financial implementation	n/a	9		I
Reduced Investment income	40	15		J
Reduction in TIC savings	50	15		K
<i>Sub total</i>			84	
PROJECTED OUTTURN			(7,784)	
PROJECTED UNDERSPEND			15	

Notes

- A. **Asset Management** – It is anticipated that a small under spend will occur on the Asset Management budget of £10,000.
- B. **Car Parking** – The actual car parking income to 31 December is £697,000 against a budget of £645,000. It is anticipated that there will be an additional £10,000 in car parking income at the end of the year.
- C. **Estates** – £215,000 has been received in estates income against a budget of £180,000. It is anticipated that there will be an additional £10,000 in estates income at the end of the year.

- D. **Business Rates** – The Government introduced the Business Rates Retention Scheme on 1 April 2013. This system enables the retention of a proportion of the business rates revenue generated in a local area by the relevant local authorities. Business rates now form a major element of the local government finance funding. Current indications are that the income from business rates may exceed the Government “baseline” grant figure. Although the system carries with it significant risk of volatility, it is considered appropriate to include an additional £25,000 in the forecast. These figures are constantly changing and regular monitoring of the position is undertaken.
- E. **Planning** – The actual income for planning applications to 31 December is £338,000 against a budget of £291,000. It is anticipated that there will be an additional £30,000 in planning income at the end of the year.
- F. **Small Underspends** – Through thorough budget monitoring at the end of December, it is anticipated that small under spends will occur on a few cost centres resulting in a £14,000 underspend.
- G. **Land Charges** – As at the end of December, £68,000 has been received in land charges income against a budget of £83,000. At the end of the year it is estimated that there may be a shortfall in land charges income of £15,000, although the market is picking up and spring is anticipated to be a busy time.
- H. **Reserve Bids in the year** – A bid to reserves in the year totals approximately £30,000. This is for work in Planning with respect to an additional planning officer. The actual income for planning applications to 31 December is £338,000 against a budget of £291,000. Therefore actual planning income is currently higher than budgeted at the nine month position.
- I. **Reserve Bids in the year** - The second reserve bid is for £9,000 and relates to the T18 CIVICA Financial implementation. This is for integration of the financial system onto one platform.
- J. **Investment Income** – As with last year due to the low interest rates, investment income is expected to be under target. However the return on the investments is 0.45%, still higher than the benchmark of 0.36%.
- K. **TIC Savings** – The Council has not yet benefited from the full savings as the Council is not able to surrender its lease with the Town Council. The TIC is forming part of ongoing discussions with Tavistock Town Council with regards to the Strategic Asset Review which the Assets team are leading on.
1. Savings expected to be achieved to balance the budget for the financial year 2014/2015 totalled £381,553, (Report to Council February 2014). **Appendix B** shows if these will all be achieved by the end of the year.

2. INCOME AND RESERVES

2.1 Income monitoring is an integral part of financial management. Current income forecasts are as follows:

Service	Budgeted Income for 9 months of 2014/2015 to Dec 2014 £'000	Actual Income for 9 months of 2014/2015 to Dec 2014 £'000	Budgeted Income for 2014/15 £'000	Projected income for 2014/15 £'000
Car Parks	645	697	860	870
Employment Estates	180	215	240	250
Land Charges	83	68	110	95
Planning	291	338	389	419
Investment Income – see note J in Table 1 above	30	20	40	25
TOTAL	1,229	1,338	1,639	1,659

The decision on the level of balances and reserves is taken during the formulation of the annual budget and the medium term financial strategy. As a matter of prudence the Council has set aside various amounts in reserves to cover future liabilities and items of expenditure and these are attached as **Appendix A**.

4. LEGAL IMPLICATIONS

4.1 There are no legal implications arising from this report.

5. RISK MANAGEMENT

5.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

6. OTHER CONSIDERATIONS

Corporate engaged:	priorities	Sound financial management underpins all of the Council's corporate priorities.
Statutory powers:		Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
Considerations of equality and human rights:		There are no implications arising from this report.
Biodiversity considerations:		There are no implications arising from this report.
Sustainability considerations:		There are no implications arising from this report.

Crime and disorder implications:	There are no implications arising from this report.
Background papers:	Resources Committee 7 th October 2014 Resources Committee 2 nd December 2014
Appendices attached:	Appendix A - Schedule of Reserves Appendix B – Expected Savings for 2014/15

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Budget Variances	The financial standing of the Council is put at risk through variations in income and expenditure that are not detected at an early stage.	4	2	8	↔	Continual budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Resources Committee provides an opportunity for Members to identify and instigate remedial action where appropriate.	SMT
2	Resource Planning	The Council must demonstrate that it sets budgets in line with corporate priorities and provides value for money.	4	2	8	↔	Consideration of revenue budget variances provides a mechanism for the identification of cost pressures and income opportunities that can be reflected in the Council's Medium Term Financial Strategy.	S151 Officer

Direction of travel symbols ↓ ↑ ↔