

**Report to** Cabinet

**Item**

**Report of** Chief finance officer

**8**

**Subject** Revenue budget monitoring 2014-15 – year end 2014-15

---

### **Purpose**

To update cabinet on the revenue outturn for the year 2014-15, and the consequent general fund and housing revenue account balances

### **Recommendation**

To note the revenue outturn 2014-15.

### **Corporate and service priorities**

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

### **Financial implications**

The net revenue outturn for the general fund for the year 2014-15 is a surplus of £1.301m. This represents underspends of £2.286m against budget and the planned contribution to reserves of £0.541m, offset by transfers to the s31 business rate relief reserve of £1.525m.

The revenue outturn for the housing revenue account for the year 2014-15 is a deficit of £4.950m which after the planned use of reserves of £7.707m, represents an underspend of £2.757m.

The balances on both funds remain above the prudent minima.

The revenue outturn for the collection fund for the year 2014-15 is a deficit of £0.822m. The council's share of this is £0.655m of which £0.865m relates to a deficit on business rates which will be offset by transfers from the s31 business rates relief earmarked reserve in 2015-16. The council's share of the council tax surplus is approximately £0.200m.

**Ward/s:** All wards

**Cabinet member:** Councillor Stonard – resources and income generation

### **Contact officers**

Justine Hartley, chief finance officer  
Neil Wright, service accountant

01603 212440  
01603 212498

### **Background documents**

None

## Report

1. Council approved budgets for the 2014-15 financial year on 18 February 2014.
2. The attached appendices show the provisional forecast outturn for the general fund and the housing revenue account:
  - [Appendix 1](#) shows the general fund by corporate leadership team responsibilities, and by subjective group
  - [Appendix 2](#) shows the housing revenue account in (near) statutory format, and by subjective group
  - [Appendix 3](#) shows budget and expenditure for the year to date in graphical format

## General Fund

3. Budgets reported include the resources financing the council's net budget requirement (which includes a contribution of £0.541m to balances as allowed for in the *Medium term financial strategy*) so that the net budget totals zero:

<i>Item</i>	<i>Approved budget £000s</i>
Net budget requirement	18,407
Non-domestic rates	(4,651)
Revenue support grant	(5,980)
Council tax precept	(7,776)
<b>Total general fund budget</b>	<b>0</b>

4. The main reasons for the general fund surplus of £1.301m are detailed below:-

<i>General fund service</i>	<i>Outturn variance £000s</i>	<i>Commentary</i>
Business relationship management	(446)	This underspend relates to an underspend on the contingency budget of £356k and to grant income being higher than budgeted. The contingency budget has been reduced for 2015-16.
Finance	796	The main items contributing to this overspend are: i) the transfer of £1.06m of grant received in 2014-15 to the s31 earmarked reserve in relation to business rate reliefs which will affect the council's finances in 2015-16 and 2016/17; and ii) an overspend on Housing Benefit of £290k. These are offset by the underspend of £541k as a result of the planned contribution to reserves for 2014-15.

<i>General Fund Service</i>	<i>Outturn variance £000s</i>	<i>Commentary</i>
City development	(428)	This underspend is as a result of parking income being £372k up on budget and multi storey car park depreciation £292k lower than budgeted.
Planning	(355)	The underspend is as a result of employee savings (£252k), more income than budgeted from Planning fees (£43k) and extra capital income (£65k).
Citywide services	(323)	The variance is due to an unmatched accrual from 2013-14 (£283k) on the waste management.
Neighbourhood housing	(449)	Homelessness underspend £132k, Private Sector Leasing underspend £120k. Depreciation £205k lower than budgeted.

## Housing revenue account

5. The budgets reported include a £7.7m use of HRA balances, so that the net budget totals zero:

<i>Item</i>	<i>Approved budget £000s</i>
Gross HRA expenditure	80,827
Gross HRA income	(73,120)
Contribution from HRA balance	(7,707)
<b>Total net HRA budget</b>	<b>0</b>

6. The main reasons for the housing revenue account deficit of £4.950m are detailed below:-

<i>HRA division of service</i>	<i>Outturn variance £000s</i>	<i>Commentary</i>
Repairs and maintenance	(609)	The repairs budget of £15.9m has underspent by £609k. The main areas of underspend against budgets are landlord lighting £140k, security improvements £145k, water mains renewal £142k and balcony repair £158k.
Rents, rates and other property costs	390	This overspend is mainly due to: unbudgeted insurance costs of £218k offset by £209k insurance underspend against HRA general management below; and unbudgeted NPS recharges of £94k also offset by £96k underspend within general management below.

<i>HRA Division of Service</i>	<i>Outturn variance £000s</i>	<i>Commentary</i>
General management	(1,192)	Mainly due to: 1) £587k underspend relating to NPS property management; unrequired recharge budgets due to staff no longer working for NCC (£289k), unrequired professional fees budget (£179k) and lower than budgeted Customer Contact recharge (£124k). 2) £209k underspend on RTB insurance, offset by £218k overspend against rents, rates and other property costs above. 3) NPS recharges (£96k) offset by £94k overspend against rents, rates and other property costs above.
Special services	(606)	1) £308k underspend on sheltered housing heating and district heating schemes, 2) £189k sheltered housing underspend - salaries, gritting, furniture etc. 3) £83k NCAS call maintenance / group alarms underspend
Provision for bad debts	(823)	Provision increased in anticipation of the effects of full implementation of 'under-occupancy' benefit changes and universal credit. Delayed implementation of universal credit and better than anticipated rent collection performance have delivered a lesser call on this provision.
Garage and other property rents	(274)	Lower than anticipated garage voids rate.
Service charges - general	618	Lower income than budgeted for (tenants), partially offset by underspend in Special Services (district heating). Also lower leasehold income than budgeted for.
Adjustments and financing items	7,552	This reflects the planned contribution to the HRA budget of £7.707m from HRA reserves in 2014-15.

## Financial planning

7. Overall levels of overspend and underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.
8. Net overspends and underspends will be consolidated into the general fund and housing revenue account balances carried forward to 2015-16. These are reflected in periodic updates to the *Medium term financial strategy* and *Housing revenue account business plan*.

## Impact on balances

9. The prudent minimum level of general fund reserves has been assessed as £4.496m. The outturn's impact on the 2013-14 balance brought forward, is as follows:

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2014	(8,313)
Planned contribution to reserves 2014-15	(541)
Outturn underspend 2014-15	(2,286)
Transfer to earmarked reserve of unapplied section 31 business rates relief grant of which £1.06m is from grant received in 2014-15 and the remainder from the general fund reserve brought forward.	1,525
= Balance at 31 March 2015	(9,615)

10. The general fund balance therefore continues to exceed the prudent minimum.
11. The prudent minimum level of HRA reserves has been assessed as £3.067m. The outturn's impact on the 2013-14 balance brought forward, is as follows:

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2014	(25,129)
Planned contribution from reserves	7,707
Outturn underspend 2014-15	(2,758)
= Balance at 31 March 2015	(20,180)

12. The housing revenue account balance therefore continues to exceed the prudent minimum.

## Collection fund

13. The collection fund is made up of three accounts – council tax, the business improvement district (BID) account, and national non-domestic rates (NNDR).
- Council tax is shared between the city, the county, and the police and crime commissioner based on an estimated tax base and the council tax rates agreed by each of the preceptors. Any surplus or deficit is shared in the following financial year.
  - The BID account is operated on behalf of the BID company, to collect their income from the BID levy. Any surplus or deficit is passed on to the BID company.
  - NNDR income is shared between the city, the county, and central government. Since 'localisation', any surplus or deficit is also shared, rather than as formerly being borne wholly by the government.
14. There are particular risks attached to NNDR, which are:
- Appeals – the impact of any appeals will fall on the collection fund, and therefore in part on the city. The Valuation Office has cleared a large number

of appeals which has adversely affected the council's business rates income levels. However, a backlog of appeals remains and significant new appeals were submitted in the period up to 31 March 2015. The outcome value of the appeals is not known, nor the likelihood of success, nor the timing of the appeal being determined.

- NNDR billable – changes in the NNDR billable, e.g. demolition or construction of new billable premises, will impact on the amount billable. Assumptions of growth may also be affected by changes in the wider economic environment.
- NNDR collectable – arrears and write-offs (e.g. where a business goes into administration) will also impact on the collection fund.

15. These risks are monitored and mitigated through normal revenues operations.

16. A summary of the collection fund is provided below:

<i>Approved budget £000s</i>	<i>Final budget £000s</i>	<b>Collection fund summary</b>	<i>Actual £000s</i>	<i>Variance £000s</i>
		<b>Council tax</b>		
53,797	53,797	Expenditure	53,120	(677)
(53,797)	(53,797)	Income	(54,570)	(773)
		<b>Business improvement district</b>		
656	656	Expenditure	755	99
(656)	(656)	Income	(646)	10
		<b>National non-domestic rate</b>		
77,698	77,698	Expenditure	78,061	363
(77,698)	(77,698)	Income	(75,898)	1,800
<b>0</b>	<b>0</b>	<b>Total collection fund</b>	<b>822</b>	<b>822</b>

17. The council tax year-end surplus is £1.45m which will be taken into account in considering distribution of balances between the preceptors (city, county, and police) in the future. The council's share of this is approximately £200k (14%).

18. On the BID account a £109k deficit is shown. The council operates the BID account on behalf of the BID company, so no surplus or deficit will fall on the council's accounts – this figure appears only because the BID year differs from the council's financial year.

19. On the NNDR account, a £2.164m deficit has been incurred in 2014-15 which will roll forward and be distributed in the 2015-16 budget cycle. The council's share of this deficit is £865k. This sum will be offset in 2015-16 by s31 grant held in the earmarked reserve for this purpose.

## Integrated impact assessment



**NORWICH**  
City Council

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	
<b>Head of service:</b>	Chief Finance Officer
<b>Report subject:</b>	Revenue Budget Monitoring 2014-15
<b>Date assessed:</b>	12/06/15
<b>Description:</b>	This is the integrated impact assessment for the Revenue Budget Monitoring 2014-15 report to cabinet

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy.

Recommendations from impact assessment	
<b>Positive</b>	
None	
<b>Negative</b>	
None	
<b>Neutral</b>	
None	
<b>Issues</b>	
The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.	

## Budget Monitoring Summary

Year: 2014-15

Outturn Period: 13 (EOY)

**GENERAL FUND SERVICE SUMMARY**

<i>Approved Budget</i>	<i>Final Budget</i>		<i>Budget</i>	<i>Actual</i>	<i>Removal of Unbudgeted Accounting adjustments*</i>	<i>Revised Actual</i>	<i>Revised Variance</i>
<b>Business Relationship Management &amp; Democracy</b>							
1,648,349	1,793,700	Business Relationship Management	1,793,700	1,426,376	(78,183)	1,348,193	(445,507)
303,787	229,444	Democratic Services	229,444	269,109	9,613	278,722	49,278
(20,196,083)	(20,181,053)	Finance	(20,181,053)	(17,884,088)	(1,500,789)	(19,384,877)	796,176
33,733	(294,218)	Procurement & Service Improvement	(294,218)	0	(260,485)	(260,485)	33,733
<b>(18,210,214)</b>	<b>(18,452,127)</b>	<b>Total Business Relationship Management &amp; Democracy</b>	<b>(18,452,127)</b>	<b>(16,188,603)</b>	<b>(1,829,844)</b>	<b>(18,018,447)</b>	<b>433,680</b>
<b>Chief Executive</b>							
0	0	Chief Executive	0	(12)	0	(12)	(12)
<b>0</b>	<b>0</b>	<b>Total Chief Executive</b>	<b>0</b>	<b>(12)</b>	<b>0</b>	<b>(12)</b>	<b>(12)</b>
<b>Customers, Comms &amp; Culture</b>							
2,525,619	2,325,357	Communications & Culture	2,325,357	2,088,196	178,858	2,267,054	(58,303)
(116,196)	(168,617)	Customer Contact	(168,617)	(31,304)	(27,446)	(58,750)	109,867
<b>2,409,423</b>	<b>2,156,740</b>	<b>Total Customers, Comms &amp; Culture</b>	<b>2,156,740</b>	<b>2,056,892</b>	<b>151,412</b>	<b>2,208,304</b>	<b>51,564</b>
<b>Regeneration &amp; Development</b>							
(965,936)	(954,804)	City Development	(954,804)	(2,352,525)	969,878	(1,382,647)	(427,843)
(3)	(1)	Environmental Strategy	(1)	0	0	0	1
0	0	Executive Head of Regeneration &	0	(12)	0	(12)	(12)
1,743,316	1,743,036	Planning	1,743,036	1,269,939	118,291	1,388,230	(354,806)
125,419	252,319	Property Services	252,319	251,949	0	251,949	(370)
<b>902,796</b>	<b>1,040,550</b>	<b>Total Regeneration &amp; Development</b>	<b>1,040,550</b>	<b>-830,649</b>	<b>1,088,169</b>	<b>257,520</b>	<b>(783,030)</b>
<b>Strategy, People &amp; Neighbourhoods</b>							
9,978,887	10,006,606	Citywide Services	10,006,606	9,348,582	335,155	9,683,737	(322,869)
(4)	(5,100)	Human Resources	-5,100	0	0	0	5,100
2,654,201	2,661,895	Neighbourhood Housing	2,661,895	2,116,421	96,363	2,212,784	(449,111)
2,229,016	2,435,505	Neighbourhood Services	2,435,505	2,195,834	127,500	2,323,334	(112,171)
35,895	153,885	Strategy & Programme Management	153,885	196	31246.02	31,442	(122,443)
<b>14,897,995</b>	<b>15,252,791</b>	<b>Total Strategy, People &amp; Neighbourhoods</b>	<b>15,252,791</b>	<b>13,661,033</b>	<b>590,264</b>	<b>14,251,297</b>	<b>(1,001,494)</b>
<b>0</b>	<b>(2,046)</b>	<b>Total General Fund</b>	<b>(2,046)</b>	<b>(1,301,339)</b>	<b>0</b>	<b>(1,301,339)</b>	<b>(1,299,293)</b>

**GENERAL FUND SUBJECTIVE SUMMARY**

<i>Approved Budget</i>	<i>Final Budget</i>		<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
17,366,808	17,532,262	Employees	17,532,262	19,813,341	2,281,079
8,577,187	8,522,187	Premises	8,522,187	10,043,573	1,521,386
314,000	313,998	Transport	313,998	246,391	(67,607)
15,884,736	15,832,884	Supplies & Services	15,832,884	14,279,442	(1,553,442)
7,784,578	7,497,232	Third Party Payments	7,497,232	7,280,145	(217,087)
94,462,444	94,462,444	Transfer Payments	94,462,444	90,627,910	(3,834,534)
3,685,062	3,685,062	Capital Financing	3,685,062	(898,953)	(4,584,015)
0	15,030	Rev Contribs to Capital	15,030	0	(15,030)
(55,000)	0	Savings Proposals	0	0	0
(23,185,762)	(22,831,002)	Receipts	(22,831,002)	(23,075,881)	(244,879)
(118,033,744)	(118,117,443)	Government Grants	(118,117,443)	(113,871,519)	4,245,924
1,304,093	1,304,093	Centrally Managed	1,304,093	1,351,485	47,392
17,496,584	17,552,192	Recharge Expenditure	17,552,192	15,867,155	(1,685,037)
(25,600,986)	(25,770,985)	Recharge Income	(25,770,985)	(22,964,428)	2,806,557
<b>0(2,046)</b>	<b>Total General Fund</b>		<b>(2,046)</b>	<b>(1,301,339)</b>	<b>(1,299,293)</b>

\*At year end a number of accounting adjustments are put through as part of preparing the council's annual accounts. A large number of these are not budgeted for and net to zero across the cost centres. Actual outturn figures including year end adjustments are reported above but in addition revised variances, excluding these transactions, are reported to show more clearly under and overspends against budget.

# Budget Monitoring Report      Year: 2014-15    Outturn Period: 13 (EOY)

## HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

<i>Approved Budget</i>	<i>Final Budget</i>		<i>Budget</i>	<i>Actual</i>	<i>Removal of Unbudgeted Accounting adjustments*</i>	<i>Revised Actual</i>	<i>Revised Variance</i>
15,923,170	15,923,170	Repairs & Maintenance	15,923,170	15,313,943		15,313,943	(609,227)
6,178,443	6,178,443	Rents, Rates, & Other Property Costs	6,178,443	6,568,041		6,568,041	389,598
11,382,720	11,372,054	General Management	11,372,054	9,859,978	320,399	10,180,377	(1,191,677)
5,628,948	5,718,660	Special Services	5,718,660	4,998,613	113,936	5,112,549	(606,111)
21,924,793	21,924,793	Depreciation & Impairment	21,924,793	20,824,991	979,163	21,804,154	(120,639)
941,000	941,000	Provision for Bad Debts	941,000	118,197		118,197	(822,803)
(58,915,983)	(58,915,983)	Dwelling Rents	(58,915,983)	(58,766,455)		(58,766,455)	149,528
(1,951,186)	(1,951,186)	Garage & Other Property Rents	(1,951,186)	(2,225,169)		(2,225,169)	(273,983)
(9,643,814)	(9,643,814)	Service Charges - General	(9,643,814)	(9,025,552)		(9,025,552)	618,262
0	0	Miscellaneous Income	0	(76,878)		(76,878)	(76,878)
9,382,073	9,305,073	Adjustments & Financing Items	9,305,073	18,270,105	(1,413,498)	16,856,607	7,551,534
(700,164)	(700,164)	Amenities shared by whole community	(700,164)	(686,597)		(686,597)	13,567
(150,000)	(150,000)	Interest Received	(150,000)	(222,951)		(222,951)	(72,951)
<b>0</b>	<b>2,046</b>	<b>Total Housing Revenue Account</b>	<b>2,046</b>	<b>4,950,266</b>	<b>0</b>	<b>4,950,266</b>	<b>4,948,220</b>

## HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

<i>Approved Budget</i>	<i>Final Budget</i>		<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
6,467,099	6,472,099	Employees	6,472,099	7,182,287	710,188
25,086,833	25,163,833	Premises	25,163,833	24,261,183	(902,650)
122,263	122,263	Transport	122,263	129,261	6,998
3,997,007	3,925,114	Supplies & Services	3,925,114	2,293,408	(1,631,706)
348,001	350,047	Third Party Payments	350,047	318,881	(31,166)
5,847,385	5,914,278	Recharge Expenditure	5,914,278	5,701,019	(213,259)
1,167,846	1,167,846	Capital Financing	1,167,846	7,835,982	6,668,136
(71,877,097)	(71,877,097)	Receipts	(71,877,097)	(71,644,391)	232,706
(221,256)	(221,256)	Government Grants	(221,256)	(150,500)	70,756
(1,021,221)	(1,021,221)	Recharge Income	(1,021,221)	(1,001,553)	19,668
17,035,000	16,958,000	Rev Contribs to Capital	16,958,000	16,958,000	0
13,048,140	13,048,140	Capital Financing	13,048,140	13,066,689	18,549
<b>0</b>	<b>2,046</b>	<b>Total Housing Revenue Account</b>	<b>2,046</b>	<b>4,950,266</b>	<b>4,948,220</b>

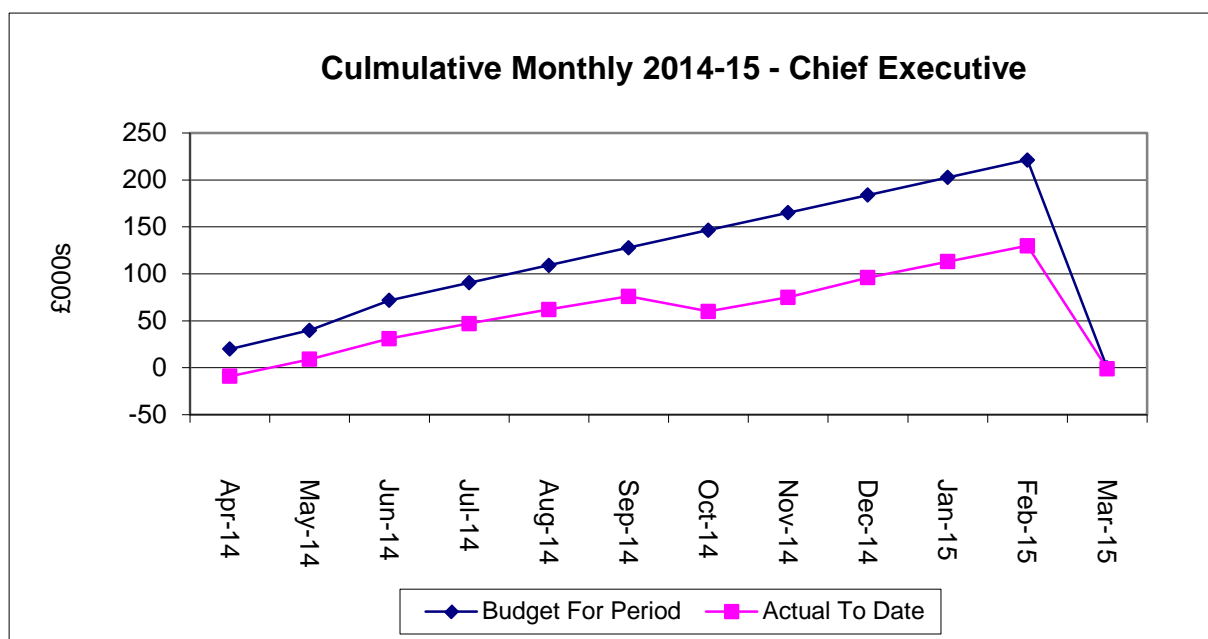
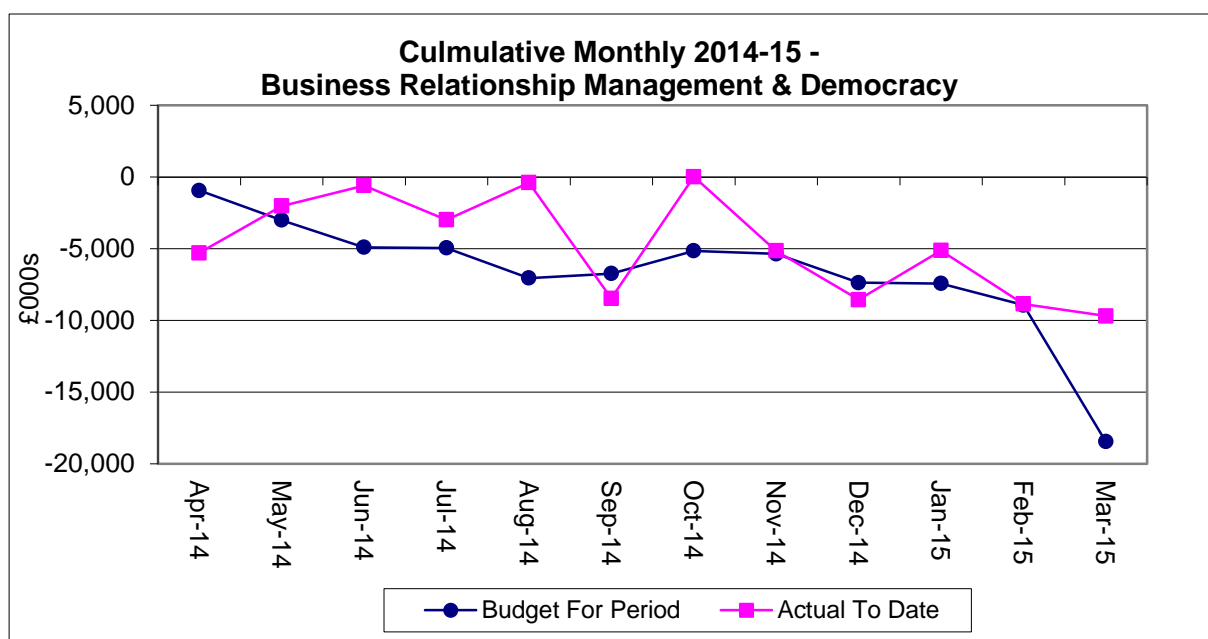
\*At year end a number of accounting adjustments are put through as part of preparing the council's annual accounts. A large number of these are not budgeted for and net to zero across the cost centres. Actual outturn figures including year end adjustments are reported above but in addition revised variances, excluding these transactions, are reported to show more clearly under and overspends against budget.

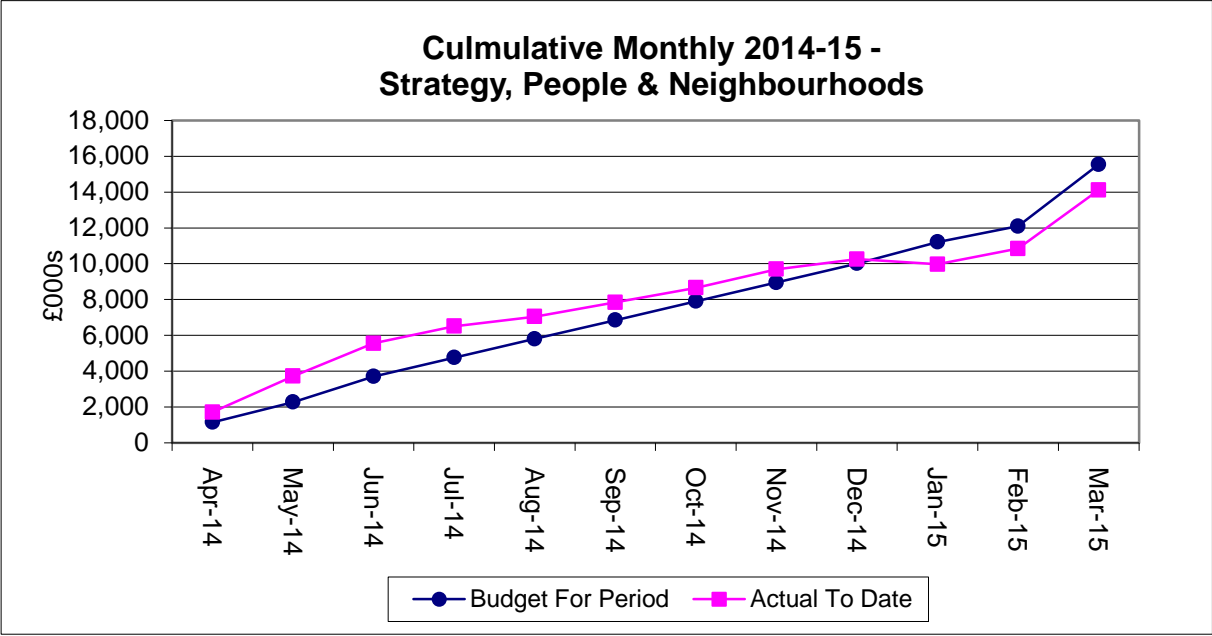
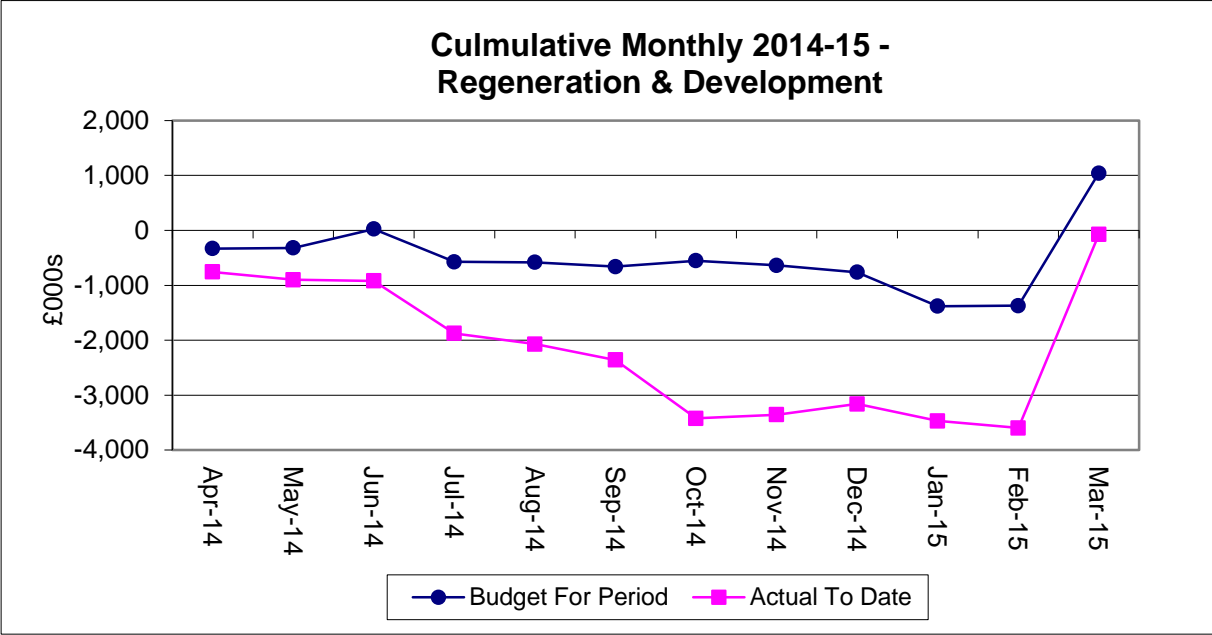
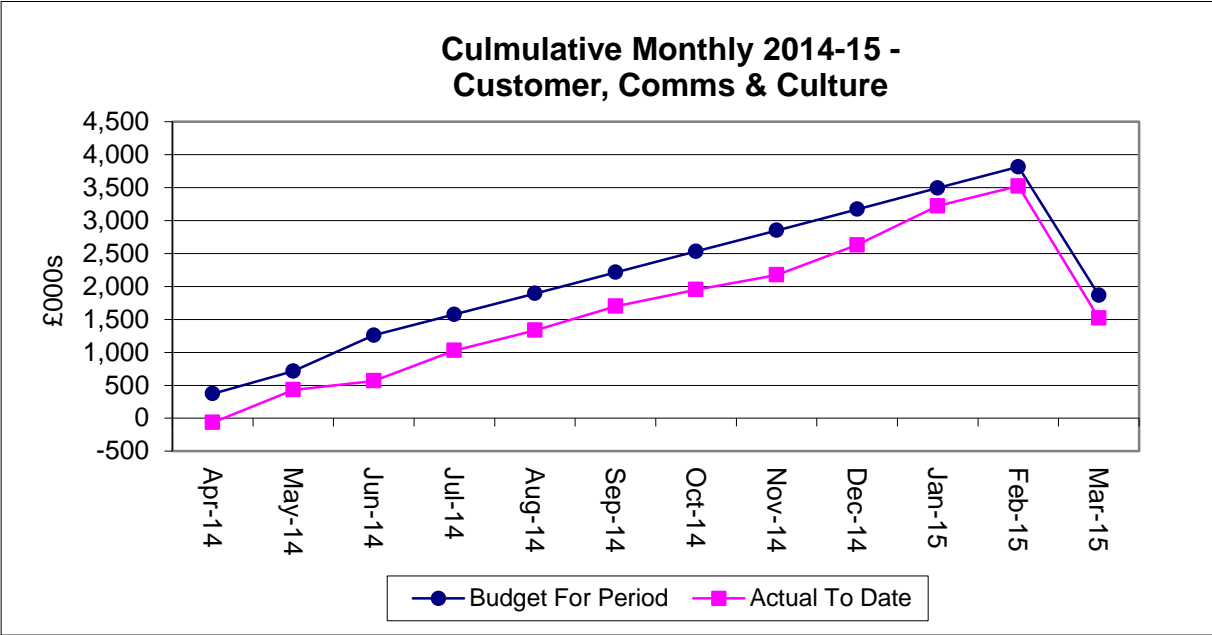
## Budget & Expenditure – Monthly by Service Graphs

The following graphs show the monthly budget profile and income/expenditure to date for each service (both General Fund and Housing Revenue Account) for the financial year.

The actual income/expenditure reported is influenced by accrual provisions brought forward from the previous financial year, and by any delays in invoicing and/or payment.

Budgets are profiled to show the expected pattern of income & expenditure, and will be refined and improved during the course of the financial year.





Culmulative Monthly 2014-15 Norwich City Council (Revenue)

