

Cheltenham Borough Council

Cabinet – 15 July 2014

Council – 21 July 2014

Financial outturn 2013/14 and budget monitoring to May 2014

Accountable member	Councillor John Rawson, Cabinet Member for Finance
Accountable officer	Mark Sheldon, Director of Resources
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	No
Executive summary	<p>In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance. This report highlights the Council's financial performance for the previous year which sets out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2013/14. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2013/14.</p> <p>Financial rule B10.1 states that carry forward of planned underspend of revenue budgets into the following financial year will only be allowed with the agreement of the Section 151 Officer, in order to meet the needs of approved service delivery. Financial rule B10.3 states that all other carry forward requests, including budget underspends that have been carried forward in previous financial years, will be subject to full Council approval at the financial outturn meeting held after the year end.</p> <p>The Council's Treasury Management Policy requires the Section 151 Officer to report to members annually, by the 30th September, on the treasury management activities and prudential indicators for the previous financial year. This report also seeks to meet this requirement.</p>
Recommendations	<p>We therefore recommend that Cabinet approve the following recommendations to Council:</p> <ol style="list-style-type: none">1. That Council receive the financial outturn performance position for the General Fund, summarised at Appendix 2, and note that services have been delivered within the revised budget for 2013/14 resulting in a saving (after carry forward requests) of £489,998.2. That furthermore Council:<ol style="list-style-type: none">2.1 Approve £327,500 of carry forward requests (requiring member approval) at Appendix 5.2.2 Approve the use of the budget saving of £489,998 as detailed in Section 3.3. Note the annual treasury management report at Appendix 7 and

approve the actual 2013/14 prudential and treasury indicators.

4. Approve the revision to the Treasury Management policy to reflect the revised borrowing facility to support the newly created Leisure and Cultural Trust (Appendix 7).
5. Note the capital programme outturn position as detailed in Appendix 8 and approve the carry forward of unspent budgets into 2014/15 (section 9).
6. Note the position in respect of Section 106 agreements and partnership funding agreements at Appendix 10 (section 10).
7. Note the outturn position in respect of collection rates for council tax and non-domestic rates for 2013/14 in Appendix 11 (section 11).
8. Note the outturn position in respect of collection rates for sundry debts for 2013/14 in Appendix 12 (section 12).
9. Receive the financial outturn performance position for the Housing Revenue Account for 2013/14 in Appendices 13 to 14 (section 13).
10. Delegate to the Section 151 Officer the power to act as accountable officer for the transformational challenge funding, as outlined in section 14.
11. Note the budget monitoring position to the end of May 2014 (section 15).

Financial implications	As detailed throughout this report. Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154
Legal implications	None directly arising from the report recommendations. Contact officer: Peter Lewis, Peter.Lewis@tewkesbury.gov.uk, 01684 272012
HR implications (including learning and organisational development)	Employee capacity must be kept under review to ensure that any additional work is adequately resourced. Contact officer: Julie McCarthy, Julie.mccarthy@cheltenham.gov.uk, 01242 264355
Key risks	As outlined in Appendix 1.
Corporate and community plan Implications	Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Business Plan.
Environmental and climate change implications	None.

1. Background

- 1.1 This report draws together the financial outturn position for 2013/14 for the General Fund and Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements, summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers and those requiring member approval and makes recommendations in respect of the use of the budget saving.
- 1.2 In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance.
- 1.3 A summary of the actual General Fund outturn position by service is contained in Appendix 2.
- 1.4 A summary of the outturn position by cost centre within each service is contained in Appendix 3. Information is presented both in the format normally used in cabinet and council papers and also in Service Reporting Code of Practice (SeRCOP) format used in the preparation of the final accounts which requires under / overspends on support services cost centres to be charged to end user cost centres.

2. General Fund Revenue Outturn 2013/14

- 2.1 The budget monitoring report to the end of November 2013 projected an underspend for the year of £444,600. The Cabinet made recommendations to full Council at the budget setting meeting for the use of this underspend which was approved in February 2014 and formed part of the revised budget for 2013/14.
- 2.2 It is pleasing to report that the Council has delivered services within the resources available, resulting in a budget saving, after carry forward requests, of £489,998 against the revised budget. This figure represents less than one percent of the Council's total gross general fund budget, showing how robust the Council's financial management is. This saving has been transferred to the carry forward reserve pending decisions over its use in 2014/15.
- 2.3 A number of savings are the result of delays or slippage in carrying out particular tasks which are still necessary and will need to be completed in the 2014/15 financial year. Where this applies, requests for carry forwards are documented in Appendix 5 to this report.
- 2.4 A full explanation of all variances that exceed £50,000 is contained within Appendix 4.

3. Making use of revenue budget savings

- 3.1 The Cabinet is proposing to the Council that we use the budget savings totalling £489,998 for a number of specific, focused purposes which will potentially deliver lasting benefits, namely; strengthening our organisation; protecting our heritage by starting a War Memorial Restoration and Education Project; exploring the potential for promoting renewable energy; and strengthening our reserves.

Strengthening the organisation

- 3.2 It is proposed to earmark £100,000 from the revenue budget savings to assist the ICT upgrade strategy. The Council is already investing substantially in upgrading systems and equipment as part of a five year plan. However, members will be aware there have been problems with the ICT service, mainly caused by limited resources being split between day to day support and the infrastructure upgrade programme. The result of this is that some important work has been delayed. The additional funding will be used to provide additional resources in the ICT support and project delivery teams. It will also provide some specialist resources to ensure best practice industry standards are adopted throughout the upgraded infrastructure. The view of Cabinet and officers is that these additional resources are needed to ensure that the upgrade process is carried out smoothly, with the necessary support being in place, and delivered within an

acceptable timescale. Otherwise the Council will not get the full benefit of the investment being made.

- 3.3** It is proposed to earmark £40,000 to help deliver the Regulatory and Environmental Services Transformation (REST) project, which is intended to deliver revenue budget savings of around £150,000 a year from 2015/16 onwards. This project will include process re-engineering (system thinking) to streamline business processes, using consultancy support to challenge existing methods and leading to recommendations for any required structure changes. As this will involve some front line staff inputting to the project, an element of the funding may be required for temporary backfilling.
- 3.4** It is proposed to earmark £30,000 to procure an information system for administering the garden waste scheme. Since charges were introduced, we have been using a system developed by Tewkesbury Borough Council. The system is operating on unsupported software, which cannot operate in the Windows 7 environment to which the Council is upgrading. The intention is to acquire a replacement system which is simple to run and more versatile than the current system and will allow for future improvements to service delivery and customer experience. For example, the proposed system will have the potential capability to feed information to in-cab equipment, making it easier to manage garden waste collection. The garden waste service is a significant source of income to the Council, approaching £500,000 a year.
- 3.5** It is proposed to earmark £66,000 for two additional items of expenditure in respect of the Cheltenham Leisure Trust in order to help strengthen the new organisation. £33,000 is required to procure a cash receipting system for the Trust, as it will no longer be able to share the Council's system. A further £33,000 is required to provide additional management support for the Trust at a challenging time as it prepares to go "live" later in the year.
- 3.6** Last year Cheltenham and Gloucester councils, as shareholders in Gloucestershire Airport, received a consultant report from York Aviation about the commercial future of the Airport. This piece of work was entirely funded by Gloucester City Council. Arising from the report, which suggested that improvements could be made in the management of the airport including the structure of the board, the two councils have agreed to carry out a further piece of work on corporate governance and strategic business plan development, with the cost being shared between them. It is proposed that £35,000 be earmarked to pay for Cheltenham's half share of the cost of this further work.

Protecting our heritage – the War Memorial Restoration and Education Project

- 3.7** The War Memorial in the Promenade is in a poor condition, especially the cenotaph where the names of the World War 1 fallen are crumbling away. If the Council is going to do anything about the War Memorial, this is the right time to do so, with the centenary of the outbreak of World War 1 coming up at the end of July/early August.
- 3.8** Council officers have drawn up a £450,000 scheme to restore the memorial and also create an information board and information app for visitors. Some of the work, to improve paving and lighting, is being undertaken shortly by using £50,000 from planned maintenance. The Cabinet is now proposing that the Council launches a war memorial restoration and education project, to be entitled *Cheltenham Remembers*. The Council is recommended to allocate another £100,000 from 2013/14 budget savings to the project, over and above the £50,000 already committed, and then to seek to raise the remaining £300,000 from grant-giving bodies, sponsors and donors.

Promoting renewable energy

- 3.9** It is proposed to earmark £22,000 to carry out a feasibility study into the potential for creating a solar PV farm on council-owned land.
- 3.10** The purpose of the feasibility study would be to assess the preferred site's financial feasibility in terms of Return on Investment and other criteria as agreed with CBC. It would also offer recommendations for progressing the project to the subsequent stages of development,

engineering design, procurement and construction. The Council would then be in a stronger position to negotiate a joint venture with potential commercial partners.

- 3.11** Before this piece of work could commence, it would be subject to a report being presented to the Cabinet, identifying one or more potential sites and also identifying any planning and ownership/tenancy issues which may affect the feasibility of the project.

Strengthening general fund balances

- 3.12** In previous budget statements to the Council, the Cabinet Member for Finance has said that if possible he would propose a strengthening of general fund balances in the outturn report. It is therefore recommended that the balance of the 2013/14 budget saving of £96,998 be transferred to general fund balances.
- 3.13** Strengthening the general fund balances will give the Council more flexibility to pump-prime projects and initiatives which will deliver future savings at a time when we are facing such severe and ongoing cuts to our spending power.
- 3.14** The 2020 Vision for Joint Working with our GO partner councils is one strand of our future thinking for delivering savings which may need pump-priming funds, over and above the transformation grant awarded by Government. The principal efficiency savings that we can potentially achieve through the 2020 Vision will be gained by amalgamating services and thereby delivering reductions in operational costs.

4. Budget carry forward requests

- 4.1** At the year end, a number of budget holders requested 'carry forward' of unspent budgets. Requests fall into two categories and have been dealt with as follows:
- 4.2** Some requests are in respect of goods and services ordered but not received by 31st March 2014. Some relate to items of expenditure not yet incurred due to slippage in work programmes but still planned to be spent in line with the original intention of the budget. Others are amounts of grant funding which have been allocated but not yet been taken up by their intended beneficiaries. In line with previous practice, these have been reviewed by the Senior Leadership Team (SLT) and approved by the Section 151 Officer, under delegated powers (financial rule B10.1). A list of the approved carry forward of budgets totalling £610,000, for which expenditure is in line with the original approved purpose, is contained in Appendix 5. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a 'carry forward' reserve in 2013/14 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2014/15 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2014/15.
- 4.3** Some requests have been made to carry forward an underspend to be used in a different way to that for which the budget was originally intended. Since this falls outside the budget set by Council in February 2013, their alternative use requires council approval (financial rule B10.3). The list contained in Appendix 5, totalling £327,500, has been reviewed and supported by the Senior Leadership Team and now requires council approval.

5. Treasury Management / Prudential Indicators

- 5.1** Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services. This Council has adopted the code and complies with its requirements, one of which is the receipt by Cabinet and Council of an Annual Review Report after the financial year end.
- 5.2** The detailed treasury report, as approved by the Treasury Management Panel at its meeting on 9th June 2014, is attached at Appendix 7.

5.3 The prudential indicators have been monitored regularly and there were no material departures from the indicators arising during the year. The outturn indicators are reported to Cabinet and Council as part of the capital and treasury management outturn in accordance with the arrangements determined at the February 2013 council meeting.

6. Business Rates Retention Scheme (BRRS)

6.1 The Business Rates Retention Scheme was introduced on 1st April 2013. Under the Scheme, the Council retains some of the business rates raised locally. The business rates yield is divided - 50% locally and 50% to the Government. The Government's share is paid into a central pool and redirected to local government through other grants. Of the 50% local share, the district councils' share has been set at 80%, with the County Council's share being 20%. A tariff is applied to reduce the local share to a baseline funding level set by the Government. Where the value of retained business rates exceeds the baseline funding level, 50% of the surplus is paid over to the Government as a levy; the remaining 50% can be retained by the Council

6.2 In order to maximise the value of business rates retained within Gloucestershire, the Council entered into the Gloucestershire Business Rates Pool. Being a part of the Pool has the benefit of reducing the levy from 50% to 19%. Any surpluses generated by the Pool are allocated in accordance with the governance arrangements agreed by the Gloucestershire councils.

6.3 The Gloucestershire Chief Finance Officers have monitored the financial performance of the business rates pool during 2013/14 and the performance of the pool has exceeded expectations.

6.4 A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the 2010/11 financial year (occasionally 2005/06) which reduces the business rates yield in the year in which the refund is made.

6.5 In the Autumn Statement, there was recognition of the problem being faced by local authorities in terms of forecasting business rate yields over the medium term, due to the level of uncertainty surrounding business rate appeals. A commitment has therefore been made that the backlog of valuation appeals will be cleared by Valuation Office by July 2015.

6.6 The Autumn Statement included an extension to the Small Business Rate Relief from 50% to 100% for a further year as well as introducing a new £1,000 discount for small business with a rateable value below £50,000. The cost of these reliefs to the Council will be met fully by the Government through section 31 grants.

6.7 One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the Department for Communities and Local Government (DCLG). The NNDR1 return was submitted DCLG by the deadline of 31st January 2013 and the budget was based on the figures within that return.

6.8 In January 2014, the DCLG provided late notification that they were also paying out section 31 grants as part of the Business Rates Retention Scheme (BRRS) in respect of 2013/14. This payment represented compensation for the loss of income to councils, arising as a result of the Government's decision to give extra rate relief to small businesses (net of the additional levy payment back to Government). This represents one-off windfall income in 2013/14 as this information was not required when we were asked to complete the NNDR1's in January 2013. It was, however, reflected in the revised budget approved by Council in February 2014. DCLG have ensured that this data is captured within the NNDR1 for 2014/15 and to a limited extent it has been built into the budget forecasts for 2014/15.

6.9 The table below reflects the actual performance against budget with an overall adverse variance of £45,981.

	Budget	Actual	Variance
Redistributed Business Rates	(20,596,291)	(20,950,158)	(353,867)
Tariff	18,368,637	18,368,637	-
Contribution from Provision	(186,169)	(186,000)	169
Safety Net Payment	(68,417)	-	68,417
Retained Business Rates	(2,482,240)	(2,767,521)	(285,281)
Section 31 Grants	(255,000)	(426,407)	(171,407)
Retained Income	(2,737,240)	(3,193,928)	(456,688)
Levy paid over to Government	-	262,844	262,844
Pool Surplus distribution	-	(114,042)	(114,042)
Sub-Total	(2,737,240)	(3,045,126)	(307,886)
Surplus carried forward to 2014/15	-	353,867	353,867
Total	(2,737,240)	(2,691,259)	45,981

6.10 The only reason for the adverse variance is the timing for accounting for surpluses. Overall, the Council has overachieved from BRRS in 2013/14 by £307,866, but due to the Government being unable to change primary legislation in time, the Council will not receive the benefit of this surplus until the 2014/15 financial year. Perversely, however, the Government gets to account for its share of the surplus via a levy in 2013/14

6.11 The impact of this accounting surplus is reflected within Section 16.

6.12 The move to local business rates retention appears to be a positive one, but local authorities have faced a series of obstacles in trying to make it a success. The Government naturally wishes to make sure that the system is fair and that there is a balance between incentives and managing risks, but it is nearly a year since business rates retention was introduced and the rules are still changing. Local authorities have been inundated with various regulation updates yet we are still struggling to get access to critical information, such as the likely outcome of appeals against business rates.

6.13 Given the volatility surrounding business rates and the risk of a deficit due to the number of appeals still outstanding; the Cabinet is minded not to assume that all this additional income can be built into baseline funding. We will review the position in October 2014 in the light of the performance in the first 6 months of 2014/15.

7. Capital Strategy

7.1 The realisation of £7.8 million from the disposal of the North Place and Portland Street sites makes it possible to reconsider our Capital Programme and carry out a number of projects that would not otherwise be possible. A 'long list' of projects has been compiled by the Cabinet and officers, which is shown at Appendix 9.

7.2 As this list substantially exceeds the resources currently available, it will be necessary to appraise

the individual projects to establish a priority order, with a view to bringing forward a list of projects to be approved for funding at the October meeting of Council. This will also give the opportunity to council members, particularly the Budget Scrutiny Working Group, to scrutinise the list and put forward their own views and ideas; and for the Cabinet to take them into account. By putting the list of bids in the public domain, the Council will also be giving an opportunity for the wider public to express their views about the projects, some of which have important long-term implications for the future of the town.

7.3 In bringing forward firm recommendations to Council in October, the Cabinet will have particular regard to the following considerations:

- The need to complete the Civic Pride scheme and deliver our aspirations for regenerating the town centre. If the Cheltenham Transport Plan is approved, there is a commitment on the part of the Council to carry out substantial public realm improvements, including a new public square at the present Boots Corner site.
- The need to advance the accommodation strategy in order to relocate the council offices to more modest and less costly accommodation and make substantial savings in our costs.
- The need to invest in revenue generating schemes that can help close the residual funding gap in the Medium Term Financial Strategy. The proposed redevelopment of the Town Hall is potentially among these, and further work is being done to investigate the feasibility and cost of this scheme and the likely financial benefits.
- The need to maintain services that are particularly important to the people of Cheltenham. Particular attention will be paid to the possible need for new investment in the crematorium, in the light of the problems that have occurred there in recent months.
- The need to invest in basic amenities such as parks and gardens and car parks.

8. Reserves

8.1 The Section 151 Officer has, under delegated powers (financial rule B11.4), authority to make transfers to and from these operational reserves in accordance with the intention of the reserve as determined by the Council's Reserves Policy and Protocol. The transfers approved by the Section 151 Officer for 2013/14 are set out in the Use of Reserves and Balances schedule at Appendix 6.

8.2 Appendix 6 also details the reserves held by the Council, states their purpose and indicates the balance at 31st March 2014. In setting the budget for 2014/15 a review of reserves was undertaken to assess whether the levels were appropriate and in line with the policy for reserves and balances; and also whether they took into account the needs and risks of the organisation and the prevailing economic conditions. At the year end this process has been repeated.

8.3 An assessment of the Council's other earmarked reserves has been made in line with the fiduciary duty of the Section 151 Officer at the year end. Accepting that there are still some areas of uncertainty, the level of reserves appears adequate at this point in time and no other changes are currently recommended.

8.4 The level of maximum individual reserve balances were reviewed in February 2013, as part of the budget setting process. At 31st March 2013, most reserves are within these specific maximum levels.

8.5 It is important to understand and consider that there is an opportunity cost in maintaining reserves. Members will be aware that reserves exist for specific 'earmarked' and valid purposes which are regularly reviewed. Over time, it is anticipated that these reserves will be used for the purpose for which they were set aside. Hence the opportunity cost of holding these reserves at existing or slightly above existing levels is either justified or insignificant.

8.6 At the year end, the General Fund Balance stands at £1.752m and therefore remains above the minimum range of £1.5m to £2m recommended by the Section 151 Officer. Given the continued prevailing economic conditions and the pressure on the current and future year's revenue budgets, it is recommended that this should be increased by £96,998 as detailed in paragraphs 3.12 to 3.14 above.

9. Capital Outturn 2013/14

9.1 The outturn position in respect of General Fund capital is contained in Appendix 8. Members are asked to note the outturn position and, where there is slippage, approve the carry forwards into 2014/15 requested by officers.

10. Section 106 receipts

10.1 A position statement in respect of the activity of Section 106 receipts is contained in Appendix 10.

10.2 The following summarises the activity in respect of Section 106 for 2013/14, compared to 2012/13.

	2012/2013	2013/2014
Balance of unused Section 106 receipts	530,641	544,203
Net additional receipts in year	131,325	92,522
Receipts used to finance projects in year	(117,763)	(63,404)
Balance outstanding at year end	544,203	573,321

11. Council tax and business rates collection

11.1 The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 11. This shows the position at the end of March 2014.

12. Sundry debt collection

12.1 The monitoring report for the collection of sundry debt income is shown in Appendix 12. This shows the position at the end of March 2014.

13. Housing Revenue Account (HRA)

13.1 HRA income and expenditure

The revised estimates for the HRA anticipated a deficit for the year of £23,100 leaving a balance of £3,538,800 in revenue reserves at 31st March 2014.

13.2 The outturn statement at Appendix 13 shows a surplus for the year of £642,777, a net positive variance of £665,877, increasing revenue reserves to £4,204,594 at year end.

The variance arose primarily from:-

Cost Category	£'000
Savings in estate management - grounds maintenance, gas & electricity costs	57
Reduced spend on repairs & maintenance	49
Reduction in the need to provide for bad debts – no significant increase in arrears despite rent increase	81
No requirement for revenue funding of capital expenditure – reduced capital spend (see paragraph 14.4 below)	579
Reduction in dwelling rent income – additional RTB sales and higher void levels	(28)
Other net variances	(72)
Total Variance	666

13.3 Major Repairs Reserve (Appendix 14)

In accordance with regulations this reserve is funded by sums equivalent to the depreciation provision and can be used to finance HRA capital expenditure..

13.4 HRA Capital Programme (Appendix 14)

Appendix 14 shows actual spend of £6.363m compared to the revised estimate of £7.091m, a reduction of £728,000. This variation arose primarily from project delays due to adverse weather conditions (£581,000) and a revised presentation of the HRA contribution to ICT infrastructure (£200,000). The delayed projects will be completed in 2014/15 and the funding set aside for this expenditure is carried forward in the revenue reserve. The ICT expenditure is now wholly held in the General Fund with capital receipts generated from HRA asset disposals being used to fund part of the overall cost (£50,000 in 2013/14).

14. Transformational challenge funding

- 14.1** The Council is working with its GOSS partners to consider how they might work more closely in future. It has plans to create a new employment model for delivering services and sharing resources whilst delivering savings back to each council. The partnership received £500k in transformational challenge funding from DCLG which was paid to Cheltenham Borough Council to act as 'banker'. As such, the Council will act as the Accountable Body for the use of the money and will be obliged to operate within such parameters as are set by DCLG. As this will be a separate ring-fenced budget to the Council's existing budgets, it is recommended that the Council delegate to the Section 151 Officer the power to act as accountable officer for it.

15. 2014/15 Revenue and Capital budget monitoring to May 2014

- 15.1** Due to the pressures of the year end process a detailed monitoring exercise has not been undertaken at this point in the year. However, two significant variances have been identified by

service managers at this stage.

- 15.2** As detailed in Section 6, the move to local business rates retention appears to be a positive one for this Council. The impact on the 2014/15 budget from the surplus generated in 2013/14 is reflected in the following table:

	Current Budget	Revised Position	Variance
Redistributed Business Rates	(21,606,794)	(21,606,794)	-
Tariff	18,726,467	18,726,467	-
Levy paid over to Government	558,676	558,676	-
Retained Business Rates	(2,321,651)	(2,321,651)	-
Section 31 Grants	(1,008,103)	(948,103)	60,000
Retained Income	(3,329,754)	(3,269,754)	60,000
Surplus brought forward from 2013/14	-	(353,867)	(353,867)
Total	(3,329,754)	(3,623,621)	(293,867)

- 15.3** The net positive variance for business rates in 2014/15 is estimated at this stage to be £294k which takes account of the surplus achieved in 2013/14 less an adjustment on Section 31 Grants as a result of the doubling of the small business rate relief.

- 15.4** As has been previously recognised, following the Council's disposal of its interest in North Place and Portland Street car parks, there is anticipated to be a shortfall in net car parking revenue until the new facility is completed. To protect against this volatility Cabinet has previously created an earmarked equalisation reserve to cushion the impact of fluctuating income levels. The reserve stands at £350k which equates to the rental income the Council will receive when the new facility is created on North Place. Forecasting current car parking income levels to the end of 2014/15 indicates a shortfall in income of around £505k. However this will be offset by savings in business rates totalling £184k for the two sites, resulting in a net shortfall of £321k which can be funded from the equalisation reserve if required. The income stream will continue to be monitored and a more detailed position presented as part of the Budget Monitoring position to the end of August 2014.

16. Section 151 Officer advice

- 16.1** The Government expects councils to make a significant contribution to reducing the national budget deficit and the Council will continue to face an unprecedented public sector funding squeeze over the next few years. Future budgets are likely to contain some difficult decisions and may require some sources of 'one off' finance to enable savings to be delivered through efficiency savings and cost / staffing reductions. In this situation, any opportunity to fund future investment requirements from one off sources rather than impacting on future year's budgets should be taken.

- 16.2** In agreeing the recommendations, members need to be mindful of the prevailing challenging financial climate and in view of the budget pressures already potentially facing the Council in the current year, to ensure that any carry forwards recommended for approval (even those for which the Section 151 Officer has the delegation to approve) are the most effective use of scarce

resources.

17. Conclusion

- 17.1** The outturn position for 2013/14 demonstrates that, despite another challenging year, the Council has managed to deliver services within budget. There are no significant unexpected overspends or under spends in 2013/14 which demonstrates that budget monitoring arrangements remain strong.
- 17.2** If approved, some of the carry forward requests will assist in the delivery of corporate objectives, help to complete projects started in 2013/14 and support initiatives which help to bridge the medium term funding gap.
- 17.3** Members should note that the outturn position has been used to prepare the Statement of Accounts for approval by the Audit Committee.

18. Consultation

- 18.1** Appropriate members and officers were consulted in the process of preparing the outturn position and associated reports and accounts.

Report author	Contact officer: Paul Jones, GOSS Head of Finance paul.jones@cheltenham.gov.uk, 01242 775154
Appendices	<ol style="list-style-type: none"> 1. Risk assessment 2. Summary outturn performance position - General Fund 3. Service level outturn performance position - General Fund 4. Significant variances 5. Carry forward requests 6. Movement on earmarked reserves and general balances 7. Annual Treasury Management review 8. Capital programme - General Fund 9. Summary of Potential Capital schemes 10. Section 106 receipts statement 11. Council tax and NNDR collection 12. Sundry debt collection 13. HRA Operating account 14. HRA Capital programme and Major Repairs Reserve
Background information	<ol style="list-style-type: none"> 1. Section 25 Report – Council 8th February 2013 2. Final Budget Proposals for 2013/14 – Council 8th February 2013

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1..	Historically, the Council has used in-year savings to fund one-off growth / start-up for new initiatives. As a result of budgets getting tighter, there may be a reduced likelihood of in- year savings being delivered resulting in potentially increased pressure on the General Reserve to fund growth / new initiatives over the period of the MTFS.	Director Resources	December 2010	4	3	12	Reduce	Future capital receipts may be needed to increase the size of the General Reserve.	on-going	Director of Resources (working with SLT)	