

**Meeting:** Sustainable Communities Overview & Scrutiny Committee

**Date:** 10 October 2013

**Subject:** Revenue Report for Regeneration and Business Support for the quarter ended 30<sup>th</sup> June, 2013

**Report of:** Cllr Nigel Young– Executive Member for Regeneration and Business Support

**Summary:** Forecast outturn of £10,096k resulting in over spend of £182k after the use of reserves.

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Contact Officer: Sue Templeman, Senior Finance Manager

Public/Exempt: Public

Wards Affected: All

Function of: Council

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities. In particular the Regeneration and Business Support budget had direct impact on the stated Council priorities of:

- Creating Safer Communities, and
- Managing Growth effectively.

### **Financial:**

The financial implications are set out in the report.

### **Legal:**

All expenditure is in accordance with the Constitution of the Council and Public Procurement Regulations

### **Risk Management:**

All of services have been risk rated and actions agreed with managers to work within budget tolerances.

### **Staffing (including Trades Unions):**

A number of minor staffing changes are being implemented in line with resourcing proposals approved in the 2013/14 budgets.

### **Equalities/Human Rights:**

None

### **Community Safety:**

None

**Sustainability:**

Regeneration and Business Support is one of the lead Directorates with regards to making Central Bedfordshire a more sustainable place to live and work.

**RECOMMENDATION(S):****1. that the Overview & Scrutiny Committee note:**

- (a) The projected net expenditure outturn of £10,096k,
- (b) The proposed use of specific reserves of £578k, and
- (c) The projected over spend of £182k after the use of specific reserves.

**Introduction**

- 1 Regeneration and Business Support directorate manages a gross expenditure budget of £15.75 million with an income budget of £6.41 million, leaving a net expenditure budget of £9.34 million.

**Executive Summary Revenue**

- 2 Regeneration and Business Support's overall financial position as at the end of quarter one was a projected overspend of £182k. This represents a forecasted overspend of 1% of gross budget or 2% of the net budget, after the use of earmarked reserves of £578k for one-off specific projects.
- 3 Table A shows the full year variance by budget group. The main financial performance changes of each group are described in the following paragraphs. Appendices A1 to A3 provide further tables showing estimates and movements by services.

**4 Table A – Directorate Overall Position**

| Division                       | Approved Budget | Forecast outturn for year | Forecast variance for year (-under) / over spend | Forecast variance after use of earmarked reserves (-under) / over spend |
|--------------------------------|-----------------|---------------------------|--|---|
|                                | £'000           | £'000                     | £'000  | £'000   |
| Service Development            | 536             | 523                       | -13  | -13   |
| Economic Growth and Skills     | 2,355           | 2,668                     | 313  | 138   |
| Planning                       | 6,445           | 6,905                     | 460  | 57  |
| <b>Total DIRECTORATE Spend</b> | <b>9,336</b>    | <b>10,096</b>             | <b>760</b>                                       | <b>182</b>  |

## 5 **Service Development**

Service Development is forecasting an under spend of £13k due to some in year salary savings

## 6 **Economic Growth Skills & Regeneration**

The Economic Growth Skills & Regeneration Service has projected an outturn of £138k overspend.

The ASCL service is currently showing a full year overspend of £40k. This service is under going major changes which includes a significant reduction in the operating costs and overall number of posts by moving to a commissioning based model. These changes will over the course of the financial year reduce the over spend and reposition the whole service to operate entirely within the external funding available to the Council.

The overall budget position is partly off set from forecast underspend (£12k) in the salaries budget, due to staff vacancies.

## 7 **Planning**

The Planning Division is forecasting an overspend of £57k.

This is due to flood defence grant income being distributed differently by the Government and also Customer First. These are partially offset by the forecast of additional income in Development Management and a forecast underspend on professional fees for project work in Development Planning.

## **Revenue Virements**

- 8 Regeneration and Business Support Directorate's budget has not changed.

## **Achieving Efficiencies**

- 9 Regeneration and Business Support was set an efficiency target of £453k. There were savings initiatives being implemented across the Directorate.

At the end of June, the Directorate had achieved efficiency savings of £88k in accordance with budget to date. The forecast for the year is £367k which is £86k below the target. Compensatory savings are being investigated.

## **Reserves**

- 10 The budget for 2013/14 assumes the application of £578k of earmarked reserves to fund specific one-off projects. A breakdown is provided in Appendix C.

## **Debt management**

- 11 The total debt at the end of June was £1,806k. Invoices relating to developers' legal contributions to deliver planning requirements associated with new developments account for 79% of debt. About 38% of debt is less than three months old. All debt recovery is in accordance with Council policy.

**Table B – Debt Outstanding**

| Debt profile      | >£100K      | >=£50K      | >=£10K      | >=£1K      | <£1K      | Total        | Age Ratio     |
|-------------------|-------------|-------------|-------------|------------|-----------|--------------|---------------|
| No of debtors     | 5           | 5           | 23          | 19         | 3         | <b>55</b>    |               |
| Current           | £45         | £35         | £0          | £13        | £0        | <b>£93</b>   | 5.1%          |
| 1 month           | £41         | £84         | £46         | £16        | £0        | <b>£187</b>  | 10.3%         |
| 2 months          | £62         | £68         | £56         | £12        | -£28      | <b>£171</b>  | 9.5%          |
| 3 months          | £14         | £0          | £183        | £9         | £28       | <b>£235</b>  | 13.0%         |
| 3-12 months       | £237        | £103        | £88         | £18        | £0        | <b>£446</b>  | 24.7%         |
| > 12 months       | £424        | £106        | £130        | £15        | £0        | <b>£675</b>  | 37.4%         |
| <b>Total Debt</b> | <b>£823</b> | <b>£396</b> | <b>£504</b> | <b>£83</b> | <b>£0</b> | <b>£1806</b> | <b>100.0%</b> |

**Appendices:**

Appendix A1 – Revenue Summary Position by Division

Appendix A2 – Revenue Summary Position by Service

Appendix A3 – Movement in variance

Appendix B – Efficiencies

Appendix C – Earmarked Reserves

Appendix D – Debt Analysis

**Background Papers:** None**Location of papers:** Technology House, Bedford