

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
21 MARCH 2012

EXECUTIVE
3 APRIL 2012

COUNCIL
24 APRIL 2012

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2011/12

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget and Housing Revenue Account after nine months, for the 2011/12 financial year.

2. REVENUE POSITION – EXECUTIVE SUMMARY

FUND	Latest Approved Budget	Stewardship Variance December 2011	Outturn Forecast 2011/12
	£	£	£
General Fund	14,173,620	22,701	14,196,321
HRA*	499,390	(£1,665,990)	(£1,166,600)
* (surplus) / deficit			

GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast overspend of £101,440 (0.78%) against a revised Service Committee Net Expenditure budget of £13,003,620 and an overall overspend of £22,701 against General Fund Expenditure including investment interest and funds set aside for the repayment of debt.
- 2.2 Details of the variances are being disclosed in stewardship reports to individual Scrutiny Committees during the current cycle of meetings. However the main variances are as follows:
- 2.3 **Scrutiny Committee Community – (An underspend of £201,300)**

There will be a saving on staff costs in Environmental Protection as a result of a vacancy which will not be filled. This has caused an estimated underspend of £66,610.

Cleansing services is anticipated to overspend by £200,000 as a result of the increased cost of fleet and additional labour costs associated with the closure of the waste transfer station.

Within the Museums Service there will be a saving on staff costs as a result of some grades being lower than anticipated in the estimates following the Job Evaluation exercise, although in some cases the reduction will not be fully realised in the current year due to pay protection. This has been partially offset by costs relating to marketing, legal advice and insurance. The anticipated saving is £28,170.

Income from the sale of recyclates is expected to exceed the estimates, and the cost of freight is expected to be less than estimated. It is estimated that the total underspend will be £390,000.

A number of issues have arisen in respect of Advisory Services in General Fund Housing, including an increase in cleaning, repairs & maintenance and a reduction in grant from Devon CC for the Supporting People contract. This has caused a projected overspend of £130,800, which has been partially offset by an anticipated underspend in Private Sector Housing of £76,440.

Other variances within the Committee result in a net overspend of £29,120, leaving an anticipated total underspend for the Committee of £201,300.

2.4 Scrutiny Committee Economy – (An overspend of £20,250)

Car parking income has recovered from the Summer and is now projected to be only 0.1% below budget. Whilst there are some savings, the anticipated overspend is £45,850.

There is an anticipated overspend in respect of the closure of the Archaeological Field Unit. The cost, which was reported to the Executive in March 2011, has reduced to £196,950.

Additional income is expected in respect of livestock sales, commission and rental income, contributing to an estimated underspend of £115,590.

Other variances within the Committee result in a net underspend of £106,960, leaving an anticipated total overspend for the Committee of £20,250.

2.5 Scrutiny Committee Resources – (An overspend of £279,730)

It is anticipated that there will be a reduction in the amount of Housing Benefit Subsidy received, mainly in respect of non HRA rent allowances, however this has been partially offset by an increase in the use of private sector landlords as opposed to Bed & Breakfast, which has increased the subsidy rate. This has resulted in an estimated overspend of £156,720 (0.35%) against the £44.7 million budget.

A reduction in staffing and maintenance work in Corporate Customer Services has resulted in an underspend of £117,710.

Reduced expenditure on training across the Council has resulted in an estimated underspend of £87,600.

There is an increase in payments to the pension fund administered by Devon County Council to meet the approved cost of redundancies resulting in an overspend of £403,490.

Other variances within the Committee result in a net underspend of £75,170, leaving an anticipated total overspend for the Committee of £279,730.

3. OTHER FINANCIAL VARIATIONS

3.1 There is a net transfer from Earmarked Reserves of £123,860, an increase of £4,860 from budget.

3.2 The Council has been awarded £389,165 in the form of the New Homes Bonus. This is an unringfenced grant that the Council may use as it chooses.

3.3 After the completion of the final accounts for 2010/11, the provision for the repayment of debt has been calculated and is £118,739 lower than the estimate. It is anticipated that net interest paid will be £10,000 higher than anticipated owing to a credit downgrade of the two banks which the Council holds call accounts. The Council is now using the Government's Debt Management Office at a much lower interest rate, but with the security of a triple AAA rated account.

3.4 The overall net transfer to the General Fund Working Balance is estimated to be £451,754 at 31 March 2012 after accounting for July approved supplementary budgets of £147,270.

4. HOUSING REVENUE ACCOUNT (HRA) (APPENDIX B)

4.1 During this period the total budget variances indicate that there will be a net surplus of £1,166,600 which will be transferred to the HRA working balance at 31 March 2012. This represents an increase of £1,665,990 compared to the budgeted reduction to the working balance of £499,390. It is estimated that the working balance will stand at £5,082,541 at 31 March 2012.

4.2 Details of the variances are being disclosed in stewardship reports to Scrutiny Committee Community during the current cycle of meetings.

5. OUTSTANDING SUNDRY DEBT

5.1 The Council issues invoices for a range of sundry debts, including :-

- Commercial rent
- Trade waste
- Service charge and ground rent for leasehold flat owners
- Home call alarms
- Housing benefit overpayments
- A range of other services such as room rental.

This does not include housing rent, council tax or business rate debt.

5.2 An aged debt analysis of the Council's sundry debts is shown in the table below. Debt over 30 days old has decreased over the year from £2.262m to £1.875m – a reduction of £387,000. Debts over 5 years old relate in the main to two services, Housing Benefit overpayments (£150,947) and Housing (£16,360).

Age of Debt	December 2010	December 2011
Up to 29 days (current)	£1,305,734	£660,408
30 days – 1 Year	£1,112,679	£968,518
1 – 2 years	£340,405	£366,759
2 – 3 years	£270,532	£187,978
3 – 4 years	£160,411	£94,244
4 – 5 years	£76,055	£84,878
5 + years	£301,442	£172,577
Total	£3,567,258	£2,535,362

5.3 Of the outstanding debt, the table below sets out the main services and debts owing:

	Outstanding Debt – 30 December 2011
	£
▪ Commercial rent	606,128
▪ Markets & Halls	23,173
▪ Trade waste	88,853
▪ Service charge and ground rent for leasehold flat owners	75,055
▪ Home call alarms	4,774
▪ Housing benefit overpayments*	1,068,664
▪ Recycling	58,126
▪ Leisure	76,026
▪ AFU	104,656
▪ Economy & Tourism	52,475
▪ HRA	80,929
▪ General Fund Housing	83,804
▪ River & Canal	30,036

- These overpayments occur largely due to claimants' change of circumstances which leads to a lower benefit entitlement once a reassessment is made. This figure represents about 2.4% of the total annual benefits paid and more than 90% of these amounts are usually recovered.

6. DEBT WRITE-OFFS

6.1 The following amounts have been written-off during the first nine months of 2011/12:

• Council Tax	£112,954
• Business Rates*	£ 0
• Sundry Debt	£205,783
• Housing Rents	£ 7,102

* Business Rates write-offs are considered during March 2012.

7. CREDITOR PAYMENTS PERFORMANCE

7.1 During the first nine months of 2011/12, the percentage of invoices paid within 30 days was 97.0%, which is marginally higher than the six months performance of 96.6%.

8. CONCLUSION

8.1 The forecast increase in Service Committee net expenditure for 2011/12 totals £101,440 including the supplementary budgets of £147,270. This together with transfers from Earmarked Reserves, net interest paid, the New Homes Bonus and provision for the repayment of debt will result in a transfer of £451,754 to the General Fund Working Balance.

8.2 The forecast General Fund Working Balance at 31 March 2012 is £4,644,651 and equates to 33% of the General Fund net expenditure.

8.3 It is estimated that the HRA working balance will be £5,082,541 at 31 March 2012.

8.4 The creditors' payment performance has remained steady and is currently 97.0%.

9. RECOMMENDATION

9.1 That Scrutiny Resources Committee notes and Executive recommend that the Council approve:

- The General Fund forecast financial position for the 2011/12 financial year
- The HRA forecast financial position for 2011/12 financial year
- The outstanding Sundry Debt position as at December 2011
- The creditors' payments performance

ASSISTANT DIRECTOR FINANCE

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None