

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
19 SEPTEMBER 2012

EXECUTIVE
2 OCTOBER 2012

COUNCIL
16 OCTOBER 2012

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2012/13

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 three months, for the 2012/13 financial year.

2. REVENUE POSITION – EXECUTIVE SUMMARY

FUND	Latest Approved Budget	Stewardship Variance June 2012	Outturn Forecast 2012/13
	£	£	£
General Fund	13,116,075	41,594	13,157,669
HRA*	(2,320,270)	(37,280)	(2,357,550)
Council own Build Houses*	(17,570)	(25,280)	(42,850)
* (surplus) / deficit			

GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast overspend of £35,430 (0.26%) against a revised Service Committee Net Expenditure budget of £13,718,210 and an overall overspend of £41,594 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. All areas have made a saving resulting from a lower pay award than the Council budgeted for. However the main variances across the Council are as follows:
- 2.3 **Scrutiny Committee Community – (An overspend of £90,000)**

Cleansing services is anticipated to overspend by £55,000 as a result of increased waste disposal costs and the delayed implementation of the revised garden waste collection procedure.

Within the Museums Service there will be an anticipated overspend of £118,500. As this is the first full financial year of the Museum being operational, it is apparent that the budget for utilities has been under estimated. Additionally, the Non Domestic Rates bill is 50% higher than estimate, however the Council are appealing against this valuation.

The cost of processing co-mingled materials is lower than anticipated resulting in an underspend on recycling of £26,500.

General Fund Housing is showing an overall underspend £8,000, which includes an approved overspend of £35,000 for a condition survey, off-set by salary savings.

Other variances within the Committee result in a net underspend of £49,000, leaving an anticipated total overspend for the Committee of £201,300.

2.4 Scrutiny Committee Economy – (An underspend of £386,830)

Car parking income is expected to exceed the estimate and has contributed to a projected £39,600 underspend.

Income from planning fees is currently 32% above budget. It is therefore anticipated that planning fee income will exceed the budget resulting in an underspend of £246,430.

Additional income is expected in respect of the Matford Centre and Corn Exchange, contributing to an estimated underspend on Markets and Halls of £41,400.

Other variances within the Committee result in a net underspend of £59,400, leaving an anticipated total underspend for the Committee of £386,830.

2.5 Scrutiny Committee Resources – (An underspend of £167,740)

The deletion of the posts of Assistant Chief Executive, Communications Manager, Head of Internal Audit, Head of IT Services and a reduction in hours for a member of IT staff, coupled with pay award savings, are expected to save a total of £406,840.

The administration teams from Economy, Community and Environment and General Services within Resources have been combined with all of the costs now being reported in Resources. The cost has been partly offset by vacancies and pay award savings in the Customer Service Centre, but overall the net increase in cost is £129,890.

A reduction in Housing Benefit subsidy for non-HRA rent allowances is expected to increase costs by £63,580.

The retail unit attached to Guildhall has been vacant for the first six months of the year with a subsequent loss of rental income and the payment of void rates of £72,370.

Other variances within the Committee total a net underspend of £26,740, leaving an anticipated total underspend for the Committee of £167,740.

3. OTHER FINANCIAL VARIATIONS

- 3.1 There is a net transfer to Earmarked Reserves of £1,160,982, a reduction of £36,083 from budget. The variance is to cover voluntary redundancies included within the Service Committee totals.

3.2 After the completion of the final accounts for 2011/12, the provision for the repayment of debt has been calculated and is £31,164 higher than the estimate. It is anticipated that net interest paid will be £25,000 lower than anticipated owing to continuing low interest rates for funds borrowed from other Local Authorities.

3.3 The overall net transfer from the General Fund Working Balance is estimated to be £1,066,482 at 31 March 2013 after accounting for July approved supplementary budgets of £138,260. This represents an increase of £5,024 against budget and would leave the General Fund Working Balance at £3,218,943 at the end of the year.

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 £2,357,550 which will be transferred to the HRA working balance at 31 March 2013. This represents an increase of £37,280 compared to the budgeted increase to the working balance of £2,320,270. It is estimated that the working balance will stand at £8,121,973 at 31 March 2013.

4.2 In respect of the Council Own Build sites, it is anticipated that there will be a net surplus of £42,850 to be transferred to the Working Balance at 31 March 2013. This is an increase of £25,280 and will result in an estimated Working Balance of £71,056 at 31 March 2013.

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 £1.973m to £1.708m – a reduction of £265,000. Debts over 5 years old relate in the main to two services, Housing Benefit overpayments (£145,141) and Housing (£12,563).

Age of Debt	June 2011	June 2012
Up to 29 days (current)	£774,075	£814,034
30 days – 1 Year	£962,441	£814,945
1 – 2 years	£366,265	£331,782
2 – 3 years	£235,630	£216,004
3 – 4 years	£155,317	£101,240
4 – 5 years	£58,104	£82,711
5 + years	£194,831	£161,512
Total	£2,746,663	£2,522,228

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

	Outstanding Debt – 30 June 2012
	£
▪ Commercial rent	672,427
▪ Markets & Halls	22,135
▪ Trade waste	96,117
▪ Service charge and ground rent for leasehold flat owners	58,984
▪ Home call alarms	5,428
▪ Housing benefit overpayments*	1,114,402
▪ Recycling	107,832
▪ Leisure / Museums	56,195
▪ AFU	36,616
▪ Economy & Tourism	76,394
▪ HRA	83,892
▪ General Fund Housing	89,532
▪ River & Canal	21,998

- 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 2.3% 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 three months of 2012/13:

• Council Tax	£ 55,086
• Business Rates*	£ 0
• Sundry Debt	£ 13,519
• Housing Rents	£ 27

* Business Rates write-offs are considered during March 2013.

7. CREDITOR PAYMENTS PERFORMANCE

7.1 During the first three months of 2012/13, the percentage of invoices paid within 30 days was 95.0%, which is lower than the 2011/12 performance of 96.6%.

8. CONCLUSION

- 8.1 The forecast increase in Service Committee net expenditure for 2012/13 totals £35,430 including the supplementary budgets of £138,260. 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 £1,066,482 from the General Fund Working Balance.
- 8.2 The forecast General Fund Working Balance at 31 March 2013 is £3,218,943 and equates to 24% of the General Fund net expenditure.
- 8.3 It is estimated that the HRA working balance will be £8,121,973 and the Council's Own Build Balance will stand at £71,056 at 31 March 2013.
- 8.4 The creditors' payment performance has dropped slightly and is currently 95.0%.

9. RECOMMENDATION

- 9.1 That Scrutiny Resources Committee notes and Executive recommend that the Council approve:
- The General Fund forecast financial position for the 2012/13 financial year
 - The HRA forecast financial position for 2012/13 financial year
 - The outstanding Sundry Debt position as at June 2012
 - The creditors' payments performance

ASSISTANT DIRECTOR FINANCE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling the report:
None