EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES
19 MARCH 2014

EXECUTIVE
1 APRIL 2014

COUNCIL
8 APRIL 2014

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2013/14

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 2013/14 financial year.

2. REVENUE POSITION – SUMMARY

2.1

FUND	Planned Transfer (to) / from Working Balance	Budget Variance September 2013 Over / (under)	Outturn Forecast Transfer 2013/14
	£	£	£
General Fund	267,700	322,923	590,623
HRA	(879,760)	1,037,024	157,264
Council own Build Houses	(34,070)	680	(33,390)

3. GENERAL FUND – Appendix A

3.1 The Service Committee budgets shows a forecast overspend of £388,370 (3.2%) against a revised Service Committee Net Expenditure budget of £12,248,020. The key issues are set out below:

3.2 **Scrutiny Committee Community – (An overspend of £215,050)**

MU Code	Management Unit	Over / (Underspend)	Detail
81A1	Environmental Protection	83,580	• Redundancy costs arising from the deletion of the posts of Environmental Health Manager and two Environmental Health Assistants.

MU Code	Management Unit	Over / (Underspend)	Detail
81A6	Grounds Maintenance	63,840	• Cost of dealing with illegal campers partially offset by additional income and cost savings. • Arboricultural costs will exceed the budget. • Rents received exceed the budget • Various savings and additional income will partially offset the overspends. • Area of Budgetary Risk – see paragraph 4 below
81C2	SHS - Advisory Services	200,820	• Void and reactive repairs costs expected to exceed budget partially offset by recharge of costs. • Additional expenditure on homeless prevention initiatives • Salary budgets – savings due to vacancies • Projected year end figure in respect of income received from Housing Benefits and other income less previously reported. Area of Budgetary Risk – see paragraph 4 below
81C3	SHS – Housing Development	(26,220)	• Additional consultants fee expenditure offset by a transfer from earmarked reserves and S106 income. • Additional income from recharge of costs for time officers spend on Housing Revenue Account related work.
81D2	Domestic Refuse Collection	(35,270)	• The cost of purchasing bins is expected to be less than the budget • Costs of operating the Domestic Refuse service will be less than budgeted due to the transfer of some costs to the Garden Waste Collection service.
81D4	Cleansing Rechargeable Services	(24,500)	• Reduced trade waste disposal costs • Costs of operating the Garden Waste Collection service will exceed the budget due to the transfer of some costs from the Domestic Refuse Collection service. • Income from trade recycling and trade refuse collection is expected to be less than the budget.

MU Code	Management Unit	Over / (Underspend)	Detail
81D2	Domestic Refuse Collection	(35,270)	• The cost of purchasing bins is expected to be less than the budget • Costs of operating the Domestic Refuse service will be less than budgeted due to the transfer of some costs to the Garden Waste Collection service.
81D4	Cleansing Rechargeable Services	(24,500)	• Reduced trade waste disposal costs • Costs of operating the Garden Waste Collection service will exceed the budget due to the transfer of some costs from the Domestic Refuse Collection service. • Income from trade recycling and trade refuse collection is expected to be less than the budget.
81D7	Exton Road Overheads and Fleet Management	(28,030)	• A refund of NNDR (National Non Domestic Rates) relating to prior years was received in Quarter 3. • Staff vacancies will result in savings.

3.3 **Scrutiny Committee Economy – (An underspend of £27,180)**

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Property & Estates Services	(45,680)	• Additional income from property portfolio - High Street, Guildhall and Commercial Road offset by a shortfall at South Street, Cowick Street and Paris Street. • Void allowance used to offset shortfall at Paris Street, Cowick Street and South Street. • Additional income from Custom House rent. • Underspend projected on utilities and sub contractor budgets. • Contracts Unit incorporated into Property Management Team and the associated budgets transferred. • Redundancy costs arising from the deletion of the Contract Development Manager and Contract Support Officer posts.

MU Code	Management Unit	Over / (Underspend)	Detail
83A3	Car Parking	(67,620)	• Income from parking fees is now expected to meet or slightly exceed the budget. • Some additional income from other charges will exceed the budget. • An underspend on the AIM budget will be used for an RCCO (Revenue Contribution to Capital Outlay) in respect of works required at King William Car Park (previously known as Leighton Terrace.) • Pay will exceed the budget as a result of the realignment of duties within the Public Realm services.
83A4	Economic Development	15,550	• Additional salary costs – transfer of staff member, additional costs offset by saving in Resources committee. • Christmas Lights core budget - approved by Executive. • BID budget expected to be underspent at year end – request to carry forward to fund 2014-15 expenditure.
83A9	Building Control	(31,300)	• Additional income – from Building Control fees anticipated. • Reserve – the surplus will be transferred to the earmarked reserve. • Redundancy costs arising from the deletion of the Building Control Manager, Land Charges and Records Officer and Assistant Land Charges and Property Records Officer posts.
83B5	Planning Services	158,800	• Planning fee income – projected to be significantly less than budget for year • Salary savings – saving on salary budget due to non-recruitment to vacant posts • Redundancy costs arising from the deletion of Planning Office Manager and Technical Officer posts. • Eastern Fields expenditure. • Revenue contribution – Contribution to Cowick Street Environmental works capital scheme. • Additional expenditure – Habitats Assessments, Community Infrastructure Levy and Local Development Framework. • Reserve – transfer from earmarked reserve to cover additional expenditure.

MU Code	Management Unit	Over / (Underspend)	Detail
83B7	Archaeological Field Unit	34,040	• The variance reported relates to the cost associated with the completing of archiving and boxing work in respect of the AFU. • A redundancy payment will occur as a result of the Finds and Archives Officer post being deleted. • A transfer from the designated earmarked reserve will be made to cover costs.
83B8	Major Projects	(45,000)	• Budget saving - The bus and coach station project has not progressed as anticipated this year to date which has substantially reduced the need for consultancy advice.
83B9	Markets & Halls	(67,630)	• Additional income – Corn Exchange and Livestock Centre income expected to exceed budget. • Additional Expenditure – Event promotion at Corn Exchange (offset by additional income) and additional expenditure on food and drink at venue.

3.4 **Scrutiny Committee Resources – (An overspend of £100,500)**

MU Code	Management Unit	Over / (Underspend)	Detail
86A1	Revenue Collection/Benefits /Customer Service Centre	(200,060)	• Net additional reduction in cost of Housing Benefit payments to claimants based on current caseload and performance up to the threshold limit to the year end. • Grant received for Local Welfare Support has been used to fund our administration costs.
86A4	Civic Ceremonials	29,830	• Reduced income from commercial letting despite a short-term let.
86A5	Democratic Representation	(35,640)	• A budget was created for Business Transformation that is unlikely to be fully spent this year, so the balance will be requested to be carried forward.

MU Code	Management Unit	Over / (Underspend)	Detail
86A7	Unapportionable Overheads	355,000	• The approved cost of pension fund contributions following redundancies – the individual services pay the actual cost of redundancies to reflect where the subsequent savings will be made. • Employers past service pension fund contributions have been under recovered, with the overall estimated cost being shown in this management unit until being recharged back to the services of the Council.
86B3	Human Resources	(39,210)	• There is expected to be an underspend in the central training budget as a consequence of reorganisations throughout the Council. • The Human Resources Job Evaluations have been completed following reorganisation and the revised grades have now been applied.
86B4	Legal Services	34,520	• Although Legal has underspent overall with additional income being raised, a review of future service provision through-out the Council is expected to result in one-off redundancy costs this year, with resulting savings in 2014-15.
86B5	Corporate Customer services	(62,920)	• The installation of solar panels at the Civic Centre has reduced energy costs. • At present the repair and maintenance costs at the Civic Centre (AIMS) are underspent. • Some of the external postage work is now undertaken by an external supplier and is charged direct to services rather than through the central franking machine.
86B6	IT Services	(46,690)	• A vacancy within the team, savings in software and system maintenance and reduced print usage will result in an overall underspend.
86B7	Strategic Management	65,450	• The senior management at officer level was reviewed from three positions to two from 1st June 2013, with savings being made from 2014-15 onwards.

4. OTHER GENERAL FUND FINANCIAL VARIATIONS

4.1

Other items	Over / (Underspend)	Detail
Net Interest Paid	(47,000)	• Continued low rates of interest have lowered the cost of borrowing; • Better than forecast cashflow position has increased the level of interest received.
Revenue Contribution to Capital	20,000	• In order to minimise the level of borrowing required, it has been agreed that savings will be found in revenue to fund a projected overspend in a capital project;
Minimum Revenue Provision	(31,080)	• The Council's underlying need to borrow is lower than anticipated resulting in a lower requirement to set aside funds for the repayment of this debt.

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

5.1 The main variations (not previously reported) in the HRA are set out below:

MU Code	Management Unit	Over / (Underspend)	Detail
85A4	Repairs Fund Contribution	891,000	• A saving of £150k is expected in respect of asbestos removal costs, as much of this work will now be undertaken within the General Maintenance contract in accordance with contractual obligations. • A recent analysis of properties returned to the Council shows a rise in the projected number of void properties for 2013-14 since September, which could result in a further overspend of £250k (bringing total overspend expressed as a percentage to 75%). The number of abandoned properties has increased and the number of tenants seeking transfers has increased which is partly attributable to tenants wishing to downsize as a result of the welfare reforms.

MU Code	Management Unit	Over / (Underspend)	Detail
85A5	Revenue Contribution to Capital	(112,280)	• The acquisition of flats at Dean Clarke House will now not take place until next financial year as the developer has advised they are unlikely to be completed until May 2014. The revenue contribution to finance their acquisition will therefore not be required until 2014-15.
85A6	Capital Charges	136,110	• A higher than budgeted depreciation charge is expected to be made in respect of HRA assets following a review of replacement costs of key components (e.g. kitchens and bathrooms). Depreciation is a real cost to the HRA as it represents the amount of money which needs to be set aside in the Major Repairs Reserve to provide for the cost of future capital works or to repay debt.

6. SUPPLEMENTARY BUDGETS

6.1 There are no supplementary budgets to report this quarter.

7. AREAS OF BUDGETARY RISK

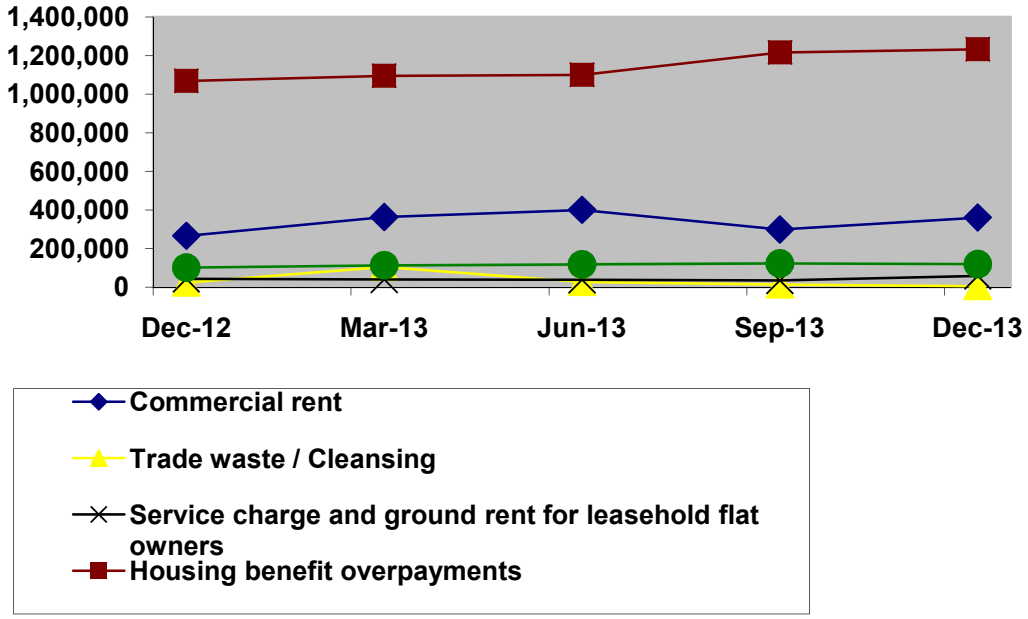
7.1 A number of areas have been identified as a budgetary risk within the budget. Although there has not necessarily been an issue identified yet, there is a risk that adverse conditions may impact of the Council's budget. A list of these key areas is set out in Appendix C.

8. OUTSTANDING SUNDRY DEBT

8.1 An aged debt analysis of the Council's sundry debts is shown in the table below.

Age of Debt	**December 2012**	**December 2013**
Up to 29 days (current)	£932,272	£765,913
30 days – 1 Year	£837,077	£962,291
1 – 2 years	£382,480	£412,516
2 –3 years	£195,517	£240,954
3 – 4 years	£136,319	£138,974
4 – 5 years	£65,421	£91,523
5 + years	£188,522	£174,934
Total	**£2,737,608**	**£2,787,105**

8.2 Of the outstanding debt, the graph below sets out the main services and debt trends for debt over 30 days old:



9. DEBT WRITE-OFFS

9.1 The following amounts have been written-off during the first nine months of 2013/14:

• Council Tax	£ 79,767
• Business Rates*	£ 0
• Sundry Debt	£105,704
• Housing Rents	£ 24,564

* Business Rates write-offs are considered during March 2014.

10. CREDITOR PAYMENTS PERFORMANCE

10.1 During the first six months of 2013/14, the percentage of invoices paid within 30 days was 95.71%, which is higher than the 2012/13 performance of 94.69% and an improvement on the first six months of the year (95.54%).

11. RECOMMENDATION

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

- The General Fund forecast financial position for the 2013/14 financial year
- The HRA forecast financial position for 2013/14 financial year
- The outstanding Sundry Debt position as at December 2013
- The creditors' payments performance

ASSISTANT DIRECTOR FINANCE

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