

## **REPORT TO RESOURCES SCRUTINY COMMITTEE**

**Date of Meeting: 17 September 2014**

## **REPORT TO EXECUTIVE**

**Date of Meeting: 7 October 2014**

## **REPORT TO COUNCIL**

**Date of Meeting: 15 October 2014**

**Report of: Assistant Director Finance**

**Title: OVERVIEW OF REVENUE BUDGET 2014/15**

### **Is this a Key Decision?**

No

\* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

### **Is this an Executive or Council Function?**

Council

#### **1. What is the report about?**

- 1.1 To advise Members of the overall projected financial position of the HRA & General Fund Revenue Budgets for the 2014/15 financial year after three months and to seek approval for a number of supplementary budgets.

#### **2. Recommendations:**

It is recommended that Scrutiny Resources Committee and the Executive note the report and Council notes and approves (where applicable):

- 2.1 The General Fund forecast financial position for the 2014/15 financial year;
- 2.2 The HRA forecast financial position for 2014/15 financial year;
- 2.3 The additional supplementary budgets listed in Appendix C;
- 2.4 The outstanding Sundry Debt position as at June 2014;
- 2.5 The creditors' payments performance;
- 2.6 The Council Tax and Business Rates collection performance.

#### **3. Reasons for the recommendation:**

- 3.1 To formally note the Council's projected financial position and to approve additional expenditure required during the financial year.

**4. What are the resource implications including non financial resources.**

4.1 The impact on the General Fund working balance, HRA working Balance and Council Own Build working balance are set out in sections 8.3.6, 8.2.1 and 8.2.3 respectively.

4.2 A request for supplementary budgets totalling £89,000 has been included in the report.

**5. Section 151 Officer comments:**

5.1 The report represents the projected financial position to 31 March 2015. In respect of the year end projections, the overall position in respect of the General Fund is positive, with a small addition to the working balance. The earmarked reserve to assist with funding the leisure complex now stands at close to £5 million.

**6. What are the legal aspects?**

6.1 There are no issues to raise on the content of this report.

**7. Monitoring Officer's comments:**

7.1 There are no issues to raise on the content of this report.

**8. Report details:**

8.1 Financial Summary

<b>FUND</b>	<b>Planned Transfer (to) / from Working Balance</b>	<b>Budget Variance Over / (under)</b>	<b>Outturn Transfer 2013/14</b>
	<b>£</b>	<b>£</b>	<b>£</b>
General Fund	32,242	(261,527)	(229,285)
HRA	866,550	(108,820)	757,730
Council own Build Houses	(22,670)	0	(22,670)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The first quarter projection shows an improvement against the estimated budget reduction in the working balance. The projected reduction is £757,730 to leave the working balance at £5,205,489.

<b>Movement</b>	<b>2014/15</b>
Opening HRA Balance, as at 01/04/14	£5,963,219
Deficit	(£757,730)
<b>Projected balance, as at 31/3/15</b>	<b>£5,205,489</b>

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Management Costs	(£77,600)	<ul style="list-style-type: none"> <li>• Savings in employee costs as certain posts have remained vacant pending the outcome of the restructure of Housing Services</li> <li>• Additional Supporting People Subsidy is receivable for 2014-15 following negotiation of a 12 month contract extension</li> <li>• Less extensive structural repairs to three council properties has resulted in a saving in respect of tenant decant costs.</li> </ul>
Repairs and Maintenance Programme	(£169,000)	<ul style="list-style-type: none"> <li>• Savings are forecast to be made in respect of routine service and maintenance budgets as follows:               <ul style="list-style-type: none"> <li>- Works to UPVC windows and extractor fans will be demand led in response to reported faults, rather than through a routine inspection regime (£32k)</li> <li>- Servicing smoke detectors will not be necessary during 2014-15 as a programme of smoke detector replacements has been incorporated into the new gas servicing contract, which commenced in July 2014 (£20k)</li> <li>- The inspection of ducts for warm air units in communal areas has also been incorporated into the new gas servicing contract and the costs will be absorbed within the approved gas servicing budget (£30k)</li> </ul> </li> <li>• A lower than anticipated general maintenance contract inflationary increase for 2013/14 has also been negotiated</li> </ul>
Revenue Contribution to Capital	£154,780	<ul style="list-style-type: none"> <li>• This represents the additional revenue monies required to finance the acquisition of four flats at Dean Clarke House, as approved by Executive 18 September 2012. It was originally expected that the flats would be acquired in 2013-14 but developer amended the schedule for their conversion to September 2014.</li> </ul>

- 8.2.3 The Council's new properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing. There is no projected variance to the projected surplus at the end of the first quarter.

<b>Movement</b>	<b>2014/15</b>
Opening Council Own Build, as at 01/04/14	£103,512
Surplus	£22,670
<b>Balance, as at 31/3/15</b>	<b>£126,182</b>

8.3 General Fund (Appendix B)

- 8.3.1 The Service Committees show projected underspends of £66,290 against a revised budget of £12,372,560. The main variances are:

8.3.2 **Scrutiny Committee Community – (An underspend in total of £2,880)**

Management Unit	Over / (Underspend)	Detail
Health & Safety, Licensing & Commercial	(£5,260)	• Vacancy pay savings
Public Safety	£3,000	• University Contract loss of income
Bereavement Services	(£31,200)	• Backdated NNDR refund Higher Cemetery
Private Sector Housing	£39,170	• Introduction of a new licensing scheme not expected until late 2014/15
Exton Road Overheads and Fleet Management	(£6,260)	• Rate refund and utility savings

8.3.3 **Scrutiny Committee Economy – (An underspend in total of £20,340)**

Management Unit	Over / (Underspend)	Detail
Parking Services	37,070	• Shortfall on Penalty Charge Notice Income • Saving on Non Domestic Rates budget
Economic Development	3,130	• Job evaluation increase
Tourist Information	1,880	• Sickness cover
Engineering & Construction Services	(17,140)	• Vacancy pay savings
Markets & Halls	(38,510)	• Net increase in income from usage
Museum Service	(6,770)	• Vacancy pay savings

#### 8.3.4 Scrutiny Committee Resources – (An underspend in total of £43,070)

Management Unit	Over / (Underspend)	Detail
Revenue Collection/Benefits	(7,500)	<ul style="list-style-type: none"> <li>Revenue contribution to capital expenditure upgrading the Capita system</li> </ul>
Democratic Representation	25,000	<ul style="list-style-type: none"> <li>Members allowances saving will not be achieved</li> </ul>
Unapportionable Overheads	(6,240)	<ul style="list-style-type: none"> <li>Reduced pension costs of former employees</li> </ul>
Financial Services	(9,240)	<ul style="list-style-type: none"> <li>Delays in recruitment for vacancies</li> </ul>
Internal Audit	(7,530)	<ul style="list-style-type: none"> <li>Maternity leave</li> </ul>
Human Resources	(7,280)	<ul style="list-style-type: none"> <li>Delay in recruitment for vacancy</li> </ul>
Corporate Customer Services	(15,000)	<ul style="list-style-type: none"> <li>Savings on Postages due to change of supplier</li> </ul>
Strategic Management	(15,280)	<ul style="list-style-type: none"> <li>Some support work now charged direct to services.</li> </ul>

#### 8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest Paid	(65,000)	<ul style="list-style-type: none"> <li>Continued low rates of interest have lowered the cost of borrowing;</li> <li>Better than forecast cashflow position has increased the level of interest received.</li> </ul>
Revenue Contribution to Capital	7,500	<ul style="list-style-type: none"> <li>Revenue contribution to capital expenditure upgrading the Capita system resulting in a saving set out above on Resources.</li> </ul>
Minimum Revenue Provision	(137,737)	<ul style="list-style-type: none"> <li>A significant underspend on the 2013/14 capital programme has resulted in a saving in the amount required to repay debt.</li> </ul>

### 8.3.6 General Fund Balance

In 2014/15 it is projected that there will be an overall net contribution to the General Fund Balance of £229,285. The minimum requirement for the General Fund working balance was approved by Council in February 2014 at £2million.

<b>Movement</b>	<b>2014/15</b>
Opening Balance, as at 01/04/14	£3,364,640
Surplus	£ 229,285
<b>Balance, as at 31/3/15</b>	<b>£3,593,925</b>

### 8.3.7 Supplementary Budgets

There is a small requirement for further supplementary budgets in 2014/15. It is therefore proposed that supplementary budgets totalling £89,000, identified in Appendix C are approved in 2014/15.

## 8.4 COUNCIL TAX AND BUSINESS RATES COLLECTION

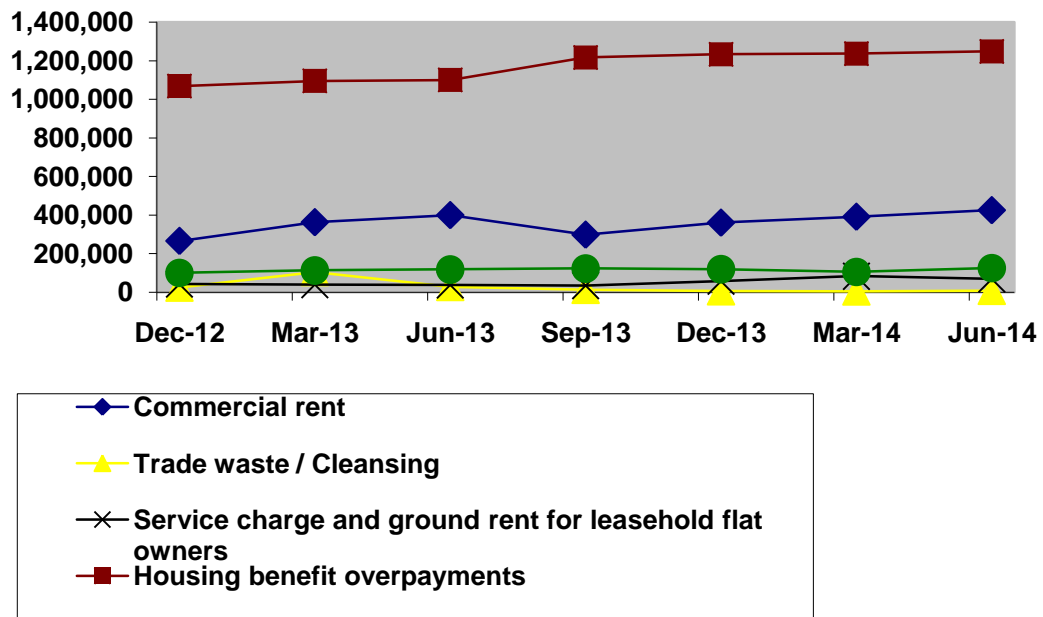
8.4.1 During the first quarter the Council collected 28.7% of the Council Tax due for the year compared to a target of 29.1%. This is slightly down owing to some delays caused by the Council's change of banking provider at the start of the year. Business Rates collection is substantially below target at 31.3% against a target of 33.2%, however changes to allow payments over 12 instead of 10 months are likely to have affected collection, which is expected to recover over the course of the full year.

## 8.5 OUTSTANDING SUNDRY DEBT

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

<b>Age of Debt</b>	<b>June 2013</b>	<b>March 2014</b>	<b>June 2014</b>
Up to 29 days (current)	£912,068	£1,425,531	£961,767
30 days – 1 Year	£1,015,619	£1,360,144	£1,020,962
1 – 2 years	£419,655	£465,665	£483,753
2 – 3 years	£219,108	£219,889	£271,280
3 – 4 years	£152,105	£107,701	£112,054
4 – 5 years	£74,868	£92,602	£87,808
5 + years	£189,966	£174,446	£181,678
<b>Total</b>	<b>£2,983,240</b>	<b>£3,845,978</b>	<b>£3,120,302</b>

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



## 8.6 DEBT WRITE-OFFS

8.6.1 The following amounts have been written-off during 2014/15:

	2013/14 Total	2014/15 (Qtr 1)
• Council Tax	£83,940	£0
• Business Rates	£366,058	£0
• Sundry Debt	£138,915	£7,323
• Housing Rents	£ 72,921	£1,841

## 8.7 CREDITOR PAYMENTS PERFORMANCE

8.7.1 Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 96.41% for the first quarter of 2014/15 compared with 95.69% for 2013/14.

## 9. How does the decision contribute to the Council's Corporate Plan?

9.1 This is a statement of the projected financial position to the end of the 2014/15.

## 10. What risks are there and how can they be reduced?

10.1 The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Team and Members.

**11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

11.1 Not applicable

**12. Are there any other options?**

12.1 Not applicable

## **Assistant Director Finance**

### **Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:-**

None

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