

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 18 March 2015

REPORT TO EXECUTIVE

Date of Meeting: 14 April 2015

REPORT TO COUNCIL

Date of Meeting: 21 April 2015

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 nine months.

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 December 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.

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 marginally worse than budget, with the Working Balance projected to reduce from £3,364,640 to £3,147,528. This is due to setting aside the funds to pay the final part of the Business Rates deficit.

6. What are the legal aspects?

6.1 None raised for the attention of Legal Services.

7. Monitoring Officer's comments:

7.1 This report raises no issues for the Monitoring Officer.

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2014/15
	£	£	£
General Fund	165,742	51,370	217,112
HRA	1,374,550	(2,629,576)	(1,255,026)
Council own Build Houses	(22,670)	0	(22,670)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The third quarter projection shows a significant improvement against the estimated budget reduction in the working balance. There is now a projected increase of £1,255,026 to leave the working balance at £7,218,245.

Movement	2014/15
Opening HRA Balance, as at 01/04/14	£5,963,219
Surplus / (Deficit)	£1,255,026
Projected balance, as at 31/3/15	£7,218,245

8.2.2 HRA (An underspend in total of £2,629,576)

The main variances are:

Management Unit	Over / (Underspend)	Detail
Budget variances reported in June	(£108,820)	Scrutiny Committee – Community 9 September 2014
Budget variances reported in September	(£973,634)	Scrutiny Committee – Community 11 November 2014
Management Costs	£154,513	The increase in forecast expenditure relates to redundancy and pension strain costs following the restructure of housing services. It also reflects the extension of agency staff cover until the recruitment process for vacant posts is completed.
Repairs and Maintenance Programme	(£672,000)	<p>(£150k) additional forecast saving in respect of repairs to void properties on top of the projected saving of £500k already reported</p> <p>(£350k) deferral of damp ingress work until 2015-16</p> <p>External painting of properties affected by damp ingress was postponed until Executive approval was obtained for the larger scheme of damp ingress works. It is therefore projected that £107k of the low maintenance and painting budget will need to be slipped into next financial year</p>
Revenue Contribution to Capital	(£1,010,635)	The estimated amount of revenue monies required towards financing the HRA Capital Programme in 2014-15 has reduced from £6.350m to £5.339m. This reflects a reduction in the level of forecast capital expenditure in this financial year, as set out in Appendix 4.
Interest	(£19,000)	The interest earned on HRA balances (Working Balance, Major Repairs Reserve and capital receipts) will be higher than budgeted, as savings in revenue and capital expenditure for 2014-15 will result in higher than anticipated HRA balances.

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.

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

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show projected underspends of £299,810 against a revised budget of £12,472,740. The main variances are:

8.3.2 **Scrutiny Committee Community – (An overspend in total of £189,240)**

Management Unit	Over / (Underspend)	Detail
Advisory Services	117,540	<ul style="list-style-type: none"> Housing Benefit income has been lower than budgeted Savings on pay budgets due to vacancies Payments to temporary accommodation providers lower than budgeted
Private Sector Housing	45,450	<ul style="list-style-type: none"> A new licensing scheme for certain types of Houses in Multiple Occupation was introduced on 23 February, following Executive approval on 18 November 2014. Income from the 5 year licenses will mostly be accounted for in future financial years.
Domestic Refuse Collection	140,000	<ul style="list-style-type: none"> Overspend on Agency Staff
Cleansing Chargeable Services	(84,450)	<ul style="list-style-type: none"> Savings on pay budgets Additional income from Green Waste and Trade Refuse
General Fund Housing – Property	86,670	<ul style="list-style-type: none"> Higher than budgeted repair and hand back costs in respect of Private Sector Leased and Extralet properties and rent lost during void periods. An action plan to help address this area of budgetary pressure was reported to this committee in November 2014.

8.3.3 Scrutiny Committee Economy – (An underspend in total of £112,910)

Management Unit	Over / (Underspend)	Detail
Estates Services	133,070	<ul style="list-style-type: none"> Rental income for the property portfolio is expected to be less than the budget The expenditure on AIM lease requirements is anticipated to be less than the budget Additional expenditure on rates due to void properties at South Street
Parking Services	97,150	<ul style="list-style-type: none"> Income from car parking fees not expected to meet the budgeted target Expenditure on AIM reactive repair and service and maintenance budgets less than annual budget Additional expenditure on security patrol offset by anticipated saving on rates and other maintenance budgets
Engineering & Construction Services	(54,040)	<ul style="list-style-type: none"> Vacant posts resulting in underspend on pay budgets
Planning Services	(47,870)	<ul style="list-style-type: none"> Additional income from Planning Application Fees Additional expenditure on legal costs due to appeals Additional consultant fees, partly offset by transfer from reserve
Major Projects	(35,000)	<ul style="list-style-type: none"> Expenditure in respect of consultant fees expected to be less than the annual budget
Markets & Halls	(109,040)	<ul style="list-style-type: none"> Net increase in income
Property Maintenance Team	(47,000)	<ul style="list-style-type: none"> Saving on pay budgets due to vacant posts Saving on fuel costs

8.3.4 Scrutiny Committee Resources – (An underspend in total of £376,140)

Management Unit	Over / (Underspend)	Detail
Revenue Collection/Benefits	(195,050)	<ul style="list-style-type: none"> • Recovery of overpayments has been higher than anticipated • Revenue contribution to capital expenditure upgrading the Capita system
Legal Services	(52,130)	<ul style="list-style-type: none"> • Savings on pay due to post not filled • Additional income from legal expenses
Corporate Customer Services	(131,370)	<ul style="list-style-type: none"> • Underspend on Civic Centre reactive repairs and electricity budget. • Saving on Postage due to change of supplier. • Underspend expected on Mayoralty expenses and Civic Hospitality budgets • Additional income from Civic Centre rental spaces and solar panel income above budget

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest Paid	(69,000)	<ul style="list-style-type: none"> • Continued low rates of interest have lowered the cost of borrowing; • Better than forecast cashflow position has increased the level of interest received. • A one-off loss is projected in respect of foreign exchange rates on the Icelandic investment (£37,000) partially offset by an additional £14,000 interest.
Revenue Contribution to Capital	7,500	<ul style="list-style-type: none"> • Revenue contribution to capital expenditure upgrading the Capita system resulting in a saving set out above on Resources.
Minimum Revenue Provision	(137,737)	<ul style="list-style-type: none"> • A significant underspend on the 2013/14 capital programme has resulted in a saving in the amount required to repay debt.

Other items	Over / (Underspend)	Detail
Earmarked reserves	(629,048)	<ul style="list-style-type: none"> The main change relates to setting aside funds to pay for the final element of the Business Rates deficit caused in the first year of the new scheme by setting aside a large amount to cover the provision for appeals.

8.3.6 General Fund Balance

In 2014/15 it is projected that there will be an overall net reduction in the General Fund Balance of £217,112. The minimum requirement for the General Fund working balance was approved by Council in February 2014 at £2million.

Movement	2014/15
Opening Balance, as at 01/04/14	£3,364,640
Surplus / (Deficit)	(£ 217,112)
Balance, as at 31/3/15	£3,147,528

8.3.7 Supplementary Budgets

There are no supplementary budget requests this quarter.

8.4 COUNCIL TAX AND BUSINESS RATES COLLECTION

- 8.4.1 In the first nine months of 2014/15 the Council collected 81.6% of the Council Tax due for the year compared to a target of 83.5%. Since December, amendments to working procedures have enabled the team to reduce the gap between performance and target from 1.9% to 1.3%. Business Rates collection is below target at 85.6% against a target of 88%; however changes to allow payments over 12 instead of 10 months have affected collection, which is expected to recover to reach target by the end of March.

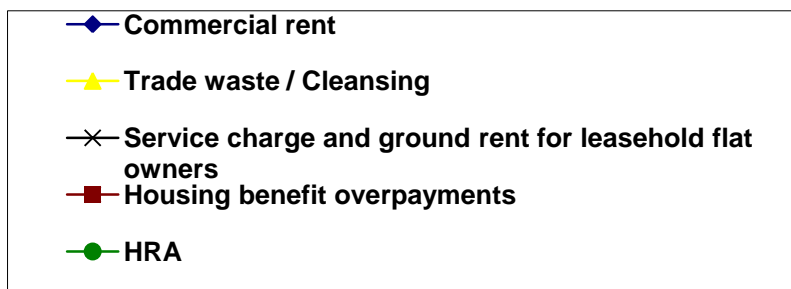
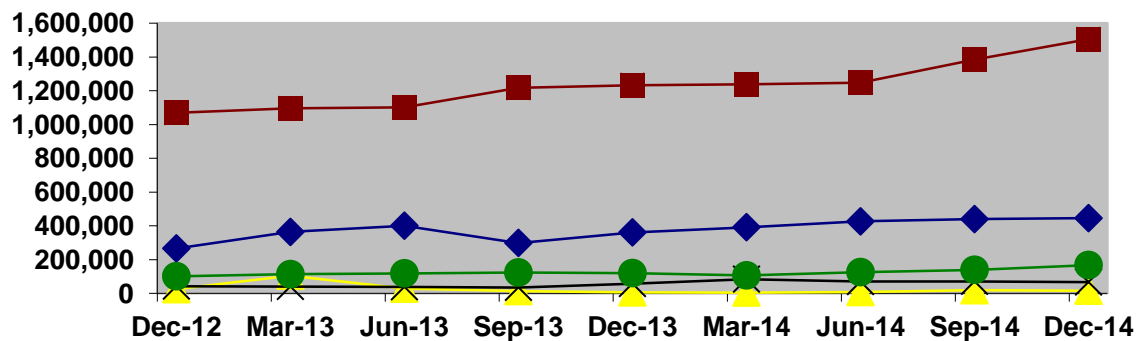
8.5 OUTSTANDING SUNDRY DEBT

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

Age of Debt	December 2013	September 2014	December 2014
Up to 29 days (current)	£765,913	*£1,578,541	£1,031,168
30 days – 1 Year	£962,291	£1,008,147	£1,246,380
1 – 2 years	£412,516	£539,069	£576,037
2 – 3 years	£240,954	£287,153	£306,597
3 – 4 years	£138,974	£144,297	£178,742
4 – 5 years	£91,523	£108,851	£84,798
5 + years	£174,934	£184,379	£209,782
Total	£2,787,105	£3,850,437	£3,633,505

* There was one large invoice (£718,786) raised on 25 September 2014, which has since been paid.

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 3)
• Council Tax	£83,940	£131,336
• Business Rates	£366,058	£0
• Sundry Debt	£138,915	£54,828
• Housing Rents (includes GF Housing Rent)	£ 72,921	£26,059

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 nine months 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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