

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 16 March 2016

REPORT TO EXECUTIVE

Date of Meeting: 12 April 2016

REPORT TO COUNCIL

Date of Meeting: 19 April 2016

Report of: Assistant Director Finance

Title: OVERVIEW OF REVENUE BUDGET 2015/16

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 2015/16 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 2015/16 financial year;

2.2 The HRA forecast financial position for 2015/16 financial year;

2.3 The outstanding Sundry Debt position as at December 2015;

2.4 The creditors' payments performance;

3. Reasons for the recommendation:

3.1 To formally note the Council's projected financial position for 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 2016. In respect of the year end projections, the overall position in respect of the General Fund is positive, with a reduction in the estimated to the working balance. The significant variance is down to 3 key factors, the proposed change to the Council's MRP policy, the substantial increase in income generated by Housing Benefit overpayments and additional income generated / savings made within other services.

6. What are the legal aspects?

6.1 There are no legal aspects to the report.

7. Monitoring Officer's comments:

7.1 This report raises no issues of concern for the Monitoring Officer

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2015/16
	£	£	£
General Fund	1,335,160	(2,380,789)	(1,045,629)
HRA	2,959,182	(1,678,116)	1,281,066
Council own Build Houses	(37,800)	0	(37,800)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The third quarter projection shows an improvement against the estimated budget reduction in the working balance. The projected reduction is £1,281,066 to leave the working balance at £6,455,466.

Movement	2015/16
Opening HRA Balance, as at 01/04/15	£7,736,532
Deficit	(£1,281,066)
Projected balance, as at 31/3/16	£6,455,466

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Budget variances reported in June	(£625,391)	
Budget variances reported in September	(£549,855)	
Management Costs	(£86,310)	<ul style="list-style-type: none"> • The introduction of mobile working in housing services is progressing with the acquisition of handheld devices, however further spend is pending a wider review of the housing management IT system. It is therefore estimated that a further £20,000 of the budget will need to be deferred until 2016-17 in addition to the £50,000 reported in Quarter 1. • The delay in full implementation of mobile working has also reduced the amount of training costs which has resulted in a forecast underspend. • The hosting of a tenant and leaseholder conference is now planned during 2016-17 and the expected costs have been factored into next year's budgets. The 2015-16 budget is therefore reported as a saving.

Repairs and Maintenance Programme	(£393,000)	<ul style="list-style-type: none"> • (£150k) Planned re-pointing works have not been undertaken during 2015-16 as contractors have concentrated on delivering the damp ingress contract which has placed a constraint on resources. Such works will now be deferred until both contractors and up-to-date stock condition data is available in order to support a future programme of re-pointing works. • (£150k) A saving in general reactive repairs is expected to be achieved, in part due to a nil inflationary rise agreed with the main contractor and also a minor reduction in the average repair cost compared to 2014-15. • (£100k) A saving in the cost of repairs to void properties is expected to be achieved, in part due to a nil inflationary rise agreed with the main contractor. • Other minor budget variances are expected in respect of service and maintenance contract costs and asbestos removal costs.
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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 variance to the projected surplus at the end of the third quarter.

Movement	2015/16
Opening Council Own Build, as at 01/04/15	£127,995
Surplus	37,800
Projected balance, as at 31/3/16	£165,795

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show projected underspends of £1,368,724 against a revised budget of £13,492,220. The main variances are:

8.3.2 Scrutiny Committee Community – (An overspend in total of £61,990)

Management Unit	Over / (Underspend)	Detail
Public Safety	(£53,130)	<ul style="list-style-type: none"> • Contribution from the Housing Revenue Account towards the cost of continuing the Home Call Alarm service to residents in the Council's older persons accommodation • Expenditure on overtime and other pay budgets is expected to be less than the annual budget.
Public Realm Assets - Community	(£68,880)	<ul style="list-style-type: none"> • Utilities budget expected to overspend. • Cemeteries maintenance budgets anticipated to underspend. • Underspend anticipated on Asset Improvement and Maintenance budget.
Advisory Services	(£60,470)	<ul style="list-style-type: none"> • Savings on pay budgets due to vacancies • Payments to temporary accommodation providers lower than budgeted • Corresponding reduction in income due to reduced usage of temporary accommodation
Private Sector Housing	£47,530	<ul style="list-style-type: none"> • Lower than budgeted level of licence fee income in respect of the new Houses of Multiple Occupation licensing scheme, despite door to door visits, advertising and targeted mail drops to encourage owners to apply.

Management Unit	Over / (Underspend)	Detail
Domestic Refuse Collection	£100,000	<ul style="list-style-type: none"> • Agency costs are expected to exceed the estimates mainly as a result of significantly higher levels of absences (sickness, suspension and phased return) than assumed when calculating the budget. • Fleet repair costs are expected to exceed the budget • Income from fees for domestic bins is expected to exceed the budget, and this, together with reduced costs of purchasing domestic bins, will partially offset the additional costs noted above
Street Cleaning	(£29,710)	<ul style="list-style-type: none"> • Underspend on budget for purchase of bins • Fleet costs anticipated to be less than budget.
Cleansing Chargeable Services	£90,000	<ul style="list-style-type: none"> • Income from Trade Refuse expected to be less than the estimates, offset by reduced waste disposal costs. • The contractor dealing with the processing of garden waste has gone into liquidation. While an alternative contractor has been engaged, the price has significantly increased • Income from Trade Recycling expected to be less than estimated partially offset by some small cost savings. • Additional fleet costs have been incurred in the Trade Recycling service
Recycling	£50,000	<ul style="list-style-type: none"> • Prices achieved for reclaimed materials are below those estimated, partially offset by savings on haulage costs

8.3.3 Scrutiny Committee Economy – (An underspend in total of £944,484)

Management Unit	Over / (Underspend)	Detail
Car Parking	(£206,710)	<ul style="list-style-type: none"> Income from Off Street parking fees expected to exceed budget. Underspend anticipated on pay and transport budgets. Additional expenditure anticipated in respect of equipment tools and materials, pay by phone and credit card transaction fees.
Economic Development	£118,740	<ul style="list-style-type: none"> Following the secondment of the Assistant Director Economy on 1 July 2015, his pay costs will be charged entirely to this unit. This will result in salary savings in the services which previously bore his costs, partially offset by honoraria paid to the acting managers. The unit has an apprentice for which there is no budget; however there are savings elsewhere in the Council where apprentices are no longer employed. These additional costs are partially offset by a net saving following the deletion of the City Centre Management service. The net expenditure on the Rugby World Cup is expected to exceed the budget by £75,000. A report to Scrutiny Committee – Economy on 22 January 2016 gave members an update on this event.
Building Control	(£70,070)	<ul style="list-style-type: none"> Income from Local Land Charges expected to exceed the budget.
Major Projects	£45,000	<ul style="list-style-type: none"> The budget funds the legal team and property consultants engaged to deliver the property transactions required to bring forward the Bus & Coach Station redevelopment. This work has ramped up this year and the initial budget was inadequate to meet these demands.

Management Unit	Over / (Underspend)	Detail
Contracted Sports Facilities	(£317,720)	<ul style="list-style-type: none"> As a result of the sports facilities contractor acquiring charitable status, the income receivable under the contract will increase. The impact of reduced energy costs for the current and previous years has now been agreed with the contractor, leading to a refund of amounts previously paid and a reduction in the ongoing charges.
Corporate Property Maintenance	(£308,900)	<ul style="list-style-type: none"> The Property Maintenance Fund budget is expected to underspend. A request to carry forward the budget underspend will be made at year end. Pay budgets are anticipated to underspend due to vacancies.

8.3.4 Scrutiny Committee Resources – (An underspend in total of £486,230)

Management Unit	Over / (Underspend)	Detail
Revenue Collection/Benefits	(£556,830)	<ul style="list-style-type: none"> Recovery of overpayments higher than budgeted Underspend on pay budgets
Grants/Cent Supp/Consultation	£69,350	<ul style="list-style-type: none"> Pay and grants budgets are expected to overspend New Homes Bonus funding an element of the grants overspend.
Human Resources	(£50,000)	<ul style="list-style-type: none"> Underspend on pay budgets
Corporate Support	(£94,620)	<ul style="list-style-type: none"> Underspend on utilities and pay budgets The asset improvement and maintenance budget is expected to underspend Additional rental income anticipated in respect of Civic Centre

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Repayment of debt (Minimum Revenue Provision)	(752,615)	<ul style="list-style-type: none"> The Council has more accurately assigned debt against an assets useful life as per the policy.

8.3.6 General Fund Balance

In 2015/16 it is projected that there will be an overall net contribution to the General Fund Balance of £1,045,629. The minimum requirement for the General Fund working balance was approved by Council in February 2015 at £2million. There will be a significant request for supplementary budgets in 2016/17 to utilise some of the underspend.

Movement	2015/16
Opening Balance, as at 01/04/15	£3,974,518
Surplus	£1,045,629
Balance, as at 31/3/16	£5,020,147

8.3.7 Supplementary Budgets

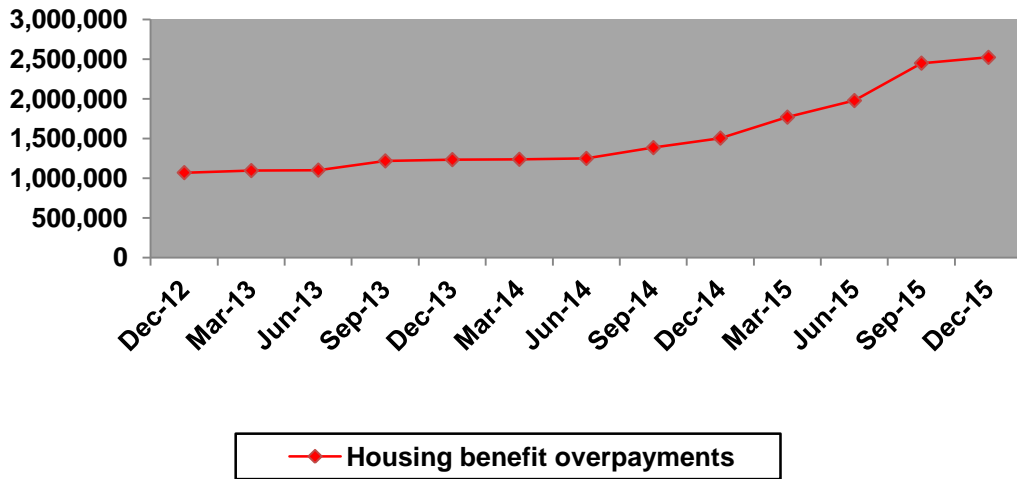
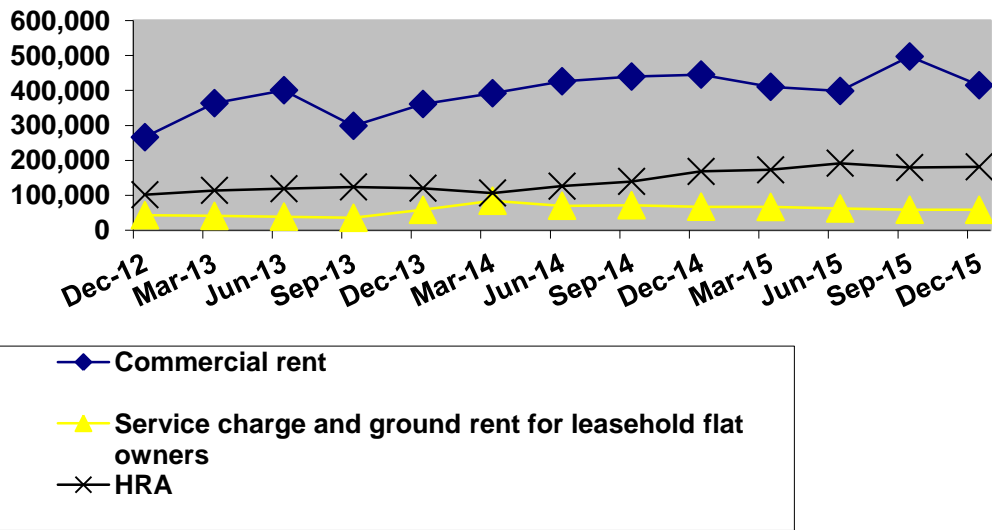
There are no supplementary budgets requests this quarter.

8.4 OUTSTANDING SUNDRY DEBT

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

Age of Debt	December 2014	September 2015	December 2015
Up to 29 days (current)	£1,031,168	£1,137,814	£1,174,110
30 days – 1 Year	£1,246,380	£1,822,595	£1,698,373
1 – 2 years	£576,037	£530,245	£595,263
2 –3 years	£306,597	£417,854	£451,063
3 – 4 years	£178,742	£214,477	£228,481
4 – 5 years	£84,798	£109,995	£141,680
5 + years	£209,782	£225,477	£221,229
Total	£3,633,505	£4,458,457	£4,510,199

8.4.2 Of the outstanding debt, the graph overleaf sets out the main services and debt trends for debt over 30 days old: Of the £3,336,089 outstanding debt over 30 days old, £2,523,015 relates to Housing Benefit overpayments which are now shown on a separate graph.



8.5 DEBT WRITE-OFFS

8.5.1 The following amounts have been written-off during 2015/16:

	2014/15 total	2015/16 (Qtr 3)
• Council Tax	£193,034	£102,075
• Business Rates	£0	£0
• Sundry Debt	£85,554	£79,435
• Housing Rents	£41,609	£58,090

8.6 CREDITOR PAYMENTS PERFORMANCE

8.6.1 Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 93.09% for the first three quarters of 2015/16 compared with 95.60% for 2014/15.

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 2015/16.

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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