

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 28 September 2017

REPORT TO EXECUTIVE

Date of Meeting: 10 October 2017

REPORT TO COUNCIL

Date of Meeting: 17 October 2017

Report of: Assistant Director Finance

Title: OVERVIEW OF REVENUE BUDGET 2017/18

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 2017/18 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 2017/18 financial year;
- 2.2 The HRA forecast financial position for 2017/18 financial year;
- 2.3 The additional supplementary budgets listed in Appendix C;
- 2.4 The outstanding Sundry Debt position as at August 2017;
- 2.5 The creditors' payments 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 £47,000 has been included in the report.

5. Section 151 Officer comments:

5.1 The report represents the projected financial position to 31 March 2018. In respect of the year end projections, the overall position in respect of the General Fund is negative, with a number of income targets not being achieved. This is offset partially by a reduction in the repayment of debt caused by lower than expected capital expenditure by the end of the last financial year. The HRA is showing a significant underspend caused by the delay in a number of significant capital projects.

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 2017/18
	£	£	£
General Fund	1,410,509	217,024	1,627,533
HRA	2,487,615	(3,212,950)	(725,335)
Council own Build Houses	(35,970)	0	(35,970)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The first quarter projection shows a significant reduction in the amount taken from the working balance resulting in a large increase in the working balance. The projected increase is £725,335 to leave the working balance at £9,292,789.

Movement	2017/18
Opening HRA Balance, as at 01/04/17	£8,567,454
Deficit	£725,335
Projected balance, as at 31/3/18	£9,292,789

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Repairs and Maintenance Programme	(£275,000)	<ul style="list-style-type: none"> It is anticipated that slippage will occur in the external painting and low maintenance works in respect of flats due to the time required to undertake leaseholder consultation.
Revenue Contribution to Capital	(£2,700,000)	<ul style="list-style-type: none"> The estimated amount of revenue monies required towards financing the HRA Capital Programme in 2017-18 has reduced by £2.7m, from £6.5m to £3.8m. In March 2014 Executive approved a £2.7m contribution towards the St Loyes Extra Care scheme, which was profiled to be required in 2017-18 but delays to the scheme will mean that significant spend will not take place until 2018/19 when it is hoped that works can start on site. A detailed report is due to be presented to committee later this year in respect of this scheme.
Housing Assets	(£155,450)	<ul style="list-style-type: none"> Savings in employee costs are expected due to vacant Surveyor posts within the Housing Assets team. The decant of tenants in ten LAINGS properties whilst a major refurbishment programme is undertaken are not all expected to take place this financial year. Higher than budgeted tender prices have necessitated an options appraisal and caused a delay in the project timetable. A saving is reported in 2017-18, as the cost of decanting tenants in 2018-19 will be factored into next year's budgets.

- 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	2017/18
Opening Council Own Build, as at 01/04/17	£208,097
Surplus	35,970
Projected balance, as at 31/3/18	£244,067

8.3 General Fund (Appendix B)

- 8.3.1 The Service Committees show projected overspends of £127,221 against a revised budget of £14,167,699. The main variances are:

8.3.2 **People Scrutiny Committee – (An overspend in total of £28,570)**

There are no significant variances to report this quarter.

8.3.3 **Place Scrutiny Committee – (An overspend in total of £367,140)**

Management Unit	Over / (Underspend)	Detail
Parks and Green Spaces	£92,350	<ul style="list-style-type: none"> The saving target for the management unit will not be achieved in year due to the increasing service demands impacting on the existing resource base.
Street Cleaning	£47,430	<ul style="list-style-type: none"> Additional expenditure will be incurred on Graffiti removal, a supplementary budget will be requested to cover the additional expenditure.
Cleansing Chargeable Services	£100,000	<ul style="list-style-type: none"> The predicted overspend is due to income from the trade refuse and recycling services being below target.
Museum Service	£50,000	<ul style="list-style-type: none"> The predicted overspend relates to the Museum Shop. Although the shop has not yet been open for a full operating year, previous months' sales would suggest that the budgeted surplus will not be achieved for 2017-18.
Contracted Sports Facilities	£30,000	<ul style="list-style-type: none"> The funding for this expenditure is held within an ear-marked reserve and will be transferred at year end.

8.3.4 Corporate Scrutiny Committee – (An overspend in total of £12,620)

Management Unit	Over / (Underspend)	Detail
Corporate Property - Estates	31,310	<ul style="list-style-type: none"> Additional expenditure has been incurred in respect of a lease termination and Non-Domestic Rates charges. The income budget in respect of Paris Street properties will be exceeded.
Strategic Management	(98,290)	<ul style="list-style-type: none"> An underspend is anticipated on the cost of employee budgets mainly due to: vacancies; a reduction of hours, and recharges to the Housing Revenue Account.

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest	(75,000)	<ul style="list-style-type: none"> Continued low interest rates and advice not to borrow longer term from our advisors mean a reduction in the spend on interest.
Repayment of debt	(116,306)	<ul style="list-style-type: none"> Lower than forecast need to borrow leading to a reduced repayment of debt calculation.

8.3.6 General Fund Balance

In 2017/18 it is projected that there will be an overall net contribution from the General Fund Balance of £1,627,533. The minimum requirement for the General Fund working balance was approved by Council in February 2017 at £3 million.

Movement	2017/18
Opening Balance, as at 01/04/17	£5,264,841
Deficit	(£ 1,627,533)
Balance, as at 31/3/18	£3,637,308

8.3.7 Supplementary Budgets

There is a requirement for one further supplementary budget in 2017/18. It is therefore proposed that a General Fund supplementary budget totalling £47,000, identified in Appendix C is approved in 2017/18.

8.3.8 The additional supplementary budgets being requested in this report is:

- £47,000 to support the appointment of temporary staff to address the amount of graffiti in the City.

8.4 OUTSTANDING SUNDRY DEBT

8.4.1 An aged debt analysis of the Council's sundry debts is shown in the table below. The latest data shown is to the end of August in order to demonstrate how for much of the debt, there is significant recovery in the two months after the data is run. This is due to the fact that our quarterly invoices are run just prior to the end of each quarter.

Age of Debt	August 2016	March 2017	August 2017
Up to 29 days (current)	£370,261	£6,820,661	£470,979
30 days – 1 Year	£1,274,107	£1,027,940	£1,354,770
1 – 2 years	£1,172,225	£945,735	£589,425
2 –3 years	£406,840	£455,532	£792,195
3 – 4 years	£324,989	£327,021	£304,408
4 – 5 years	£165,598	£226,393	£268,765
5 + years	£265,882	£325,762	£343,256
Total	£3,979,902	£10,129,044	£4,123,798

8.4.2 Of the outstanding debt, the table below sets out the split in aged debt between Housing Benefits and the rest of the services at the end of August 2017. Housing Benefits makes up two thirds of the outstanding sundry debt at the Council and owing to the circumstances of the debtors takes much longer to recover.

Age of Debt	Housing Benefits	Other Sundry Debt	Total
Up to 29 days (current)	£62,838	£408,141	£470,979
30 days – 1 Year	£631,128	£723,642	£1,354,770
1 – 2 years	£493,427	£95,998	£589,425
2 –3 years	£726,101	£66,094	£792,195
3 – 4 years	£191,435	£112,973	£304,408
4 – 5 years	£160,313	£108,452	£268,765
5 + years	£229,628	£113,628	£343,256
Total	£2,494,870	£1,628,928	£4,123,798

8.5 DEBT WRITE-OFFS

8.5.1 The following amounts have been written-off during 2017/18:

	2016/17 total	2017/18 (Qtr 1)
• Council Tax	£341,926	£150,328
• Business Rates	£274,428	£0
• Sundry Debt	£44,459	£9,524
• Housing Rents	£48,478	£13,399

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 94.41% for the first quarter of 2017/18 compared with 93.15% for 2016/17.

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 2017/18.

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 Board 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

Contact for enquires:
Democratic Services (Committees)
Room 2.3
01392 265275