

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 23 November 2017

REPORT TO EXECUTIVE

Date of Meeting: 12 December 2017

REPORT TO COUNCIL

Date of Meeting: 19 December 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 six 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 2017/18 financial year;

2.2 The HRA forecast financial position for 2017/18 financial year;

2.3 The outstanding Sundry Debt position as at September 2017;

2.4 The creditors' payments performance;

3. Reasons for the recommendation:

3.1 To formally note the Council's projected financial position and to approve any 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 There are no requests for supplementary budgets 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 has returned to budget. This has been caused by a number of services covering their overspends identified in quarter 1 and a further reduction in the repayment of debt caused by lower than expected capital expenditure. 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	1,452,509	(1,456)	1,451,053
HRA	2,487,615	(3,416,126)	(928,511)
Council own Build Houses	(35,970)	(7,0000)	(42,970)

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
Surplus	£928,511
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	(£355,000)	<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. • Savings from new contracts for the testing of emergency lights and fire alarms

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	(£186,800)	<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 to enable a demolish and rebuild scheme to be undertaken are not 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. A detailed report is planned to be presented to committee in respect of the LAINGS project.

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 a small 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	42,970
Projected balance, as at 31/3/18	£251,067

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show projected overspends of £258,050 against a revised budget of £14,231,290. The main variances are:

8.3.2 **People Scrutiny Committee – (An overspend in total of £122,780)**

Management Unit	Over / (Underspend)	Detail
Affordable Housing Development	42,780	<ul style="list-style-type: none"> This represents the cost of officer time required to progress Estate Regeneration Projects, following a successful capital grant bid of £1.295m and the time required in connection with setting up a new Development Company.
General Fund - Housing	(45,000)	<ul style="list-style-type: none"> The number of Private Sector Leased properties handed back to landlords was lower than anticipated in the first 6 months, resulting in additional rental income and lower hand back costs.
Revenue Collection & Benefits	125,000	<ul style="list-style-type: none"> The value of debt write offs has been higher than expected due to an increase in personal insolvencies.

8.3.3 Place Scrutiny Committee – (An overspend in total of £161,420)

Management Unit	Over / (Underspend)	Detail
Parks and Green Spaces	£85,000	<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.
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.
Recycling	£50,000	<ul style="list-style-type: none"> The predicted overspend is due to income being below target for recycling, mainly paper. Paper tonnage collected has reduced compared to last year, and the rate received for selling paper has also reduced.
Public Realm Assets	£30,000	<ul style="list-style-type: none"> The saving included in respect of the closure of Paris Street PCs will not be achieved due to the delay in the redevelopment of the bus station.
Growth & Enterprise	(£38,000)	<ul style="list-style-type: none"> The underspend is due to vacancies.
Planning Services	(£50,000)	<ul style="list-style-type: none"> Income figures to date indicate that the budget in respect of Planning Application Fees will exceed the budget.
Markets & Halls	(£41,000)	<ul style="list-style-type: none"> Income streams at the Livestock / Matford centre are projected to be ahead of budget by the year end, plus an underspend on vacancies at the Corn Exchange.

8.3.4 Corporate Scrutiny Committee – (An overspend in total of £26,150)

Management Unit	Over / (Underspend)	Detail
Corporate Property - Estates	30,800	<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.
Unapportionable Overheads	(90,000)	<ul style="list-style-type: none"> This potential underspend relates to Superannuation and is based upon known departures as at this date.

Strategic Management	(103,700)	<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	(150,000)	<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 £1,451,053. 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
Surplus	(£ 1,451,053)
Balance, as at 31/3/18	£3,813,788

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	November 2016	March 2017	September 2017
Up to 29 days (current)	£929,016	£6,820,661	£1,266,865
30 days – 1 Year	£1,389,548	£1,027,940	£1,307,986
1 – 2 years	£1,174,178	£945,735	£588,743
2 – 3 years	£394,762	£455,532	£816,633
3 – 4 years	£356,987	£327,021	£275,278
4 – 5 years	£167,513	£226,393	£282,922
5 + years	£292,438	£325,762	£358,570
Total	£4,704,442	£10,129,044	£4,896,997

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 September 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)	£63,342	£1,203,523	£1,266,865
30 days – 1 Year	£604,964	£703,022	£1,307,986
1 – 2 years	£478,053	£110,690	£588,743
2 –3 years	£757,176	£59,457	£816,633
3 – 4 years	£193,426	£81,852	£275,278
4 – 5 years	£152,207	£130,715	£282,922
5 + years	£237,753	£120,817	£358,570
Total	£2,494,871	£2,410,076	£4,896,997

8.5 DEBT WRITE-OFFS

8.5.1 The following amounts have been written-off during 2017/18, Housing Benefit overpayments are being newly reported and therefore there are no comparatives:

	2016/17 total	2017/18 (Qtr 2)
• Council Tax	£341,926	£188,906
• Business Rates	£274,428	£0
• Sundry Debt	£44,459	£69,883
• Housing Rents	£48,478	£60,557
• HB Overpayments		£106,149

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 93.90% for the first half 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