

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 22 March 2018

REPORT TO EXECUTIVE

Date of Meeting: 10 April 2018

REPORT TO COUNCIL

Date of Meeting: 24 April 2018

Report of: Chief Finance Officer

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 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 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 is showing a slight underspend. This has been caused by a number of services covering their overspend identified in quarter 1 and a further reduction in the repayment of debt caused by lower than expected capital expenditure. The HRA is continuing to show 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	1,666,369	(345,219)	1,321,150
HRA	2,487,615	(3,667,716)	(1,180,101)
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	£1,180,101
Projected balance, as at 31/3/18	£9,747,555

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Repairs and Maintenance Programme	(£644,000)	<ul style="list-style-type: none"> • This represents a combination of forecast savings, most notably due to: <ul style="list-style-type: none"> - A projected £120k saving in respect of asbestos survey costs. - A projected £100k saving in respect of repairs to void properties. - Capacity to undertake remedial works following electrical testing has been impacted by a vacant Electrician post, with urgent health and safety works taking priority, resulting in a forecast £70k underspend.
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. <p>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.</p>
Housing Assets	(£127,800)	<ul style="list-style-type: none"> • The decant of tenants in ten LAINGS properties to enable a demolish and re-build 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 £108,747 against a revised budget of £14,445,150. The main variances are:

8.3.2 **People Scrutiny Committee – (An overspend in total of £344,087)**

Management Unit	Over / (Underspend)	Detail
General Fund - Housing	(55,000)	<ul style="list-style-type: none"> Private Sector Leased properties are handed back to the landlords upon a change of tenancy, which has resulted in a lower level of rent lost during void periods and a lower level of reactive repairs due to the reducing number of properties.
Revenue Collection & Benefits	400,000	<ul style="list-style-type: none"> Income is lower than anticipated; Real time information updates over the past 2 years had led to an increase in the recovery of overpayments, this has now reduced as the majority of historic cases have been dealt with. There has also been an increase in the amount of debt write offs in part to the clearing down of some older cases. The amount of unsubsidised housing benefit expenditure is also higher than forecast due to a higher number of temporary and supported accommodation claims.

8.3.3 Place Scrutiny Committee – (An overspend in total of £57,504)

Management Unit	Over / (Underspend)	Detail
Parks and Green Spaces	£97,520	<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	(£89,830)	<ul style="list-style-type: none"> An underspend is anticipated on vehicle maintenance and pay budgets
Cleansing Chargeable Services	51,200	<ul style="list-style-type: none"> The predicted overspend is due to income from the trade refuse and recycling services being below target.
Recycling	75,000	<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.
Parking Services	(£91,710)	<ul style="list-style-type: none"> Off Street car parking fee income anticipated to exceed the target. Additional expenditure on pay budgets.
Planning Services	(£96,070)	<ul style="list-style-type: none"> Income from planning application fees expected to exceed the target. Underspend on pay budget. Community Infrastructure Levy grant expenditure, and additional pay expenditure funded by a transfer from the earmarked reserve.
Major Projects	£110,000	<ul style="list-style-type: none"> Additional expenditure in respect of a compensation payment.

8.3.4 Corporate Scrutiny Committee – (An underspend in total of £292,844)

Management Unit	Over / (Underspend)	Detail
Corporate Property - Assets	(156,090)	<ul style="list-style-type: none"> An underspend is anticipated on Property Maintenance Fund Budgets.
Grants/Central Support/Consultation	(85,000)	<ul style="list-style-type: none"> This underspend is mainly a result of the consolidation of Comms & Marketing budgets during 2017/18. A temporary structure exists to support the new processes, and a full restructure reflective of corporate priority will be going to Executive in March. A request to carry forward the underspend will be made (through the appropriate process), as a one-off supplement to support the permanent structure and new aligned priorities.
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	(72,000)	<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
Deficit	(£ 1,321,150)
Balance, as at 31/3/18	£3,943,691

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	February 2017	March 2017	February 2018
Up to 29 days (current)	£478,944	£6,820,661	£1,408,652
30 days – 1 Year	£1,114,238	£1,027,940	£1,405,970
1 – 2 years	£1,056,720	£945,735	£555,307
2 –3 years	£476,815	£455,532	£690,937
3 – 4 years	£361,651	£327,021	£356,595
4 – 5 years	£194,923	£226,393	£303,416
5 + years	£313,361	£325,762	£390,171
Total	£3,996,652	£10,129,044	£5,111,048

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 3)
• Council Tax	£341,926	£250,794
• Business Rates	£274,428	£0
• Sundry Debt	£44,459	£98,942
• Housing Rents	£48,478	£235,882
• HB Overpayments		£157,309

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 91.53% for the first nine months 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

DAVE HODGSON
Chief Finance Officer

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

Background papers used in compiling this report:-

None

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