

REPORT TO CORPORATE SERVICES SCRUTINY COMMITTEE

Date of Meeting: 26 September 2019

REPORT TO EXECUTIVE

Date of Meeting: 8 October 2019

REPORT TO COUNCIL

Date of Meeting: 16 October 2019

Report of: Chief Finance Officer

Title: OVERVIEW OF GENERAL FUND REVENUE BUDGET 2019/20 – QUARTER 1

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 General Fund Revenue Budgets for the 2019/20 financial year after three months.

2. Recommendations:

- 2.1 It is recommended that Members of Corporate Services Scrutiny Committee and the Executive note the report and Council notes and approves (where applicable):
- i. The General Fund forecast financial position for the 2019/20 financial year;
 - ii. The supplementary budgets of £493,930 and budget virements as detailed in paragraph 9.10
 - iii. The outstanding Sundry Debt position as at June 2019.
 - iv. 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 equality and diversity impacts of this decision?

- 4.1 There are no significant equality and diversity impacts associated with this decision.

5. What are the resource implications including non financial resources.

- 5.1 The impact on the General Fund working balance is set out in sections 9.9.
- 5.2 The financial position has stabilised and the General Fund Working Balance is projected to stand at £3.823 million at year end.

6. Section 151 Officer comments:

6.1 At the end of the first quarter, the General Fund is on track to deliver on budget. There are still a significant number of supplementary budgets arising although the impact on the General Fund balance is low.

7. What are the legal aspects?

7.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

8. Monitoring Officer's comments:

8.1 The report raises no issue for the Monitoring Officer.

9. Report details:

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2019/20 – QUARTER 1

9.1 **Financial Summary**

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2019/20
	£	£	£
General Fund	(601,840)	29,808	(572,032)

9.2 **General Fund (Appendix 1 & Appendix 2)**

The current forecasts show an overall projected underspend of £120,500 against a revised budget of £19,966,520. This includes supplementary budgets of £1,394,660 already agreed by Council (23 July 2019).

Variances of more than +/- £30,000 are detailed below:

9.3 **Chief Executive & Growth Director**

Budget Heading	Over / (Underspend)
IT Services	(£88,000)
The 2018/19 refund to shareholders was higher than anticipated and contract savings have been identified in 2019/20. The combined figure of these two savings will more than outweigh the expected drop in return due in 2019/20 that has been identified by the company.	

9.4 **Communities Health, Well Being, Sport & Leisure**

Budget Heading	Over / (Underspend)
Private Sector Housing	(£34,000)
<p>Responsible Officer: Environmental Health and Licensing Manager</p> <p>The forecast underspend reflects the capitalisation of officer time in respect of Disabled Facility Grants and Warm Up Exeter, which can be met from the Better Care Fund in accordance with proper accounting practice.</p>	

9.5 **Strategic Housing, City Development, Housing Needs & Homelessness, Customer Services, Welfare Reform, Revenues, Benefits & Business Rates and Democratic Services**

Budget Heading	Over / (Underspend)
Building Control	(£94,600)
Planning Services	£34,200
<p>Responsible Officer: City Development Manager</p> <p>The self-financing Building Control and Land Charges functions are forecast to achieve a surplus which will be transferred to earmarked reserves held to balance these functions in years when they fail to achieve breakeven positions.</p> <p>Planning Fee income has dipped significantly over the summer months compared to last year and the assumed fee increase budget relating to the 20% uplift introduced in 2017 is not expected to be achieved in the current year.</p>	
Civic Ceremonials	£57,100
<p>Responsible Officer: Corporate Manager Democratic and Civic Support</p> <p>The shop attached to the Guildhall is expected to remain unlet for the whole of the year. However, savings in staff costs and postage are forecast within Elections, Democratic Representation and Corporate Support to offset this loss of income.</p>	

9.6 **Environment and City Management**

Budget Heading	Over / (Underspend)
Parking Services	(£91,000)
<p>Responsible Officer: Community Safety & Enforcement Service Manager</p> <p>A National Non Domestic Rates (NNDR) refund of £60,000 has been received following a revaluation of one of the multi storey car parks.</p> <p>Net car parking income is expected to exceed the budget by £31,000</p>	
Waterways	£34,000
<p>Responsible Officer: Community Safety & Enforcement Service Manager</p> <p>Long term sickness is expected to result in additional pay costs of £12,500.</p> <p>A consultancy contract has expired which will result in a saving of £3,500</p> <p>Income from Canal Licences is expected to be £25,000 less than the budget</p>	
Parks & Green Spaces	£42,500
<p>Responsible Officer: Public & Green Space Operations Manager</p> <p>Pay costs are expected to exceed the budget by £12,500 as a result of backdated Job Evaluation results</p> <p>Increased premises costs of £10,000 have arisen in respect of refuse collection and legionella testing.</p> <p>Fleet costs are expected to exceed the budget by £20,000</p>	

9.7 **Chief Finance Officer**

Budget Heading	Over / (Underspend)
Financial Services	(£63,000)
Procurement	£129,800
Unapportionable Overheads	(£24,300)
<p>Responsible Officer: Chief Finance Officer</p> <p>Delays in recruitment to the new Financial Services team structure are generating savings for the first half of the year.</p>	

Identifying the achievement of savings from the work undertaken by the Procurement department is still a work in progress. The current forecast reports the position, assuming this area of uncertainty still exists as it is unlikely that whichever areas have benefited from the service's work will not have reflected increased costs over any awarded contract. It is expected that, by the time the half year position is to be reported, this work will have provided a position to monitor against for the remainder of the financial year

The budget for additional superannuation contributions remained at the level set last year, even though expenditure did not reach that level. There are no anticipated strain payments within the current forecast position.

9.8 Other Financial Variations

Budget Heading	Over / (Underspend)
Repayment of Debt	(£155,580)
Responsible Officer: Chief Finance Officer	
A lower than forecast need to borrow has resulted in a reduced repayment of debt calculation.	

9.9 General Fund Balance

In 2019/20 it is projected that there will be an overall net contribution from the General Fund Balance of £572,032. The minimum requirement for the General Fund working balance was approved by Council in February 2019 at £3 million and it is projected that the balance will be comfortably above this level.

Movement	2019/20
Opening Balance	£4,395,024
Deficit	(£572,032))
Projected balance at year end	£3,822,992

9.10 Supplementary Budgets and Virements

It is proposed that supplementary budgets totalling £493,930 identified in Appendix 3 are approved and added to the 2019/20 budget. These will be financed from CIL (£44,180), Earmarked Reserves (£371,250) and the General Fund working balance (£78,500).

The impact on the projected General Fund working balance will be to reduce it to £3,744,492.

Appendix 3 also lists proposed budget virements which have been identified where budgets need to be transferred from one service area to another.

9.11 OUTSTANDING SUNDRY DEBT

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 July.

Age of Debt	August 2018	March 2019	July 2019
Up to 29 days (current)	£575,078	£1,356,559	£972,699
30 days – 1 Year	£1,398,705	£1,613,514	£1,335,417
1 – 2 years	£742,745	£647,966	£649,309
2 –3 years	£402,966	£617,436	£340,601
3 – 4 years	£593,665	£511,466	£338,520
4 – 5 years	£246,335	£275,815	£423,102
5 + years	£498,729	£583,089	£640,358
Total	£4,458,223	£5,605,845	£4,700,006

9.12 DEBT WRITE-OFFS

The following amounts have been written-off during 2019/20:

	2018/19	2019/20 (Qtr 1)
• Council Tax	£351,917	£45,004
• Business Rates	£73,387	£0
• Sundry Debt	£52,786	£0
• Housing Rents	£65,824	£18,891
• Non-HRA Rents	£167,125	£2,035
• HB Overpayments	£195,758	£26,350

9.13 CREDITOR PAYMENTS PERFORMANCE

Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 95.09% for the first three months of 2019/20 compared with 97.83% for 2018/19.

10. How does the decision contribute to the Council's Corporate Plan?

10.1 This is a statement of the projected financial position to the end of the 2019/20.

11. What risks are there and how can they be reduced?

11.1 The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. Members have a legal responsibility to take action where balances are projected to reach an unsustainable level and the Strategic Management Board are working to address the current projected shortfall in reserves.

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks are attached as Appendix 4, for reference.

12. 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?

12.1 Not applicable

13. What other options are there, and why have they been dismissed?

13.1 Not applicable

DAVE HODGSON
Chief Finance Officer

Authors:

Nicola Matthews-Morley, Michelle White, Sally Reeve, Adrian Rutter and Mark Neville-Smith

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