

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE - RESOURCES
15 SEPTEMBER 2010**

**EXECUTIVE
28 SEPTEMBER 2010**

**COUNCIL
12 OCTOBER 2010**

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2010/11

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget after three months, for the 2010/11 financial year.

2. REVENUE POSITION – EXECUTIVE SUMMARY

FUND	Latest Approved Budget	Stewardship Variance June 2010	Outturn Forecast 2010/11
	£	£	£
General Fund	18,030,360	41,432	18,071,792
HRA*	(642,570)	213,736	(428,834)
* Net deficit			

GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast over spend of £49,800 (0.29%) against a revised Service Committee Net Expenditure budget of £17,356,360 and an overall over spend of £41,432 against the General Fund Expenditure including investment interest, Business Growth Incentive Grant and the provision for redundancy.
- 2.2 The budgets for 2010/11 included a provision of 0.7% for the pay award. The current position is that Local Government Employers have not offered a pay award for the current year and this has not yet been fully reflected.
- 2.3 Details of the variances are being disclosed in stewardship reports to individual Scrutiny Committees during the current cycle of meetings. However the main variances are as follows:
- 2.3.1 **Scrutiny Committee Community – (An over spend of £14,590)**

Income from the sale of recyclates is expected to exceed the estimates, while the cost of freight is expected to show a saving. While the prices at which materials are currently being sold exceed those assumed for the estimates, the volatility of these prices makes it difficult to predict the outturn. This will be reviewed for the half year stewardship report. Overall a saving of £60,000 is anticipated.

In general Fund Housing, there is a reduction of £27,300 in the amount of revenue expenditure which can be capitalised in relation to the Council Own Build sites at Sivell Place and Merlin Crescent, in accordance with capital accounting regulations.

A further overspend of £26,800 will be met from earmarked reserves for expenditure relating to Empty Home Initiatives and the Housing Market Assessment.

2.3.2 Scrutiny Committee Economy – (An over spend of £2,850)

Property income is lower than expected at various properties due to a general increase in void periods and downward pressures on rent levels across the portfolio.

Income from off street car park fees is slightly above the budgeted income figure as at 30 June 2010. Additional income is expected in respect of rental of car park spaces; this additional income will be partially offset by income from Car Park Investment properties being less than budgeted.

It is anticipated that planning fee income will be below budgeted levels by the end of the year; this will be partially offset by additional income from legal costs.

A significant part of the planning expenditure is funded by Planning Delivery Grant. No grant will be received in 2010/11. However the expenditure in this financial year will be funded from the earmarked reserve at the year end.

Income across Markets & Halls is anticipated to be higher than budgeted.

2.3.3 Scrutiny Committee Resources – (An over spend of £32,360)

There will be an underspend on Members' Allowances by the end of the financial year due to the temporary reduction in numbers pending the September 2010 elections.

In the current year expenditure of above £78,000 has been incurred on the Local Government Review, for which there is no budget. However, in the previous financial year there was a reported underspend of more than £900,000 against the total budget set aside for LGR.

It is estimated at the end of the first quarter that there will be a net increase in Housing Benefits subsidy (£68,660)

3. OTHER FINANCIAL VARIATIONS

- 3.1 There is a net transfer from Earmarked Reserves of £481,070, a reduction of £6,450 from budget.
- 3.2 There is a reduction of £50,000 in respect of the Business Growth Incentive Grant as a result of the Government's decision to stop this funding stream. However, the Council will receive £58,368 in Area Based Grant, which has not been budgeted for.
- 3.3 A provision of £500,000 has been made for redundancy and £324,000 for the repayment of debt. Investment income is anticipated to be close to budget at this stage.
- 3.4 The overall net transfer from the General Fund Working Balance is estimated to be £770,213 at 31 March 2011 after accounting for July approved supplementary budgets of £152,160.

4. HOUSING REVENUE ACCOUNT (HRA)

During this period the total of the budget variances indicate that there will be a net deficit of £428,834 which will need to be funded from the HRA working balance at 31 March 2011. However, this represents a reduction of £213,736 compared to the budgeted reduction to the working balance of £642,570. It is estimated that the working balance will

stand at £2,252,895 at 31 March 2011.

Details of the variances are being disclosed in stewardship reports to Scrutiny Committee Community during the current cycle of meetings.

5. OUTSTANDING SUNDRY DEBT

5.1 The Council issues invoices for a range of sundry debts, including :-

- Commercial rent
- Trade waste
- Service charge and ground rent for leasehold flat owners
- Home call alarms
- Housing benefit overpayments
- and a range of other services such as room rental.

This does not include housing rent, council tax or business rate debt.

5.2 Outstanding debt at 31 October 2009 was £3.001m, by 31 December 2009 it was £3.572m, at 31 March 2010 it was £3.616m and at 30 June 2010 it was £3.273m. An aged debt analysis is shown below, which demonstrates that of the £3.273m debt, £1.069m is less than 30 days old. Debt over 30 days old has increased over the quarter from £2.095m to £2.204m.

Age of Debt	October 2009	December 2009	March 2010	June 2010
Up to 29 days (current)	£708,672	£1,161,129	£1,521,683	£1,068,689
30 days – 1 Year	£1,153,907	£1,258,539	£963,838	£1,076,971
1 – 2 years	£383,548	£384,230	£400,385	£416,336
2 –3 years	£198,437	£226,147	£225,237	£228,996
3 – 4 years	£158,512	£155,938	£110,823	£108,025
4 – 5 years	£117,213	£97,901	£122,839	£112,007
5 + years	£280,826	£287,866	£271,553	£261,603
Total	£3,001,115	£3,571,750	£3,616,358	£3,272,627

5.4 Of the outstanding debt, the table below sets out the main services and debts owing:

	Outstanding debt – 30 June 2010 £
▪ Commercial rent	322,723
▪ Trade waste	149,453
▪ Service charge and ground rent for leasehold flat owners	65,464
▪ Home call alarms	6,814
▪ Housing benefit overpayments*	1,091,055
▪ Engineering	132,255
▪ AFU	249,988
▪ Economy & Tourism	149,190
▪ HRA	87,223
▪ General Fund Housing	158,581
▪ River & Canal	43,720

* These overpayments occur largely due to claimants' change of circumstances which

leads to a lower benefit entitlement once a reassessment is made. This figure represents about 2.9% of the total annual benefits paid and over 90% of this amount is recovered.

6. CREDITOR PAYMENTS PERFORMANCE

The creditors' payments in respect of the Statutory Performance Indicator BVPI8 have improved during 2009/10 as the new financial information has been embedded within the Council. During the first three months of 2010/11, the percentage paid within 30 days was 92.92%, slightly down on last year.

7. CONCLUSION

- 7.1 The forecast increase in Service Committee net expenditure for 2010/11 totals £49,800 including the supplementary budgets of £152,160. This together with transfers from Earmarked Reserves, Area Based Grant and the reduction of £50,000 from the Business Growth Incentive Grant will result in a transfer of £770,213 from the Working Balance.
- 7.2 The forecast General Fund Working Balance at 31 March 2011 is £3,127,542 and equates to 18.6% of the General Fund net expenditure.
- 7.3 It is estimated that the HRA working balance will stand at £2,252,895 at 31 March 2011.
- 7.4 The creditor's payment performance has dipped slightly and is currently 92.92%.

8. RECOMMENDATION

It is recommended that the report be noted and Council note and approve:

- The General Fund forecast financial position for the 2010/11 financial year
- The HRA forecast financial position for 2010/11 financial year
- The outstanding Sundry Debt position as at June 2010
- The Statutory Performance Indicator BVPI8 for creditor's payments

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None