

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - RESOURCES**  
**21 SEPTEMBER 2011**

**EXECUTIVE**  
**4 OCTOBER 2011**

**COUNCIL**  
**18 OCTOBER 2011**

**OVERVIEW OF GENERAL FUND REVENUE BUDGET 2011/12**

**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 2011/12 financial year.

**2. REVENUE POSITION – EXECUTIVE SUMMARY**

<b>FUND</b>	<b>Latest Approved Budget</b>	<b>Stewardship Variance June 2011</b>	<b>Outturn Forecast 2011/12</b>
	£	£	£
General Fund	14,173,520	16,086	14,189,606
HRA*	(499,390)	31,800	(467,590)
* Net deficit			

**GENERAL FUND – Appendix A**

- 2.1 The Service Committee budgets shows a forecast overspend of £503,990 (3.9%) against a revised Service Committee Net Expenditure budget of £13,003,520 and an overall overspend of £389,165 against General Fund Expenditure including interest and funds set aside for the repayment of debt.
- 2.2 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 **Scrutiny Committee Community – (An underspend of £135,960)**

There will be a saving on staff costs in Environmental Protection as a result of a vacancy which will not be filled. This has caused an underspend of £41,420.

Cleansing services is anticipated to overspend by £70,000 as a result of the increased price of diesel.

Within the Museums Service, there will be a saving on staff costs as a result of some grades being lower than anticipated in the estimates following the Job Evaluation exercise, although in some cases the reduction will not be fully realised in the current year due to pay protection. The anticipated saving is £46,360.

Income from the sale of recyclates is expected to exceed the estimates, and the cost of freight is expected to be less than estimated. 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. It is estimated that the underspend will total £125,000.

Other variances within the Committee result in a net overspend of £6,820, leaving an anticipated total underspend for the Committee of £135,960.

#### **2.4 Scrutiny Committee Economy – (An overspend of £221,940)**

Additional expenditure will be incurred in Planning in respect of costs awarded against the Council regarding a planning appeal at Hill Barton Farm. This will result in an anticipated overspend of £68,260.

There is an anticipated overspend in respect of the closure of the Archaeological Field Unit. The cost of £286,120 was reported to the Executive in March 2011.

Additional income is expected in respect of livestock sales, commission and rental income, contributing to an estimated underspend of £74,900.

Other variances within the Committee result in a net underspend of £57,540, leaving an anticipated total overspend for the Committee of £221,940.

#### **2.5 Scrutiny Committee Resources – (An overspend of £418,010)**

It is anticipated that there will be a reduction in the amount of Housing Benefit Subsidy received, mainly in respect of non HRA rent allowances. This has resulted in an estimated overspend of £388,190 (0.87%) against the £44.7 million budget.

Other variances within the Committee result in a net overspend of £29,820, leaving an anticipated total overspend for the Committee of £418,010.

### **3. OTHER FINANCIAL VARIATIONS**

- 3.1 There is a net transfer from Earmarked Reserves of £140,350, an increase of £21,350 from budget.
- 3.2 The Council has been awarded £389,165 in the form of the New Homes Bonus. This is an unringfenced grant that the Council may use as it chooses.
- 3.3 After the completion of the final accounts for 2010/11, the provision for the repayment of debt has been calculated and is £118,739 lower than the estimate. It is anticipated that net interest paid will be £20,000 higher than anticipated.
- 3.4 The overall net transfer to the General Fund Working Balance is estimated to be £85,794 at 31 March 2012 after accounting for July approved supplementary budgets of £147,170.

### **4. HOUSING REVENUE ACCOUNT (HRA) (APPENDIX B)**

- 4.1 During this period the total of the budget variances indicate that there will be a net deficit of £467,590 which will need to be funded from the HRA working balance at 31 March 2012. However, this represents a reduction of £31,800 compared to the budgeted reduction to the working balance of £499,390. It is estimated that the working balance will stand at £3,448,351 at 31 March 2012.
- 4.2 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
- A range of other services such as room rental.

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

5.2 An aged debt analysis of the Council's sundry debts is shown in the table below. Debt over 30 days old has decreased during the year from £2.204 million in June 2010 to £1.973 million in June 2011. Debts over 5 years old relate in the main to three services, Housing Benefit overpayments (£143,945), Engineering (£33,729) and Housing (£15,671).

Age of Debt	June 2010	June 2011
Up to 29 days (current)	£1,068,689	£774,075
30 days – 1 Year	£1,076,971	£962,441
1 – 2 years	£416,336	£366,265
2 –3 years	£228,996	£235,630
3 – 4 years	£108,025	£155,317
4 – 5 years	£112,007	£58,104
5 + years	£261,603	£194,831
<b>Total</b>	<b>£3,272,627</b>	<b>£2,746,663</b>

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

	Outstanding debt – 30 June 2011 £
▪ Commercial rent	569,275
▪ Markets & Halls	42,071
▪ Trade waste	84,214
▪ Service charge and ground rent for leasehold flat owners	75,617
▪ Home call alarms	5,917
▪ Housing benefit overpayments*	995,349
▪ Engineering	33,729
▪ AFU	193,888
▪ Economy & Tourism	63,486
▪ HRA	177,240
▪ General Fund Housing	105,267
▪ River & Canal	38,866

\* 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 2.2% of the total annual benefits paid and more than 90% of these overpayments are usually recovered. The housing benefits overpayments as at 30 June 2010 were higher at £1,091,055.

## **6. CREDITOR PAYMENTS PERFORMANCE**

6.1 During the first three months of 2011/12, the percentage of invoices paid within 30 days was 97.0%, which is significantly higher than last year's first quarter performance of 92.9%.

## **7. CONCLUSION**

7.1 The forecast increase in Service Committee net expenditure for 2011/12 totals £503,990 including the supplementary budgets of £147,170. This together with transfers from Earmarked Reserves, net interest paid, the New Homes Bonus and provision for the repayment of debt will result in a transfer of £85,794 to the General Fund Working Balance.

7.2 The forecast General Fund Working Balance at 31 March 2012 is £4,278,691 and equates to 30.3% of the General Fund net expenditure.

7.3 It is estimated that the HRA working balance will be £3,448,351 at 31 March 2012.

7.4 The creditor's payment performance has improved and is currently 97%.

## **8. RECOMMENDATION**

8.1 It is recommended that Scrutiny Resources Committee note and Council note and approve:

- The General Fund forecast financial position for the 2011/12 financial year
- The HRA forecast financial position for 2011/12 financial year
- The outstanding Sundry Debt position as at June 2011
- The creditor's payments performance

## **HEAD OF TREASURY SERVICES**

### **CORPORATE SERVICES DIRECTORATE**

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

**Background papers used in compiling the report:**

None