

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - RESOURCES**  
**21 NOVEMBER 2012**

**EXECUTIVE**  
**4 DECEMBER 2012**

**COUNCIL**  
**11 DECEMBER 2012**

**OVERVIEW OF GENERAL FUND REVENUE BUDGET 2012/13**

**1. PURPOSE OF THE REPORT**

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget and Housing Revenue Account after six months, for the 2012/13 financial year.

**2. REVENUE POSITION – EXECUTIVE SUMMARY**

FUND	Latest Approved Budget	Stewardship Variance September 2012	Outturn Forecast 2012/13
	£	£	£
General Fund	13,116,075	(302,096)	12,813,979
HRA*	(2,320,270)	1,906,070	(414,200)
Council own Build Houses*	(17,570)	(31,570)	(49,140)
* (surplus) / deficit			

**GENERAL FUND – Appendix A**

- 2.1 The Service Committee budgets shows a forecast underspend of £258,260 (1.9%) against a revised Service Committee Net Expenditure budget of £13,718,210 and an overall underspend of £302,096 against General Fund Expenditure including investment 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. All areas have made a saving resulting from a lower pay award than the Council budgeted for. However the main variances across the Council are as follows:
- 2.3 **Scrutiny Committee Community – (An overspend of £177,000)**

Cleansing Services is anticipated to overspend by £109,500 as a result of increased waste disposal costs and the delayed implementation of the revised garden waste collection procedure.

Within the Museums Service there will be an anticipated overspend of £115,500 due to higher anticipated costs for utilities and Non Domestic Rates. The Council is currently appealing the Non Domestic Rates valuation which could eventually result in a reduction.

Other variances within the Committee result in a net underspend of £48,000, leaving an anticipated total overspend for the Committee of £177,000.

## **2.4 Scrutiny Committee Economy – (An underspend of £437,810)**

Car parking income is expected to exceed the estimate and has contributed to a projected £51,310 underspend.

Income from planning fees is currently 76% above budget. It is therefore anticipated that planning fee income will exceed the budget resulting in an underspend of £246,430.

Additional income is expected in respect of the Matford Centre and Corn Exchange, contributing to an estimated underspend on Markets and Halls of £90,620.

Other variances within the Committee result in a net underspend of £49,450, leaving an anticipated total underspend for the Committee of £437,810.

## **2.5 Scrutiny Committee Resources – (An underspend of £247,450)**

As a result of the change in subsidy in respect of Non HRA Rent Allowances, it is estimated that there will be a small increase in subsidy for 2012/13 resulting in an additional saving in cost of £65,200 on Housing Benefits.

The retail unit attached to Guildhall was vacant until August 2012 with a subsequent loss of rental income and the payment of void rates; the unit has now been successfully let. However there is an anticipated overspend of £68,700 on Civic Ceremonials.

The approved cost of pension fund contributions following redundancies has caused an overspend of £55,440 on unapportionable overheads. Individual services throughout the Council have been charged the actual cost of redundancies to reflect where the subsequent savings will be made.

Other variations caused by the senior management restructure and further, ongoing restructures have caused an additional underspend of £306,390, leaving a total underspend of £247,450 for the Committee.

## **3. OTHER FINANCIAL VARIATIONS**

- 3.1 There is a net transfer to Earmarked Reserves of £1,021,572, a reduction of £192,986 from budget. The variance is to cover voluntary redundancies included within the Service Committee totals.
- 3.2 After the completion of the final accounts for 2011/12, the provision for the repayment of debt has been calculated and is £31,164 higher than the estimate. It is anticipated that net interest paid will be £75,000 lower than anticipated owing to continuing low interest rates for funds borrowed from other Local Authorities.
- 3.3 The overall net transfer from the General Fund Working Balance is estimated to be £558,965 at 31 March 2013 after accounting for July approved supplementary budgets of £138,260. This represents a reduction of £502,493 against budget and would leave the General Fund Working Balance at £3,726,460 at the end of the year.

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

- 4.1 During this period the total budget variances indicate that there will be a net surplus of £414,200 in 2012-13 which will be transferred to the HRA working balance. This represents a decrease of £1,906,070 compared to the budgeted transfer to the working balance of £2,320,270. This reduction is predominantly due to an approved increase to the kitchen and bathroom replacement programmes, which is explained in more detail below. It is estimated that the working balance will stand at £6,178,623 at 31 March 2013.

- 4.2 In respect of the Council Own Build sites (COB), the total budget variances indicate that there will be a net surplus of £49,140 achieved in 2012-2013, which will be transferred to the COB working balance. This represents an increase of £31,570 compared to the budgeted transfer to the working balance of £17,570. It is estimated that the working balance will stand at £77,346 at 31 March 2013.

## 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 over the year from £1.884m to £1.769m – a reduction of £115,000. Debts over 5 years old relate in the main to two services, Housing Benefit overpayments (£140,000) and Housing (£11,839).

Age of Debt	September 2011	September 2012
Up to 29 days (current)	£1,050,653	£731,756
30 days – 1 Year	£862,928	£855,102
1 – 2 years	£405,545	£314,153
2 –3 years	£214,130	£241,261
3 – 4 years	£141,298	£110,201
4 – 5 years	£79,561	£92,804
5 + years	£180,376	£155,276
<b>Total</b>	<b>£2,934,491</b>	<b>£2,500,553</b>

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

	Outstanding Debt – 30 September 2012
	£
▪ Commercial rent	675,397
▪ Markets & Halls	22,825
▪ Trade waste	111,397
▪ Service charges and ground rent	59,732
▪ Home call alarms	5,772
▪ Housing benefit overpayments*	1,136,219
▪ Recycling	116,664
▪ Leisure / Museums	41,201
▪ AFU	14,786
▪ Economy & Tourism	49,212
▪ HRA	93,978
▪ General Fund Housing	59,510
▪ River & Canal	22,580

- 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 2.3% of the total annual benefits paid and more than 90% of these amounts are usually recovered.

## 6. DEBT WRITE-OFFS

6.1 The following amounts have been written-off during the first six months of 2012/13:

• Council Tax	£ 79,633
• Business Rates*	£ 0
• Sundry Debt	£ 17,853
• Housing Rents	£ 67

\* Business Rates write-offs are considered during March 2013.

## 7. CREDITOR PAYMENTS PERFORMANCE

7.1 During the first six months of 2012/13, the percentage of invoices paid within 30 days was 95.6%, which is marginally lower than the 2011/12 performance of 96.6%.

## 8. CONCLUSION

- 8.1 The forecast reduction in Service Committee net expenditure for 2012/13 totals £258,260 including the supplementary budgets of £138,260. 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 £558,965 from the General Fund Working Balance.
- 8.2 The forecast General Fund Working Balance at 31 March 2013 is £3,726,460 and equates to 28.1% of the General Fund net expenditure.
- 8.3 It is estimated that the HRA working balance will be £6,178,623 and the Council's Own Build Balance will stand at £77,346 at 31 March 2013.
- 8.4 The creditors' payment performance has dropped slightly and is currently 95.6%.

## 9. RECOMMENDATION

- 9.1 That Scrutiny Resources Committee notes and Executive recommend that the Council approve:
- The General Fund forecast financial position for the 2012/13 financial year
  - The HRA forecast financial position for 2012/13 financial year
  - The outstanding Sundry Debt position as at June 2012
  - The creditors' payments performance

ASSISTANT DIRECTOR FINANCE

STRATEGIC DIRECTOR

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

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

None