

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
20 MARCH 2013

EXECUTIVE
9 APRIL 2013

COUNCIL
23 APRIL 2013

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 nine months, for the 2012/13 financial year.

2. REVENUE POSITION – EXECUTIVE SUMMARY

FUND	Latest Approved Budget	Stewardship Variance December 2012	Outturn Forecast 2012/13
	£	£	£
General Fund	13,116,075	(334,306)	12,781,769
HRA*	(2,320,270)	2,086,270	(234,000)
Council own Build Houses*	(17,570)	(30,690)	(48,260)
* (surplus) / deficit			

GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast underspend of £299,470 (2.18%) against a revised Service Committee Net Expenditure budget of £13,718,210 and an overall underspend of £334,306 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 underspend of £185,060)**

Cleansing Services is expected to overspend as a result of higher pay costs and higher waste disposal costs due to larger tonnages of waste. These have been partially offset by water saving measures in public conveniences but have contributed to an anticipated overspend of £65,160

Grounds Maintenance is expected to overspend as a result of higher pay costs, increased Arboricultural work and dealing with illegal campers. This has been partially offset by reduced energy costs as a result of the installation of solar panels, income from the sale of scrap metal, and income from rents and sale of equipment in excess of the estimate resulting in an anticipated overspend of £55,040.

In overall terms, General Fund Housing is expected to achieve a small underspend (£5,790), with overspends in Advisory Services and Housing Development more than offset by a saving in Private Sector Housing.

Both Directorate administration and the Directors costs are now reported within Resources resulting in a saving to the Committee of £240,490

Other variances within the Committee result in a net underspend of £58,980, leaving an anticipated total underspend for the Committee of £185,060.

2.4 Scrutiny Committee Economy – (An underspend of £775,660)

Car parking income is expected to exceed the estimate and has contributed to a projected £227,330 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 £245,880.

Additional income is expected in respect of the Matford Centre and Corn Exchange, contributing to an estimated underspend on Markets and Halls of £75,960.

Other variances within the Committee result in a net underspend of £226,490, leaving an anticipated total underspend for the Committee of £775,660.

2.5 Scrutiny Committee Resources – (An overspend of £161,250)

As a result of the change in subsidy in respect of Non HRA Rent Allowances, it is estimated that there will be a small decrease in subsidy for 2012/13 resulting in an additional cost of £51,850 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 in unapportionable overheads. Individual services throughout the Council have been charged the actual cost of redundancies to reflect where the subsequent savings will be made. Additionally, as the result of fewer employees paying in to the pension fund following the reduction in staffing, there has been an increase in payments to the pension fund to compensate for the shortfall. This has resulted in an overspend of £192,840.

Other variations caused by the senior management and further, ongoing restructures have caused an underspend of £152,140, leaving a total overspend of £161,250 for the Committee.

3. OTHER FINANCIAL VARIATIONS

- 3.1 There is a net transfer to Earmarked Reserves of £996,255, a reduction of £200,810 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 £66,000 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 £525,855 at 31 March 2013 after accounting for July approved supplementary budgets of £138,260. This represents a reduction of £535,603 against budget and would leave the General Fund Working Balance at £3,759,570 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 £234,000 in 2012/13 which will be transferred to the HRA working balance. This latest forecasts represent a decrease of £2,086,270 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. It is estimated that the working balance will stand at £5,998,423 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 £48,260 achieved in 2012/13, which will be transferred to the COB working balance. This represents an increase of £30,690 compared to the budgeted transfer to the working balance of £17,570. It is estimated that the working balance will stand at £76,466 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 £1.875m to £1.805m – a reduction of £70,000. Debts over 5 years old relate in the main to two services, Housing Benefit overpayments (£174,000) and Housing (£11,965).

Age of Debt	December 2011	December 2012
Up to 29 days (current)	£660,408	£932,272
30 days – 1 Year	£968,518	£837,077
1 – 2 years	£366,759	£382,480
2 – 3 years	£187,978	£195,517
3 – 4 years	£94,244	£136,319
4 – 5 years	£84,878	£65,421
5 + years	£172,577	£188,522
Total	£2,535,362	£2,737,608

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

	Outstanding Debt – 31 December 2012
	£
▪ Commercial rent	871,159
▪ Markets & Halls	17,046
▪ Trade waste	89,547
▪ Service charge and ground rent for leasehold flat owners	63,713
▪ Home call alarms	4,089
▪ Housing benefit overpayments*	1,181,947
▪ Recycling	50,797
▪ Leisure / Museums	49,731
▪ AFU	12,919
▪ Economy & Tourism	50,948
▪ HRA	105,297
▪ General Fund Housing	53,422
▪ River & Canal	29,563

- 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 2.4% 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 nine months of 2012/13:

• Council Tax	£ 121,328
• Business Rates*	£ 0
• Sundry Debt	£ 22,340
• Housing Rents	£ 107

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

7. CREDITOR PAYMENTS PERFORMANCE

7.1 During the first nine months of 2012/13, the percentage of invoices paid within 30 days was 95.1%, 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 £299,470 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 £525,855 from the General Fund Working Balance.
- 8.2 The forecast General Fund Working Balance at 31 March 2013 is £3,759,570 and equates to 28.4% of the General Fund net expenditure.
- 8.3 It is estimated that the HRA working balance will be £5,998,423 and the Council's Own Build Balance will stand at £76,466 at 31 March 2013.
- 8.4 The creditors' payment performance has dropped slightly and is currently 95.1%.

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 December 2012
 - The creditors' payments performance

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling the report:

None