

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 19 November 2014

REPORT TO EXECUTIVE

Date of Meeting: 9 December 2014

REPORT TO COUNCIL

Date of Meeting: 16 December 2014

Report of: Assistant Director Finance

Title: OVERVIEW OF REVENUE BUDGET 2014/15

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 HRA & General Fund Revenue Budgets for the 2014/15 financial year after six months.

2. Recommendations:

It is recommended that Scrutiny Resources Committee and the Executive note the report and Council notes and approves (where applicable):

2.1 The General Fund forecast financial position for the 2014/15 financial year;

2.2 The HRA forecast financial position for 2014/15 financial year;

2.3 The additional supplementary budgets listed in Appendix C;

2.4 The outstanding Sundry Debt position as at September 2014;

2.5 The creditors' payments performance;

2.6 The Council Tax and Business Rates collection 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 resource implications including non financial resources.

4.1 The impact on the General Fund working balance, HRA working Balance and Council Own Build working balance are set out in sections 8.3.6, 8.2.1 and 8.2.3 respectively.

4.2 A request for a supplementary budget totalling £80,000 has been included within this report.

5. Section 151 Officer comments:

5.1 The report represents the projected financial position to 31 March 2015. In respect of the year end projections, the overall position in respect of the General Fund is positive, with the Working Balance projected to rise from £3,364,640 to £3,469,275.

6. What are the legal aspects?

6.1 The Monitoring Officer has not had the opportunity to comment on this.

7. Monitoring Officer's comments:

7.1 The Monitoring Officer has no issues to raise on the content of this report.

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2014/15
	£	£	£
General Fund	154,242	(258,877)	(104,635)
HRA	1,374,550	(1,082,454)	292,096
Council own Build Houses	(22,670)	0	(22,670)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The second quarter projection shows an improvement against the estimated budget reduction in the working balance. The projected reduction is £292,096 to leave the working balance at £5,671,123.

Movement	2014/15
Opening HRA Balance, as at 01/04/14	£5,963,219
Deficit	(£292,096)
Projected balance, as at 31/3/15	£5,671,123

8.2.2 HRA (An underspend in total of £1,082,454)

The main variances are:

Management Unit	Over / (Underspend)	Detail
Budget variances reported in June	(£108,820)	<ul style="list-style-type: none"> Scrutiny Committee – Community 9 September 2014
Management Costs	(£6,024)	<ul style="list-style-type: none"> Savings in employee costs as certain posts have remained vacant pending the outcome of the restructure of Housing Services
Repairs and Maintenance Programme	(£1,041,000)	<ul style="list-style-type: none"> Savings are forecast to be made in respect of routine service and maintenance budgets as follows: <ul style="list-style-type: none"> (£30k) saving in respect of asbestos survey costs due to a lower than budgeted number of void properties (£100k) saving in respect of the removal of low level asbestos as this work is now integrated within the General Maintenance contract (£283k) forecast saving in respect of reactive repairs to council dwellings following a prolonged period of lower reported faults during the Summer months (£463k) forecast saving in respect of repairs to void properties. The implementation of an action plan to address this area of budgetary pressure, specifically the formation of a dedicated voids team, referral of kitchen and bathroom replacements to the capital programme and pre-void inspections have resulted a significant reduction in revenue repair costs. (£165k) saving is anticipated following the commencement of a new gas service and maintenance contract in July.

Management Unit	Over / (Underspend)	Detail
Capital Charges	£83,390	<ul style="list-style-type: none"> Depreciation charges are higher than budgeted due to a rise in the valuation of council dwellings. Depreciation is a real cost to the HRA as it represents the amount of money which needs to be set aside in the Major Repairs Reserve to provide for the cost of future capital works or to repay debt.
Rents	(£10,000)	<ul style="list-style-type: none"> Rental income from garages is expected to be higher than budgeted, as several sites previously identified for re-development will remain occupied until the financing for COB Wave 3 has been secured.

- 8.2.3 The Council's new properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing. There is no projected variance to the projected surplus at the end of the first quarter.

Movement	2014/15
Opening Council Own Build, as at 01/04/14	£103,512
Surplus	£22,670
Balance, as at 31/3/15	£126,182

8.3 General Fund (Appendix B)

- 8.3.1 The Service Committees show projected underspends of £49,010 against a revised budget of £12,461,560. The main variances are:

8.3.2 **Scrutiny Committee Community – (An overspend in total of £238,610)**

Management Unit	Over / (Underspend)	Detail
Health & Safety, Licensing & Commercial	(£5,260)	<ul style="list-style-type: none"> Vacancy pay savings
Public Safety	£3,500	<ul style="list-style-type: none"> University Contract loss of income
Parks & Open Spaces	(£15,320)	<ul style="list-style-type: none"> Projected underspend on Asset Maintenance budgets.
Bereavement Services	(£33,210)	<ul style="list-style-type: none"> Backdated NNDR refund Higher Cemetery
Advisory Services	£146,850	<ul style="list-style-type: none"> Housing Benefit income has been lower than expected Vacancy pay savings
Private Sector Housing	£39,170	<ul style="list-style-type: none"> Introduction of a new licensing scheme not expected until late 2014/15
Street Scene	£18,820	<ul style="list-style-type: none"> Shortfall of income in respect of green waste credits

Management Unit	Over / (Underspend)	Detail
Public Conveniences	(£21,250)	<ul style="list-style-type: none"> Projected underspend on premises maintenance and water budgets.
Exton Road Overheads and Fleet Management	(£6,260)	<ul style="list-style-type: none"> Rate refund and utility savings
General Fund Housing – Property	£111,570	<ul style="list-style-type: none"> Higher than budgeted repair and hand back costs in respect of Private Sector Leased and Extralet properties and rent lost during void periods.

8.3.3 Scrutiny Committee Economy – (An underspend in total of £167,490)

Management Unit	Over / (Underspend)	Detail
Transportation	(£1,820)	<ul style="list-style-type: none"> Saving on Rail Cards as no longer sold at Customer Service Centre
Parking Services	£28,820	<ul style="list-style-type: none"> Shortfall on Penalty Charge Notice Income Saving on Non Domestic Rates budget
Economic Development	£3,130	<ul style="list-style-type: none"> Job evaluation increase
Tourist Information	(£2,120)	<ul style="list-style-type: none"> Net additional income
Engineering & Construction Services	(£17,140)	<ul style="list-style-type: none"> Vacancy pay savings
Planning Services	(£70,000)	<ul style="list-style-type: none"> Additional income from Planning Application Fees Additional expenditure on legal costs due to appeals Additional consultants fees, partly offset by transfer from reserve
Markets & Halls	(£101,590)	<ul style="list-style-type: none"> Net increase in income from usage
Museum Service	(£6,770)	<ul style="list-style-type: none"> Vacancy pay savings

8.3.4 Scrutiny Committee Resources – (An underspend in total of £120,130)

Management Unit	Over / (Underspend)	Detail
Revenue Collection/Benefits	(£97,500)	<ul style="list-style-type: none"> Recovery of overpayments has been higher than anticipated Revenue contribution to capital expenditure upgrading the Capita system
Civic Ceremonials	£17,940	<ul style="list-style-type: none"> Shortfall of rental income from premises at 204 High Street
Democratic Representation	£25,000	<ul style="list-style-type: none"> Members allowances saving will not be achieved

Management Unit	Over / (Underspend)	Detail
Unapportionable Overheads	(£6,240)	<ul style="list-style-type: none"> Reduced pension costs of former employees
Financial Services	(£9,240)	<ul style="list-style-type: none"> Delays in recruitment for vacancies
Internal Audit	(£7,530)	<ul style="list-style-type: none"> Maternity leave
Human Resources	(£7,280)	<ul style="list-style-type: none"> Delay in recruitment for vacancy
Corporate Customer Services	(£20,000)	<ul style="list-style-type: none"> Additional saving on Postage due to change of supplier
Strategic Management	(£15,280)	<ul style="list-style-type: none"> Some support work now charged direct to services.

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest Paid	(65,000)	<ul style="list-style-type: none"> Continued low rates of interest have lowered the cost of borrowing; Better than forecast cashflow position has increased the level of interest received.
Revenue Contribution to Capital	7,500	<ul style="list-style-type: none"> Revenue contribution to capital expenditure upgrading the Capita system resulting in a saving set out above on Resources.
Minimum Revenue Provision	(137,737)	<ul style="list-style-type: none"> A significant underspend on the 2013/14 capital programme has resulted in a saving in the amount required to repay debt.

8.3.6 General Fund Balance

In 2014/15 it is projected that there will be an overall net contribution to the General Fund Balance of £104,635. The minimum requirement for the General Fund working balance was approved by Council in February 2014 at £2million.

Movement	2014/15
Opening Balance, as at 01/04/14	£3,364,640
Surplus	£ 104,635
Balance, as at 31/3/15	£3,469,275

8.3.7 Supplementary Budgets

There are two requests for further supplementary budgets, as at September, which have been approved under delegated powers. An additional £80,000 was required to enable the appointment of a Quantity Surveyor and a Construction Design and Management Consultant in respect of the Leisure Complex Project. This is to be funded from the New Homes Bonus reserve. An additional budget of £11,500 was required to enable the business plan for the Channel Shift programme to be developed via the creation of a 6 month temporary post.

8.3.8 Summary of Savings

During the budget process, savings totalling £1.465 million were identified and approved. Appendix D sets out a summary of the progress made in delivering those proposed savings. It is estimated that 90.88% of the savings will be delivered during 2014/15 with the majority of the rest delivered from 2015/16 onwards.

8.4 COUNCIL TAX AND BUSINESS RATES COLLECTION

8.4.1 In the first six months of 2014/15 the Council collected 55.1% of the Council Tax due for the year compared to a target of 55.9%. This is slightly down owing to some delays caused by the Council's change of banking provider at the start of the year. Business Rates collection is below target at 57.5% against a target of 60.5%; however changes to allow payments over 12 instead of 10 months are likely to have affected collection, which is expected to recover over the course of the full year.

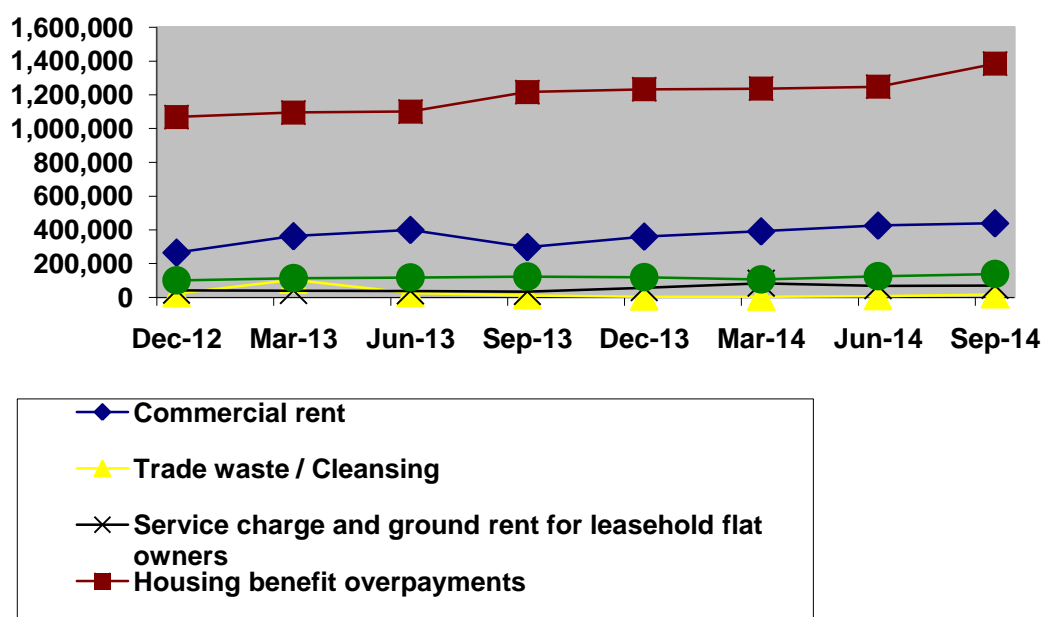
8.5 OUTSTANDING SUNDRY DEBT

8.5.1 An aged debt analysis of the Council's sundry debts is shown in the table below.

Age of Debt	September 2013	June 2014	September 2014
Up to 29 days (current)	£751,941	£961,767	*£1,578,541
30 days – 1 Year	£978,166	£1,020,962	£1,008,147
1 – 2 years	£401,400	£483,753	£539,069
2 – 3 years	£217,795	£271,280	£287,153
3 – 4 years	£163,504	£112,054	£144,297
4 – 5 years	£68,099	£87,808	£108,851
5 + years	£175,986	£181,678	£184,379
Total	£2,756,891	£3,120,302	£3,850,437

* There was one large invoice (£718,786) raised on 25 September 2014, which has since been paid.

8.5.2 Of the outstanding debt, the graph below sets out the main services and debt trends for debt over 30 days old:



8.6 DEBT WRITE-OFFS

8.6.1 The following amounts have been written-off during 2014/15:

	2013/14 Total	2014/15 (Qtr 2)
• Council Tax	£83,940	£126,332
• Business Rates	£366,058	£0
• Sundry Debt	£138,915	£52,974
• Housing Rents	£ 72,921	£1,841

8.7 CREDITOR PAYMENTS PERFORMANCE

8.7.1 Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 96.09% for the first six months of 2014/15 compared with 95.69% for 2013/14.

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

9.1 This is a statement of the projected financial position to the end of the 2014/15.

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

10.1 The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Team and Members.

11. 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?

11.1 Not applicable

12. Are there any other options?

12.1 Not applicable

Assistant Director Finance

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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