

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 16 September 2015

REPORT TO EXECUTIVE

Date of Meeting: 6 October 2015

REPORT TO COUNCIL

Date of Meeting: 20 October 2015

Report of: Assistant Director Finance

Title: OVERVIEW OF REVENUE BUDGET 2015/16

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 2015/16 financial year after three months and to seek approval for a number of supplementary budgets.

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 2015/16 financial year;
- 2.2 The HRA forecast financial position for 2015/16 financial year;
- 2.3 The additional supplementary budgets listed in Appendix C;
- 2.4 The outstanding Sundry Debt position as at June 2015;
- 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 supplementary budgets totalling £89,900 has been included in the 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 a reduction in the estimated to the working balance. The significant variance is down to 2 key factors, the proposed change to the Council's MRP policy and the substantial increase in income generated by Housing Benefit overpayments.

6. What are the legal aspects?

6.1 There are no legal aspects to the report.

7. Monitoring Officer's comments:

7.1 This report raises no issues of concern for the Monitoring Officer

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2015/16
	£	£	£
General Fund	1,240,260	(653,600)	586,660
HRA	2,959,391	(625,391)	2,333,791
Council own Build Houses	(37,800)	0	(37,800)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The first quarter projection shows an improvement against the estimated budget reduction in the working balance. The projected reduction is £2,333,791 to leave the working balance at £5,402,741.

Movement	2015/16
Opening HRA Balance, as at 01/04/15	£7,736,532
Deficit	(£2,333,791)
Projected balance, as at 31/3/16	£5,402,741

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Management Costs	(£75,360)	<ul style="list-style-type: none"> • The introduction of mobile working in housing services is progressing with the acquisition of handheld devices and system interface work, however further spend is pending a wider review of the housing management IT system. It is therefore estimated that £50,000 of the budget will need to be deferred until 2016-17. • Savings in employee costs are expected due to vacant posts. • Initial community engagement research in respect of older residents has completed with a £5,000 saving.
Repairs and Maintenance Programme	(£589,612)	<ul style="list-style-type: none"> • Significant savings are expected to be achieved in respect of the damp ingress contract following lower tender prices coupled with a lower level of remedial repairs compared to original estimates. • Savings have also been achieved through utilising scaffolding already in place for the external painting programme, where possible. • The budget also made allowance for unidentified flats and houses suffering damp ingress but the number of properties has remained relatively stable at approx 330. • The final saving may increase as the estimated outturn figure still retains a contingency sum for poorer condition properties and additional properties to be dealt with.
Capital Charges	£60,531	<ul style="list-style-type: none"> • Depreciation charges are higher than budgeted due to a rise in the valuation of housing assets. 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

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	2015/16
Opening Council Own Build, as at 01/04/15	£127,995
Surplus	37,800
Projected balance, as at 31/3/16	£165,795

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show projected underspends of £588,890 against a revised budget of £13,397,320. The main variances are:

8.3.2 **Scrutiny Committee Community – (An overspend in total of £117,440)**

Management Unit	Over / (Underspend)	Detail
Public Safety	(51,000)	<ul style="list-style-type: none"> Contribution from the Housing Revenue Account towards the cost of continuing the Home Call Alarm service to residents in the Council's older persons accommodation.
Domestic Refuse Collection	86,000	<ul style="list-style-type: none"> Agency costs are expected to exceed the estimates mainly as a result of significantly higher levels of absences (sickness, suspension and phased return) than assumed when calculating the budget. A target saving of £33,000 cannot be achieved.
Cleansing Chargeable Services	42,000	<ul style="list-style-type: none"> Income from Trade Refuse expected to be less than the estimates, offset by reduced waste disposal costs. The contractor dealing with the processing of garden waste has gone into liquidation. While an alternative contractor has been engaged, the price has significantly increased Income from Trade Recycling expected to be less than estimated partially offset by some small cost savings.
Recycling	52,500	<ul style="list-style-type: none"> Prices achieved for reclaimed materials are below those estimated

8.3.3 Scrutiny Committee Economy – (An underspend in total of £73,590)

Management Unit	Over / (Underspend)	Detail
Estates Services	45,000	<ul style="list-style-type: none"> • Non Domestic Rates expenditure expected to exceed the budget. • Income from South Street anticipated to be less than budget
Economic Development	45,610	<ul style="list-style-type: none"> • Following the secondment of the Assistant Director Economy on 1 July 2015, his pay costs will be charged entirely to this unit. This will result in salary savings in the services which previously bore his costs, partially offset by honoraria paid to the acting managers. • The unit has an apprentice for which there is no budget; however there are savings elsewhere in the Council where apprentices are no longer employed. • These additional costs are partially offset by a net saving following the deletion of the City Centre Management service.
Planning Services	96,730	<ul style="list-style-type: none"> • Additional consultant fees, partly offset by transfer from Local Development Framework reserve. • Recharge from Environmental Health for work carried out expected to exceed budget.
Markets & Halls	(45,620)	<ul style="list-style-type: none"> • Additional income is anticipated from car storage and lettings at the Livestock Centre. • Utility costs at the Corn Exchange are expected to be less than the estimates. • Non Domestic Rates expenditure expected to be less than the budget.
Contracted Sports Facilities	(220,000)	<ul style="list-style-type: none"> • As a result of the sports facilities contractor acquiring charitable status, the income receivable under the contract will increase. • The estimated contribution required from the Council for utility costs is expected to be excessive, leading to a cost saving.
Museum Service	(6,770)	<ul style="list-style-type: none"> • Vacancy pay savings

8.3.4 Scrutiny Committee Resources – (An underspend in total of £632,740)

Management Unit	Over / (Underspend)	Detail
Revenue Collection/Benefits	(564,420)	<ul style="list-style-type: none"> • Recovery of overpayments higher than budgeted • Underspend on pay budgets

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Revenue Contribution to Capital	20,100	<ul style="list-style-type: none"> • Revenue contribution to capital expenditure in respect of the Civic Centre.

8.3.6 General Fund Balance

In 2015/16 it is projected that there will be an overall net contribution to the General Fund Balance of £165,955. The minimum requirement for the General Fund working balance was approved by Council in February 2015 at £2million.

Movement	2015/16
Opening Balance, as at 01/04/15	£3,974,518
Deficit	(£ 586,660)
Balance, as at 31/3/16	£3,387,858

8.3.7 Supplementary Budgets

There is a small requirement for further supplementary budgets in 2015/16. It is therefore proposed that supplementary budgets totalling £89,900, identified in Appendix C are approved in 2015/16.

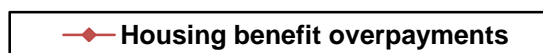
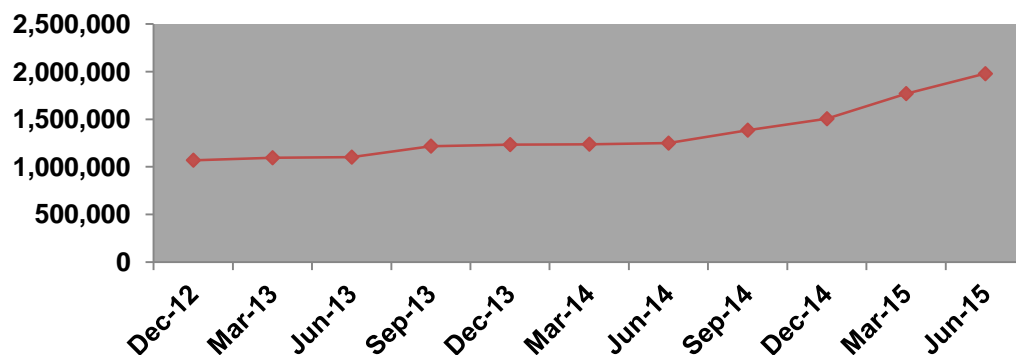
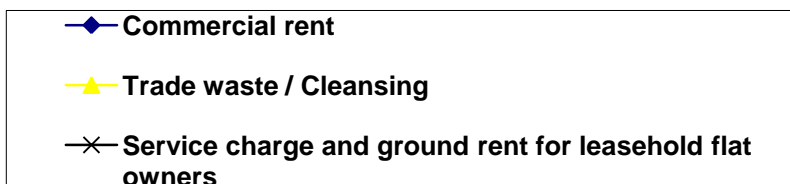
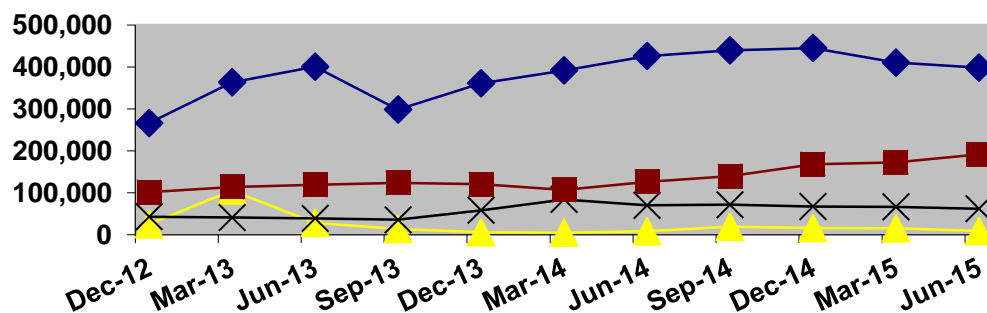
8.3.8 The additional budgets for Planning and Legal Services were approved by Council in July 2015 and are merely being reported in this report. The budget for HR is a request to carry forward the underspend of the Corporate Training budget from the previous financial year.

8.4 OUTSTANDING SUNDRY DEBT

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

Age of Debt	June 2014	March 2015	June 2015
Up to 29 days (current)	£961,767	£1,779,525	£1,795,454
30 days – 1 Year	£1,020,962	£1,467,882	£1,783,582
1 – 2 years	£483,753	£575,938	£636,979
2 – 3 years	£271,280	£342,542	£367,355
3 – 4 years	£112,054	£185,764	£229,290
4 – 5 years	£87,808	£72,627	£82,318
5 + years	£181,678	£213,294	£215,423
Total	£3,120,302	£4,637,572	£5,110,401

8.4.2 Of the outstanding debt, the graph below sets out the main services and debt trends for debt over 30 days old: Of the £3,314,947 outstanding debt over 30 days old, £2,164,011 relates to Housing Benefit overpayments which are now shown on a separate graph.



8.5 DEBT WRITE-OFFS

8.5.1 The following amounts have been written-off during 2015/16:

	2014/15 total	2015/16 (Qtr 1)
• Council Tax	£193,034	£33,627
• Business Rates	0	£0
• Sundry Debt	£85,554	£37,215
• Housing Rents	£41,609	

8.6 CREDITOR PAYMENTS PERFORMANCE

8.6.1 Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 92.64% for the first quarter of 2015/16 compared with 95.60% for 2014/15.

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 2015/16.

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

David Hodgson
Assistant Director Finance

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 2.3
01392 265275