

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 18 November 2015

REPORT TO EXECUTIVE

Date of Meeting: 1 December 2015

REPORT TO COUNCIL

Date of Meeting: 15 December 2015

Report of: Assistant Director Finance

Title: OVERVIEW OF REVENUE BUDGET 2015/16

Is this a Key Decision?

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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 six 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 September 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 a supplementary budget totalling £25,000 has been included in the report.

5. Section 151 Officer comments:

5.1 The report represents the projected financial position to 31 March 2016. 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	1,335,160	(1,644,085)	(308,925)
HRA	2,959,182	(1,175,246)	1,783,936
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 £1,783,936 to leave the working balance at £5,952,596.

Movement	2015/16
Opening HRA Balance, as at 01/04/15	£7,736,532
Deficit	(£1,783,936)
Projected balance, as at 31/3/16	£5,952,596

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Management Costs	(£124,700)	<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 and successful applicants to certain posts being appointed part-way through the financial year.
Repairs and Maintenance Programme	(£1,039,612)	<ul style="list-style-type: none"> • As previously reported in June, 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. <p>Savings have also been achieved through utilising scaffolding already in place for the external painting programme, where possible.</p> <p>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.</p> <ul style="list-style-type: none"> • The forecast saving has been adjusted in accordance with advice received from the external project managers.
Capital Charges	£66,196	<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 £721,680 against a revised budget of £13,492,220. The main variances are:

8.3.2 **Scrutiny Committee Community – (An overspend in total of £77,730)**

Management Unit	Over / (Underspend)	Detail
Public Safety	(60,920)	<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 • Expenditure on overtime and other pay budgets is expected to be less than the annual budget.
Parks and Open Spaces	58,910	<ul style="list-style-type: none"> • Redundancy payments have been incurred as a result of the Public Realm restructure. This expenditure will be funded from the earmarked reserve. • An underspend is anticipated on the equipment tools and materials budget
Advisory Services	(£60,980)	<ul style="list-style-type: none"> • Savings on pay budgets due to vacancies • Payments to temporary accommodation providers lower than budgeted • Corresponding reduction in income due to reduced usage of temporary accommodation

Management Unit	Over / (Underspend)	Detail
Private Sector Housing	£45,200	<ul style="list-style-type: none"> Lower than budgeted level of licence fee income. Work is being undertaken to map unlicensed HMO properties in order to initiate door to door visits. <p>This was highlighted as a budgetary risk in June.</p>
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.
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
General Fund Housing - Property	(£49,750)	<ul style="list-style-type: none"> The cost of repairs in respect of Private Sector Leased properties has significantly reduced, as a result of an action plan to address this area of budgetary pressure. Under-occupied properties have also been handed back to the landlords.

8.3.3 Scrutiny Committee Economy – (An underspend in total of £231,520)

Management Unit	Over / (Underspend)	Detail
Estates Services	£83,820	<ul style="list-style-type: none"> • Non Domestic Rates expenditure expected to exceed the budget. • Income from South Street and Guildhall shopping centre anticipated to be less than budget. • Pay budget anticipated to underspend as is the budget to fund the potential trading loss at Exeter Business Centre.
Car Parking	(£114,200)	<ul style="list-style-type: none"> • Income from Off Street parking fees expected to exceed budget. • Additional expenditure anticipated in respect of pay by phone and credit card transaction fees.
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	£21,170	<ul style="list-style-type: none"> • Income from planning applications anticipated to exceed the budget. • 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	(£62,930)	<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.

Management Unit	Over / (Underspend)	Detail
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.

8.3.4 Scrutiny Committee Resources – (An underspend in total of £567,890)

Management Unit	Over / (Underspend)	Detail
Revenue Collection/Benefits	(585,080)	<ul style="list-style-type: none"> Recovery of overpayments higher than budgeted Underspend on pay budgets
Human Resources	(35,000)	<ul style="list-style-type: none"> Underspend on pay budgets
Corporate Support	(49,330)	<ul style="list-style-type: none"> Underspend on utilities and pay budgets. Additional rental income anticipated in respect of Civic Centre.

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Repayment of debt (Minimum Revenue Provision)	(752,615)	<ul style="list-style-type: none"> The Council has more accurately assigned debt against an assets useful life as per the policy.

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 £308,925. 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
Surplus	£ 308,925
Balance, as at 31/3/16	£4,283,443

8.3.7 Supplementary Budgets

There is a requirement for further supplementary budgets in 2015/16. It is therefore proposed that supplementary budgets totalling £25,000.

8.3.8 The £25,000 is in respect of matched funding (Devon County Council) for weed control in the City.

8.3.9 Summary of Savings

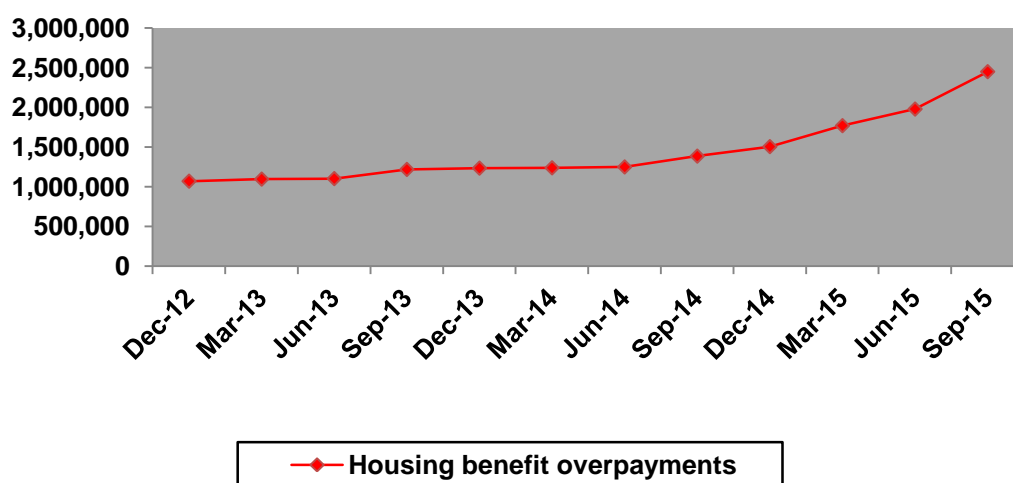
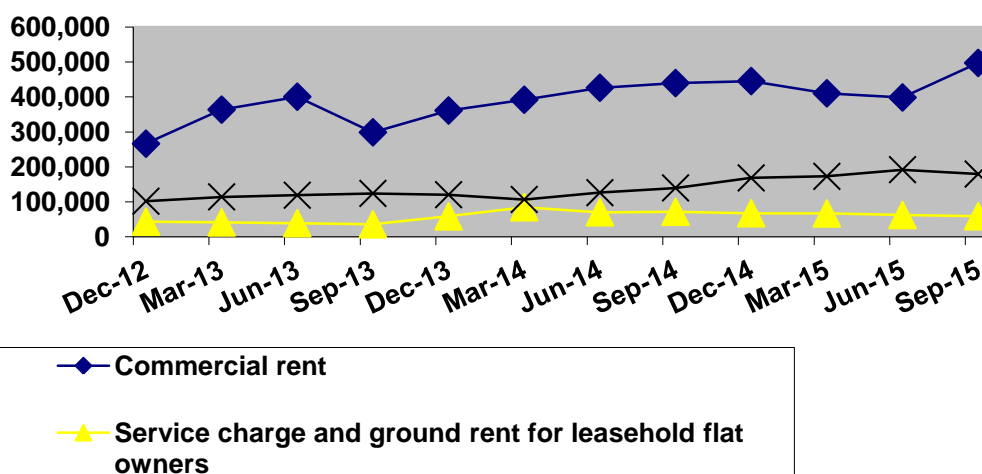
During the budget process, savings totalling £1.377 million were identified and approved. Appendix D sets out a summary of the progress made in delivering those proposed savings. It is estimated that 89% of the savings will be delivered during 2015/16.

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	September 2014	June 2015	September 2015
Up to 29 days (current)	£1,578,541	£1,795,454	£1,137,814
30 days – 1 Year	£1,008,147	£1,783,582	£1,822,595
1 – 2 years	£539,069	£636,979	£530,245
2 – 3 years	£287,153	£367,355	£417,854
3 – 4 years	£144,297	£229,290	£214,477
4 – 5 years	£108,851	£82,318	£109,995
5 + years	£184,379	£215,423	£225,477
Total	£3,850,437	£5,110,401	£4,458,457

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 £3,320,643 outstanding debt over 30 days old, £2,468,982 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 2)
• Council Tax	£193,034	£49,213
• Business Rates	£0	£0
• Sundry Debt	£85,554	£79,435
• Housing Rents	£41,609	£42,289

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 92.75% 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

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

Background papers used in compiling this report:-

None

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