

REPORT TO CORPORATE SERVICES SCRUTINY COMMITTEE

Date of Meeting: 29 September 2016

REPORT TO EXECUTIVE

Date of Meeting: 11 October 2016

REPORT TO COUNCIL

Date of Meeting: 18 October 2016

Report of: Assistant Director Finance

Title: OVERVIEW OF REVENUE BUDGET 2016/17

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 2016/17 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 2016/17 financial year;

2.2 The HRA forecast financial position for 2016/17 financial year;

2.3 The additional supplementary budgets listed in Appendix C;

2.4 The outstanding Sundry Debt position as at June 2016;

2.5 The creditors' payments 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 £637,900 has been included in the report. £260,000 of these budgets requests were approved by Council on 26 July 2016.

5. Section 151 Officer comments:

5.1 The report represents the projected financial position to 31 March 2017. In respect of the year end projections, the overall position in respect of the General Fund is positive, with a reduction in the estimated take from the working balance. The variance is down to continued low interest rates and ta reduction in the repayment of debt caused by lower than expected capital expenditure by the end of the last financial year. The HRA is showing a very small overspend.

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	1,487,825	(232,000)	1,255,825
HRA	142,125	26,188	168,313
Council own Build Houses	(38,020)	0	(38,020)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The first quarter projection shows a small increase in the amount taken from the working balance. The projected reduction is £168,313 to leave the working balance at £6,900,357.

Movement	2016/17
Opening HRA Balance, as at 01/04/16	£7,068,670
Deficit	(£168,313)
Projected balance, as at 31/3/17	£6,900,357

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Capital Charges	£76,688	Depreciation charges are higher than budgeted due to a rise in the valuation of certain components 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
Housing Assets	(£39,000)	<p>Additional employee costs are forecast in respect of the agency cover of vacant posts. However, these costs are offset by a forecast variance in the appointment of external consultants.</p> <p>A £100,000 budget was set aside for a review of operating models in respect of this service, but it is anticipated that £75,000 will need to be deferred into 2017-18 as the review is expected to commence in January '17. For these reasons Executive approval will be sought to carry forward the budget.</p>

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	2016/17
Opening Council Own Build, as at 01/04/16	£169,043
Surplus	38,020
Projected balance, as at 31/3/17	£207,063

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show projected overspends of £127,221 against a revised budget of £14,167,699. The main variances are:

8.3.2 People Scrutiny Committee – (An overspend in total of £19,000)

There are no significant variances to report this quarter.

8.3.3 Place Scrutiny Committee – (An overspend in total of £11,451)

Management Unit	Over / (Underspend)	Detail
Cleansing Chargeable Services	42,500	<ul style="list-style-type: none">• Due to net income from trade refuse/recycling being lower than the budget.
Car Parking	(72,270)	<ul style="list-style-type: none">• Income from off street parking fees anticipated to exceed budget, partially offset by additional expenditure on equipment tools and materials.
Planning Services	60,000	<ul style="list-style-type: none">• Additional expenditure on legal fees in respect of the claim for costs awarded against the Council for the planning appeal at Exeter Road, Topsham.

8.3.4 Corporate Scrutiny Committee – (An overspend in total of £96,770)

Management Unit	Over / (Underspend)	Detail
Grants/Cent Support/Consultation	£67,120	<ul style="list-style-type: none">• An overspend is anticipated on consultants fees budget in respect of Press & Public Relations and Policy Support.

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest	(250,000)	<ul style="list-style-type: none">• Continued low interest rates and advice not to borrow longer term from our advisors mean a reduction in the spend on interest.
Repayment of debt	(109,221)	<ul style="list-style-type: none">• Lower than forecast need to borrow leading to a reduced repayment of debt calculation.

8.3.6 General Fund Balance

In 2016/17 it is projected that there will be an overall net contribution from the General Fund Balance of £1,255,825. The minimum requirement for the General Fund working balance was approved by Council in February 2016 at £3 million.

Movement	2016/17
Opening Balance, as at 01/04/15	£5,516,722
Deficit	(£ 1,255,825)
Balance, as at 31/3/16	£4,260,897

8.3.7 Supplementary Budgets

There is a requirement for further supplementary budgets in 2016/17. It is therefore proposed that General Fund supplementary budgets totalling £637,900, identified in Appendix C are approved in 2016/17.

8.3.8 £260,000 of additional budgets were approved by Council in July 2016 and are merely being reported in this report as a formal method of adding them to the budget. It should be noted that additional supplementary budgets are being proposed in a number of reports in this committee cycle and they will be reported if approved.

8.3.9 The additional supplementary budgets being requested in this report are:

- £27,900 to support the production of a staff survey and the subsequent actions arising from responses;
- £350,000 to enable a detailed feasibility study into the benefits of setting up a Housing Development Company;

8.4 OUTSTANDING SUNDRY DEBT

8.4.1 An aged debt analysis of the Council's sundry debts is shown in the table below. The latest data shown is to the end of August in order to demonstrate how for much of the debt, there is significant recovery in the two months after the data is run. This is due to the fact that our quarterly invoices are run just prior to the end of each quarter.

Age of Debt	June 2015	March 2016	August 2016
Up to 29 days (current)	£1,795,454	£1,362,755	£370,261
30 days – 1 Year	£1,783,582	£1,923,474	£1,274,107
1 – 2 years	£636,979	£730,460	£1,172,225
2 – 3 years	£367,355	£430,920	£406,840
3 – 4 years	£229,290	£258,353	£324,989
4 – 5 years	£82,318	£173,540	£165,598
5 + years	£215,423	£230,572	£265,882
Total	£5,110,401	£5,110,074	£3,979,902

8.4.2 Of the outstanding debt, the table below sets out the split in aged debt between Housing Benefits and the rest of the services at the end of August 2016. Housing Benefits makes up two thirds of the outstanding sundry debt at the Council and owing to the circumstances of the debtors takes much longer to recover.

Age of Debt	Housing Benefits	Other Sundry Debt	Total
Up to 29 days (current)	£89,449	£280,812	£370,261
30 days – 1 Year	£766,892	£507,215	£1,274,107
1 – 2 years	£1,017,569	£154,656	£1,172,225
2 –3 years	£262,926	£143,914	£406,840
3 – 4 years	£199,326	£125,663	£324,989
4 – 5 years	£118,796	£46,802	£165,598
5 + years	£187,521	£78,361	£265,882
Total	£2,642,479	£1,337,423	£3,979,902

8.5 DEBT WRITE-OFFS

8.5.1 The following amounts have been written-off during 2016/17:

	2015/16 total	2016/17 (Qtr 1)
• Council Tax	£244,748	£36,867
• Business Rates	£533,862	£0
• Sundry Debt	£81,673	£34,280
• Housing Rents	£65,313	£6,133

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 93.15% for the first quarter of 2015/16 compared with 92.64% for 2015/16.

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 2016/17.

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

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