

## **REPORT TO CORPORATE SERVICES SCRUTINY COMMITTEE**

**Date of Meeting: 27 June 2019**

## **REPORT TO EXECUTIVE**

**Date of Meeting: 9 July 2019**

## **REPORT TO COUNCIL**

**Date of Meeting: 23 July 2019**

**Report of: Chief Finance Officer**

**Title: OVERVIEW OF REVENUE BUDGET 2018/19**

### **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 financial position of the HRA & General Fund Revenue Budgets for the 2018/19 financial year and to seek approval for the General Fund working balance, HRA working balance, a number of supplementary budgets and the creation of new earmarked reserves.

#### **2. Recommendations:**

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

- 2.1 That the net transfer of £1,717,058 to Earmarked Reserves as detailed in paragraph 9.3.6 is approved.
- 2.2 That supplementary budgets of £2,344,257 be approved as detailed in paragraph 9.3.8
- 2.3 That Earmarked Reserves at 31 March 2019 be noted;
- 2.4 That the Council Tax account and collection rate be noted;
- 2.5 That the outstanding sundry debt, aged debt analysis and debt write-off figures be noted;
- 2.6 That the creditor payments performance be noted;
- 2.7 By taking into account the overall financial position of the Council, the General Fund working balance at 31 March 2019, be approved at £4,395,024;
- 2.8 That the Housing Revenue Account working balance at 31 March 2019 is approved at £10,025,355 and the Council Own Build working balance is approved at £274,855.

#### **3. Reasons for the recommendation:**

- 3.1 To formally approve the Council's end of year financial position and carry forward any budgets that were not spent but where the funding is still required.

#### **4. What are the equality and diversity impacts of this decision?**

4.1 An Equalities Impact Assessment is not required as the report only approves supplementary budgets.

**5. What are the resource implications including non-financial resources.**

5.1 The impact on the General Fund working balance, HRA working Balance and Council Own Build working balance are set out in sections 9.3.7, 9.2.1 and 9.2.4 respectively.

5.2 A request for supplementary budgets totalling £2,344,257 has been included.

**6. Section 151 Officer comments:**

6.1 The overall financial position of the Council has benefitted from the 100% business rates pilot and the strong business rates performance overall. The Council has maintained strong financial reserves to enable it to face any unexpected financial challenges going forward. The fact remains however, that difficult decisions lie ahead in the following year to ensure that financial stability is maintained. The Government's plan to reset business rates means the Council must identify reductions of £2.4 million for 2020-21, whilst ensuring it delivers the £2.2 million identified for 2019-20. This is not an easy task and will require Members to adopt and maintain a disciplined approach to their ambitions. Any need / requests for additional expenditure will require members to identify what budgets they will stop in order to fund the new requirements.

**7. What are the legal aspects?**

7.1 The Local Government Finance Act 1992 places a legal requirement on Council to approve not only the budget but also any changes to the budget proposed during the year. Council has a legal duty to ensure that the budget is balanced and that any changes to the budget are fully funded.

**8. Monitoring Officer's comments:**

8.1 This report raises no issues of concern for the Monitoring Officer.

**9. Report details:**

9.1 Financial Summary

<b>FUND</b>	<b>Planned Transfer (to) / from Working Balance</b>	<b>Budget Variance Over / (under)</b>	<b>Outturn Transfer 2018/19</b>
	<b>£</b>	<b>£</b>	<b>£</b>
General Fund	2,005,710	(1,708,330)	297,380
HRA	2,487,615	(4,132,405)	(1,644,790)
Council own Build Houses	(16,630)	(1,282)	(17,912)

## 9.2 Housing Revenue Account (Appendix A)

- 9.2.1 The Outturn Statement shows a reduction in the working balance of £186,889 to stand at £10,025,355. This is a significant variance from the proposed reduction to the balance of £4,097,145 at the start of the year.

<b>Movement</b>	<b>2018/19</b>
Opening HRA Working Balance, as at 01/04/18	£10,212,244
Deficit	£186,889
<b>Balance as at 31/03/19</b>	<b>£10,025,355</b>

- 9.2.2 The key variances are as follows:

<b>Budget Heading</b>	<b>Actual Budget Variance (Under)/Overspend</b>
<b>Management Costs</b>	<b>(£170,875)</b>
<p>Officer Responsible: Service Lead – Housing Tenancy Services &amp; Service Lead – Housing Assets</p> <ul style="list-style-type: none"> <li>• £100K additional consultancy costs in respect of procurement, as part of a Council-wide action plan to strengthen procurement arrangements. A temporary HRA Procurement Manager has developed a procurement strategy focused on housing assets including full compliance of all contracts and contract management capacity building within existing teams.</li> <li>• (£30K) savings in employee costs, partly due to two temporary IT System Officers starting in August, in order to help implement the new Housing Management system and a vacant Older Persons Property Services Officer post.</li> <li>• (£61k) Reduced support service recharges to Housing General Management. However, this is partially offset by an additional legal services recharge to Housing Customers in accordance with timesheet information.</li> <li>• (£40k) Staff training on the new Housing Management System will be deferred until next financial year, ahead of its planned implementation in early 2020.</li> <li>• (£45k) Saving in respect of resident involvement, as significant spend has been pending a review of the existing Resident Involvement Strategy. The appointment of a temporary Resident Involvement Officer from mid-February will support the co-ordination, development and delivery of both resident involvement and community development services.</li> <li>• (£86k) Reflects a combination of smaller savings arising from; the updating of a range of tenant and leaseholder handbooks being deferred to 2019/20, additional income from solar panel installations and an accounting adjustment to the bad debt provision for sundry HRA debts.</li> </ul>	

<b>Housing Customers</b>	<b>(£86,573)</b>
<p>Officer Responsible: Service Lead – Housing Tenancy Services</p> <ul style="list-style-type: none"> <li>• (£38k) Savings in employee costs due to vacant posts within the Housing Customers team</li> <li>• (£35k) The cost of decanting tenants to enable asbestos removal works to be undertaken were lower than anticipated, as two flats were set up to enable a rolling decant to take place in-line with planned works, rather than decanting all tenants simultaneously.</li> <li>• £62k Additional recharge from legal services in respect of right-to-buy applications and tenancy management matters, which is partially offset by a reduction in time recharged to Housing General Management.</li> <li>• (£19k) An amalgamation of various minor forecast savings including bank charges, stationery and communal cleaning costs.</li> <li>• (£57k) Additional income in respect of service charges from leaseholders and council tenants, right to buy administration fees, leasehold flat transfer fees and recovered court costs.</li> </ul>	
<b>Sundry Land Maintenance</b>	<b>(£107,270)</b>
<p>Officer Responsible: Service Lead – Housing Tenancy Services &amp; Service Lead – Housing Assets</p> <ul style="list-style-type: none"> <li>• (£87k) A new Tree Manager and Technical Officer (Trees) started in August. Tree works in 2018/19 were therefore lower than budgeted due to the appointments mid-way through the year and allowing time for officers to prioritise works and resolve access issues.</li> <li>• (£21k) Savings in respect of the Garden Assistance Scheme following lower inflationary rises in contract costs and a lower level of initial cultivations to prepare gardens in advance of moving to the scheme.</li> </ul>	
<b>Repairs and Maintenance Programme</b>	<b>(£348,218)</b>
<p>Officer Responsible: Service Lead – Housing Assets</p> <p>This represents a combination of forecast under/overspends, most notably due to:</p> <ul style="list-style-type: none"> <li>• (£175k) Planned asbestos removal works to flats were delayed, as two flats made available to temporarily decant tenants were required for other urgent tenant decants, including those affected by fire damage. A lower level of asbestos surveys have also been undertaken as they are largely driven by the kitchen and bathroom replacements programmes, which have been placed on hold for part of the year due to contractor issues.</li> <li>• £197k Overspend in repair to void properties. Whilst the number of void properties for the year was below recent annual averages, a large number of properties required significant levels of work to return them to a lettable standard. Additionally, an increased level of asbestos survey and removal costs were incurred as the opportunity to carryout whilst properties are empty was taken.</li> </ul>	

- (£102k) Saving in electrical remedial works, partly due to two vacant Electrician posts. A contractor is planned to be appointed to undertake remedial works arising from electrical testing, which are planned to start in June.
- (£146k) Saving in respect of routine service and maintenance contracts, which predominantly relates to savings in the gas servicing contract. Servicing and associated boiler repair costs have been saved, due to the extent of boiler replacements and that servicing will be due in 12 months' time.
- (£400k) A new contractor for external painting and low maintenance works in respect of flats was appointed from 1 October. An underspend has occurred due to the transition period between the main contractors and mobilisation of the new contractor, for this reason a supplementary budget will be requested to carry forward the budget into 2019/20.
- £250K As reported at Quarter 3, an overspend in respect of general reactive repairs occurred due to a targeted reduction in overdue jobs (from 800 down to less than 100) and additional repairs identified by the Housing Customer Relation Officers following routine property inspections; both assisted by the recruitment to Surveyor posts to oversee the repairs.

<b>Revenue Contribution to Capital</b>	<b>(£3,196,550)</b>
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Officer Responsible: Service Lead – Housing Assets

- The amount of revenue monies required towards financing the HRA Capital Programme in 2018-19 has reduced by £3.2m, from £7.2m to £4m.
- In March 2014 Executive approved a £2.7m contribution towards the St Loyes Extra Care scheme, which was profiled to be required in 2018-19 but delays to the scheme will mean that significant spend will not take place until 2019-20.
- Planned investment in existing stock is also lower than anticipated, predominantly due to delays in the LAINGS project, contractor issues and new contractor mobilisation.

<b>Rents</b>	<b>£102,985</b>
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Officer Responsible: Service Lead – Housing Tenancy Services & Service Lead Revenues, Benefits and Customer Access

- A £70k reduction in dwelling rents relates to delays in letting the new units at Chester Long Court. It was anticipated that the units would be fully let during 2018/19. However, the final Building Control inspection identified additional fire safety works, which meant that lettings did not start until December 2018. All units are now let.
- A £30k reduction in rents relates to garages at Thornpark Rise and Anthony Road that were cleared and sold to Exeter City Living Ltd during the year. Garages at Bovemoors Lane were also cleared ahead of their intended sale in 2019/20 to the new housing development company.

<b>Capital Charges</b>	<b>£173,887</b>
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Officer Responsible: not applicable (statutory accounting charge)

- 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 future capital works or to repay debt.

<b>Housing Assets</b>	<b>(£144,766)</b>
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Officer Responsible: Service Lead – Housing Assets

- (£38k) savings in employee costs due to various vacant posts within the Housing Assets team during the year, including Service Lead – Housing Assets, two 18 month fixed term contract Fire Safety Implementation officers and an Electrician, partially offset by the recent appointment of a Void Surveyor and a Health & Safety Compliance Officer.
- (£45k) Stock condition surveys will re-commence in the 2019/20 to supplement the extensive stock condition survey undertaken by consultants last year, in order to achieve 100% coverage. The condition surveys will be performed by the surveyors, rather than external consultants, enabling a saving to be reported.
- (£48k) £8k per property was budgeted for the decant of tenants in ten LAINGS properties to facilitate a major demolish and re-build programme. Two properties have naturally become void since the budgets were approved resulting in a £16k saving. A further saving of £32k is reported in respect of decants from LAINGS properties, as works will be focused on those properties that are already empty, avoiding the need to decant tenants until later 2019.
- (£11k) Plans to undertake office improvements and purchase furniture are pending the outcomes of the agile working pilot. For this reason a supplementary budget will be requested in 2019/20 for implementing agile working within the HRA.

<b>Interest</b>	<b>(£132,876)</b>
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Officer Responsible: Service Lead – Housing Tenancy Services & Service Lead – Housing Assets

- Reflects additional interest receivable on HRA balances (Working Balance, Major Repairs Reserve and capital receipts). Combined forecast revenue and capital underspends in 2018-19 have resulted in higher than anticipated HRA balances and interest rates also increased from 0.90% to 0.95%.

9.2.3 The Major Repairs Reserve is 'ring fenced' for capital works. After transfers, the balance on the Major Repairs Reserve will stand at £14,255,236 at 31 March 2019.

<b>Movement</b>	<b>2018/19</b>
Opening Major Repairs Reserve, as at 01/04/18	£11,169,004
Revenue monies set aside	£3,180,337
Amount used to finance capital expenditure	(£94,105)
<b>Balance, as at 31/03/19</b>	<b>£14,255,236</b>

- 9.2.4 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. The total budget variances for 2018/19 have resulted in a net surplus of £17,912, which will be transferred to the COB working balance.

<b>Movement</b>	<b>2018/19</b>
Opening Council Own Build, as at 01/04/18	£256,943
Surplus	£17,912
<b>Balance, as at 31/03/19</b>	<b>£274,855</b>

### 9.3 General Fund (Appendix B)

- 9.3.1 The Service Committees show an overall underspend of £2,149,518 against a revised budget of £15,288,840. The main variances are:

#### 9.3.2 **Scrutiny Committee People**

<b>Budget Heading</b>	<b>Actual Budget Variance (Under)/Overspend £</b>
<b>Housing Needs</b>	<b>(72,049)</b>
<p>Responsible Officer: Interim System Lead, Housing Needs</p> <p>The underspend on pay reflects the lead-in time for fully recruiting to the new Housing Needs structure approved by Executive in February 2018. Recruitment proved a significant challenge primarily due to it coinciding with the implementation of the Homelessness Reduction Act. This meant the team was very busy preparing beforehand and in the aftermath of the Act going live in April 2018 which also triggered a strong market demand for experienced housing needs staff which impacted on recruitment across the country including the South West area. The service is now at 95% of the structure with just two remaining posts under recruitment this month. Therefore, this underspend represents a one-off in-year saving to the General Fund.</p>	
<b>Private Sector Housing</b>	<b>(37,188)</b>
<p>Responsible Officer: Environmental Health and Licensing Manager</p> <p>The underspend reflects the capitalisation of officer time in respect of Disabled Facility Grants and Warm Up Exeter, which can be met from the Better Care Fund in accordance with proper accounting practice.</p>	
<b>General Fund Housing - Property</b>	<b>41,658</b>
<p>Responsible Officer: Service Lead Housing Assets</p> <p>The Housing Needs team have recently reassessed and re-banded a large number of households in Private Sector Leased (PSL) properties in order to create some move-on out of temporary accommodation. This provided an opportunity to handback some PSL properties with financially onerous lease agreements, which has led to a rise in handback costs in the last three months alongside a reduction in rental income. Although this represents an in-year overspend, it will achieve future revenue savings due to ending leases with favourable terms to the landlord.</p>	

<b>Revenues, Benefits &amp; Customer Access</b>	<b>129,388</b>
Responsible Officer: System Lead Revenues, Benefits & Customer Access	
<p>As described above in 9.1 due to a new method of calculating the bad debt provision the loss allowance relating to the recovery of overpaid housing benefits has increased by £177k, across the council the impact of this change is broadly cost neutral.</p> <p>Before accounting for this movement the service made an overall saving of £47k:</p> <ul style="list-style-type: none"> <li>• £9k of this was due to savings in pay while vacancies were being filled</li> <li>• £38k was due to variances against the housing benefits budgets, this represents a variance of 0.1% against the £35m budget.</li> </ul>	

### 9.3.3 Scrutiny Committee Place

<b>Budget Heading</b>	<b>Actual Budget Variance (Under)/Overspend</b>
<b>Parks &amp; Green Spaces</b>	<b>(£482,569)</b>
Responsible Officer: Public and Green Space Manager	
<ul style="list-style-type: none"> <li>• The transfer of the Valley Parks to Devon Wildlife Trust (DWT) as agreed by Executive on 12<sup>th</sup> July 2016 was not finalised until 1 May 2019. The agreed payment of £425,000 was therefore not made until that date, creating an underspend in the year to 31 March 2019. A request will be made for a supplementary budget in 2019/20 to cover this payment.</li> <li>• A saving of £100,000 was agreed to be made in the Children's Play Areas service, as part of the strategy to reduce in year savings for Public Realm.</li> <li>• The creation of the two tree officer posts led to increased pay costs of £36,000. This was funded from savings in the Public Realm Development Team (below)</li> <li>• Other pay costs across this unit were £26,000 less than budgeted</li> <li>• Fleet and plant maintenance costs in this service exceeded the budget by £35,000</li> </ul>	
<b>Public Realm Development Team</b>	<b>(£128,875)</b>
Responsible Officer: Public and Green Space Manager	
<ul style="list-style-type: none"> <li>• Two posts have been deleted from this unit, and the fixed term post of Place Project Co-ordinator was not filled until March 2019. Part of the resulting pay saving of £121,000 has been used to fund two tree officer posts in Parks and Green Spaces (above).</li> <li>• In addition, a supplementary budget will be requested to fund the Place Project Co-ordinator post until the end of February 2020.</li> </ul>	
<b>Bereavement Services</b>	<b>(£37,920)</b>

Responsible Officer: Public and Green Space Manager	
<ul style="list-style-type: none"> <li>• Income exceeded the budget by £13,000</li> <li>• Fleet and Plant maintenance was £14,000 less than the budget</li> <li>• Expenditure on special works was £11,000 less than the budget</li> </ul>	
<b>Street Cleaning</b>	<b>(£60,212)</b>
Responsible Officer: Public and Green Space Manager	
<ul style="list-style-type: none"> <li>• Fleet and Plant maintenance in this unit cost £54,000 less than the budget</li> <li>• Additional net income of £14,000 arose from undertaking additional work for other organisations</li> <li>• Pay costs exceeded the budget by £8,000 as a result of the pay award being in excess of the budget</li> </ul>	
<b>Public Conveniences</b>	<b>£46,902</b>
Responsible Officer: Public and Green Space Manager	
<ul style="list-style-type: none"> <li>• A £30,000 saving in utility costs was estimated in anticipation of the closure of the Paris Street toilets. This saving was not achieved as the toilets were not closed.</li> <li>• Pay costs exceeded the budget by £12,000 due to high levels of staff sickness</li> <li>• The remaining variance relates to increased utility and maintenance costs, partly offset by a saving on National Non Domestic Rates (NNDR) costs</li> </ul>	
<b>Cleansing Chargeable Services</b>	<b>£53,659</b>
Responsible Officer: Cleansing and Fleet Manager	
Income for Trade Refuse & Recycling was £143,000 (11%) below budget as local businesses look to reduce their own costs. The loss was reduced by savings in a range of non-pay areas, and there was an additional £7,000 income for Special Collections for the HRA.	
<b>Exton Road Overheads &amp; Fleet</b>	<b>£11,179</b>
Responsible Officer: Cleansing and Fleet Manager	
<p>The Service has been able to make some short-term staff savings and brought-in additional income to help offset some significant additional costs – for example, the major fleet procurement process (now completed) and utilities (especially electricity) and clearing vehicle wash drains at Oakwood House.</p> <p>Cost pressures on utilities and clearing wash drains are likely to continue throughout 2019-20.</p>	
<b>Recycling</b>	<b>£212,837</b>

<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>Problems with the MRF and fluctuations in global markets continue to increase costs and reduce income, despite the best efforts of the service to mitigate their impacts. Pay costs at the MRF are £100,000 over budget of £822,000 (driven by sickness and overtime) while £150,000 additional supplies costs were only partially offset by a £62,000 saving in transport costs. The main cause of the additional supplies cost was the need to send unprocessed materials to other MRFs when the ECC MRF was unable to operate and unprocessed material could not be stored on-site without breaching ECC's site licence.</p> <p>Income fell short of budget by a little over £23,000.</p>	
<b>Parking Services</b>	<b>(£150,125)</b>
<p>Responsible Officer: Community Safety and Enforcement Service Manager</p> <ul style="list-style-type: none"> <li>Income from parking charges, including season tickets, exceeded the budget by £291,000.</li> <li>Rental income exceeded the budget by £22,000.</li> <li>National Non Domestic Rates (NNDR) for this service exceeded the budget by £60,000</li> <li>Exceptional costs of £40,000 arose for upgrading credit card facilities, buying tokens for the pay on foot machines and updating signage for a second tariff increase</li> <li>Maintenance costs for car parking equipment exceeded the budget by £19,000; the 2019/20 budget has been adjusted to reflect current costs.</li> <li>Additional costs of £13,000 arose in the car park cleaning service due to higher than expected vehicle maintenance costs</li> <li>Pay costs exceeded the budget by £11,000 following a job evaluation review</li> <li>The remaining £20,000 variance relates to several small variances</li> </ul>	
<b>Growth &amp; Enterprise</b>	<b>(£37,700)</b>
<p>Responsible Officer: Economy and Enterprise Manager</p> <p>The full underspend has been requested as carry-forward into 2019-20, since this Service has many initiatives such as in-depth reviews and reports that span financial years.</p>	
<b>Arts &amp; Events (Culture)</b>	<b>(£56,760)</b>
<p>Responsible Officer: Service Lead - Communications, Tourism &amp; Culture</p> <p>This unit is now managed as an integral part of the wide-ranging Communications, Tourism &amp; Culture Service, enabling, for example, specialist staff to apply their skills to different projects and activities as needs change in-year. The Service as a whole was £12,000 over full-year budget of £1.1m.</p>	
<b>Planning Services</b>	<b>(£118,708)</b>

Responsible Officer: City Development Manager.

- Community Infrastructure Grants amounting to £357,000 have been paid; these are funded from the Community Infrastructure Levy (CIL).
- An additional officer has been seconded to deal with CIL work; the additional £23,000 cost arising has been funded from the CIL.
- £160,000 has been contributed towards the Growth Team, for which there is no budget. This has been funded from New Homes Bonus.
- Additional costs of approximately £60,000 are expected to arise from a successful Planning appeal
- Fee income was expected to exceed the budget by £210,000. Part of this is earmarked for improvements in the service; it is anticipated that £70,000 of this will be unspent at 31 March 2019 and this will be placed in an earmarked reserve to be utilised in 2019-20.

<b>Major Projects</b>	<b>(£265,400)</b>
<p>Responsible Officer: City Surveyor</p> <p>A supplementary budget of £300,000 was approved at Council on 18<sup>th</sup> December 2018 in connection with the Bus Station Wider Options. As at 31 March 2019 only £34,600 had been spent; a £265,400 supplementary budget will be requested in 2019/20 to enable this work to continue.</p>	
<b>Markets &amp; Halls</b>	<b>(£102,494)</b>
<p>Responsible Officer: Events, Facilities &amp; Markets Manager</p> <p>As a commercially-focussed service running the Matford Centre and the Corn Exchange, the financial outturn is dependent on a range of variables. After all the necessary year-end adjustments, the Service has achieved both lower costs and higher income leading to a contribution margin of 44%, an improvement on the budgeted 34% for 18-19 and the 39% achieved in 17-18.</p> <p>The Service has requested that £14,000 of the additional 18-19 contribution be carried-over into 19-20 as a supplementary budget to fund an apprentice post.</p>	
<b>Contracted Sports Facilities</b>	<b>(£69,343)</b>

Responsible Officer: Category Contracts Manager

In June 2018 the Council agreed to the recommendations in the Built Sports and Leisure Facilities report that included the permanent closure of Clifton Hill Sports Centre. A supplementary budget of up to £150,000 was approved to demolish Clifton Hill Sports Centre, to secure the site and avoid incurring Business Rates and other unbudgeted revenue costs. Demolition costs have so far underspent this allocation by £112,000 which has been requested to be carried forward to 2019-20.

Up to a further £100,000 was approved to cover loss of revenue and VAT. The £91,465 is the budgeted lost revenue and the £99,180 adds-on £7,715 which will be covered from the Redundancy Reserve.

The time-limited required credit, relating to a potential claim for partial repayment of rates associated with Riverside, has reduced by £60,000 at the end of this year; this has been released back to the management unit.

#### 9.3.4 Scrutiny Committee Corporate

Budget Heading	Actual Budget Variance (Under)/Overspend
Corporate Property - Estates	(£274,298)
<p>Responsible Officer: City Surveyor</p> <p>As described above in 9.1 due to a new method of calculating the bad debt provision, the loss allowance relating to the recovery of income from commercial properties has reduced by £138k. Across the council, the impact of this change is broadly cost neutral.</p> <p>Before accounting for this movement the service made an overall saving of £136,000; the following items were the main items within this figure:</p> <ul style="list-style-type: none"> <li>• A dilapidations settlement of £42,000 was reached in the final quarter of the financial year</li> <li>• Following a review of bad debt provisions across the Council, a reduction of £35,000 was made in this service</li> <li>• The South Street Urban Design project was achieved at a saving of £23,000 against the original budget</li> <li>• Rents received in this unit were £26,000 more than budgeted</li> <li>• Empty property costs across the service were £16,000 less than the budget</li> </ul> <p>A backdated NNDR charge of £43,400 for an empty property has been paid in the 2019/20 financial year; a supplementary budget will be requested to cover this.</p>	
Democratic Representation	(£66,427)
<p>Responsible Officer: Corporate Manager Democratic and Civic Support</p> <p>Members Allowances, including training, are £25,300 less than the budget due to some members undertaking more than one role whilst taking only one allowance.</p>	

Member Services - one part time employee left the service and has not been replaced, reducing the pay spend by £15,700 against budget.

Income has been generated by sharing Member Services officers with Teignbridge District Council; the arrangement generated income of £25,500 in the current year.

Grants/Central Support/Consultation	(£35,621)
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Responsible Officer: Programme Manager Communities

Grant to Exeter St James Community Trust Ltd, of £50,000, has been covered by New Homes Bonus support.

Unapportionable Overheads	£200,253
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Responsible Officer: Chief Finance Officer

Strain payments re Superannuation of £93,000 have been partially offset by a saving against expected additional superannuation payments of £33,000.

The adverse movement from Q3 position reflects the transfer of £138,300 of unallocated central costs here at year-end.

Financial Services	(£50,807)
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Responsible Officer: Chief Finance Officer

ECL SLA Income for support provided since November 2018 (£11,250), coupled with the Commission from Zurich re Block Insurance (£21,979) were not within the Q3 forecast, as neither had been confirmed at that time.

Corporate Support	(£67,942)
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Responsible Officer: Corporate Manager Democratic and Civic Support

Postage costs have come in at £35,000 less than the budget.

£22,000 rental income has been generated from leasing part of the Civic Centre to the Police.

Staff cost savings of £9,000 arose as a result of an unfilled vacancy for part of the second half of the year.

The cost of utilities and other premises costs in the Civic Centre exceeded the budget by £6,000 but this was more than offset by a Rates underspend of £9,000.

IT Services	(£33,319)
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Responsible Officer: Chief Finance Officer

Benefit accrued from return of surplus anticipated from Strata contract.

Strategic Management	(£55,892)
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Responsible Officer: Chief Finance Officer

Saving against payroll costs £85,000 within Deputy Chief Executive Cost Centre offset by use of consultants on Strategy/Commercialisation projects, £163,500 was supported from the Transformation Earmarked Reserve.

<b>Procurement</b>	<b>£156,901</b>
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Responsible Officer: Chief Finance Officer

Delays in forming the Procurement Team have resulted in anticipated savings and recharges not being fully realised (£125,790), whilst use of consultants/contractors have more than consumed savings from pay budget by £31,000.

### 9.3.5 Other Financial Variations

Budget Heading	Actual Budget Variance (Under)/Overspend
Net interest	(315,890)
There has been a lower need to borrow than initially projected during the year, which has left more funds available to invest.	
Revenue Contribution to Capital	551,392
The funds set aside from New Homes Bonus to pay off debt have partially been used to pay for lower life assets and local infrastructure delivered in-year. This enables the Council to minimise ongoing borrowing costs.	
Minimum / Voluntary Revenue Provision	(689,197)
The Council has voluntarily set aside £0.423m to repay debt. The remainder of the proposed voluntary revenue provision has been used to fund the revenue contribution to capital set out above to ensure the best use of resources.	
Business Rates	(1,104,639)
Business Rates income was higher as a result of the 100% pilot. This generated a benefit of £950,000. Alongside this, the opening of new businesses provided additional rates income.	

### 9.3.6 Earmarked Reserves

Six new Earmarked reserves are being proposed for this financial year.

The six proposed reserves are :

- Land Charges – a statutory requirement to ensure that the Service breaks even and does not impact (positively or negatively) on the Council Tax - £254,465;
- Business Rates Pilot – setting aside the funds generated by the 100% pilot, to be spent on economic initiatives (note £600,000 already committed) - £902,173;
- Planning Income – the Council has been allowed to increase fees subject to the funds only being spent on Planning - £70,000;
- RAMM NNDR Refund – the Council successfully appealed against the business rates valuation of the RAMM. This itself, however is subject to appeal and therefore it is prudent to set this aside in case we are required to repay - £1,018,075;

- GESP – The budget for GESP in 2018-19 was financed by a grant from MHCLG. This sets aside the funding that would otherwise have been used last year to deliver the next stage of the Garden City vision;
- Leisure Compensation Fund – to set aside Funds to pay the Leisure Operator for loss of business during capital works to Leisure Centres - £360,000.

During 2018/19 there has been an overall net transfer to Earmarked Reserves of £1,717,258. The details of all Earmarked Reserve movements are shown in Appendix C.

<b>Movement</b>	<b>2018/19</b>
Opening Balance, as at 01/04/18	£7,530,127
Net transfer	£1,717,258
<b>Balance, as at 31/03/19</b>	<b>£9,247,185</b>

### 9.3.7 General Fund Balance

During 2018/19 there has been an overall net contribution from the General Fund Balance of £297,380. The minimum requirement for the General Fund working balance was approved by Council in February 2019 at £3million.

<b>Movement</b>	<b>2018/19</b>
Opening Balance, as at 01/04/18	£4,692,404
Deficit	(£ 297,380)
<b>Balance, as at 31/03/19</b>	<b>£4,395,024</b>

### 9.3.8 Supplementary Budgets

There is a requirement for significant supplementary budgets in 2019/20 as the Council has identified at the end of the year a number of revenue budgets that have not been spent but where a commitment is required in the following financial year.

It is therefore proposed that supplementary budgets totalling £2,344,257 identified in Appendix D are approved and added to the 2019/20 budget. Of the total above, £949,600 relates to the HRA and will be funded from the HRA working balance. The remaining £1,394,657 relate to the General Fund and will be financed from CIL (£80,000), Earmarked Reserves (£462,290) and the General Fund working balance (£852,367).

The impact on the projected General Fund working balance will be to reduce it to £3,542,657, which is above the minimum required for the Council.

## 9.4 COUNCIL TAX

- 9.4.1 As at 1 April 2018, arrears amounted to £4.112m, the movements during 2018/19 were as follows:

	<b>£m</b>	<b>£m</b>
<b>Arrears at 1 April 2018</b>		<b>4.112</b>
<b>Add:</b>		

2018/19 debits raised net of discounts	65.788	
<b>Less:</b>		
Payments received	(66.317)	
Refunds and change in pre-payments	0.883	
Write-offs	<u>(0.352)</u>	
<b>Arrears at 31 March 2018</b>		<b><u>£4.114</u></b>

9.4.2 Against the arrears of £4.114m, a bad and doubtful debt provision of £1.534m has been provided, calculated in accordance with the appropriate accounting guidelines.

9.4.3 The 'In-Year' collection rate has increased in comparison with the previous year. The collection rate for 2018/19 was 97.1% compared with 95.6% in 2017/18.

## 9.5 OUTSTANDING SUNDRY DEBT

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

Age of Debt	March 2018	March 2019
Up to 29 days (current)	£1,639,749	£1,356,559
30 days – 1 Year	£1,238,393	£1,613,514
1 – 2 years	£787,163	£647,966
2 – 3 years	£661,047	£617,436
3 – 4 years	£368,184	£511,466
4 – 5 years	£259,997	£275,815
5 + years	£415,760	£583,089
<b>Total</b>	<b>£5,370,293</b>	<b>£5,605,845</b>

## 9.6 DEBT WRITE-OFFS

9.6.1 The following amounts have been written-off during 2018/19:

	2017/18	2018/19
• Council Tax	£316,198	£351,917
• Business Rates	£216,909	£73,387
• Sundry Debt	£131,163	£52,786
• Housing Rents	£48,478	£65,824
• Non-HRA rent	N/A	£167,125
• HB Overpayments	N/A	£195,758

## 9.7 CREDITOR PAYMENTS PERFORMANCE

9.7.1 Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 94.47% for 2018/19 compared with 91.76% for 2017/18.

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

10.1 This is a statement of the financial position at the end of the 2018/19.

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

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

**12. 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?**

12.1 Not applicable

**13. Are there any other options?**

13.1 Not applicable

**Chief Finance Officer**

**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

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