

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision

07 July 2014

Portfolio: Policy and Resources
Subject: **Actual General Fund Revenue Expenditure 2013/14**
Report of: Director of Finance and Resources
Strategy/Policy: Finance Strategy

Corporate Objective: A dynamic, prudent and progressive Council

Purpose:

This report provides the Executive with details of the actual revenue expenditure for 2013/14 and seeks approval for the completion, in 2014/15, of the 2013/14 expenditure programmes set out in the briefing paper contained in the report.

Executive summary:

The General Fund actual revenue expenditure for 2013/14 totals £8,928,749 which represents an overall saving of £894,551 compared to the revised budget.

With financing adjustments the overall saving for 2013/14 is £966,545. It has not been possible to complete a number of expenditure programmes in 2013/14 and approval is sought to complete these programmes, totalling £397,900, in the current year.

When the use of the saving in 2013/14 to complete these programmes is taken into account the net saving for the year is reduced to £568,645.

The revenue budget report to the Executive on 6 January 2014 highlighted that the Council's spending reserve should be 5% of gross expenditure budget for each financial year. On this basis, the minimum required balance on the reserve for 2014/15 is £2.274million. Any surplus over and above this figure will be dealt with as part of the medium term financial strategy during the budget setting process.

Full details are set out in the briefing paper contained in this report.

Recommendation:

- (a) that completion of the expenditure programmes contained in this report be approved; and
- (b) that the report be noted.

Reason:

To enable the completion of the expenditure programme for 2013/14.

Cost of proposals:

There are no additional costs relating to the recommendations.

Appendices: A: Summary of Actual Revenue Expenditure 2013/14

B: Actual Revenue Expenditure 2013/14 on individual services

Background papers: None

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BOROUGH COUNCIL

Executive Briefing Paper

Date: 07 July 2014

Subject: Actual General Fund Revenue Expenditure 2013/14

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The General Fund actual revenue expenditure for 2013/14 totals £8,928,749 and this represents an overall saving of £894,551, compared with the revised budget approved by the Executive in February.
2. Later paragraphs of this report also set out details of a number of expenditure programmes that were not completed in 2013/14 and approval is sought for these programmes to be completed in the current year. If these proposals are approved, this will reduce the overall saving for the year to £486,645.
3. The following table summarises the position:-

	Revised Budget £000s	Actual Expenditure £000s	Variation £000s
Planning Committee	707	623	-84
Licensing & Reg Affairs Committee	400	359	-41
Executive - Portfolio Budgets			
- Leisure and Community	1,837	1,849	12
- Housing	1,445	1,559	114
- Planning and Environment	-182	-362	-180
- Policy and Resources	2,622	3,296	674
- Public Protection	2,745	2,443	-302
- Streetscene	4,293	4,444	151
Total Service Budgets	13,867	14,211	344
Less Other Budgets	-4,044	-5,282	-1,238
Net Budget	9,823	8,929	-894
Financing	-9,823	-9,895	-72
Net Total	0	-966	-966
Adjust for:			

Carry Forwards	0	398	398
Final Position	0	-568	-568

4. The overall position in the table is detailed in Appendix A and the detailed position on each service is set out in Appendix B. The main reasons for the variations are set out in the following paragraphs of this report.
5. Also in the report there are proposals to utilise the balance to fund one-off projects and also add additional fund to current projects.

EXPENDITURE ON CAPITAL GRANTS AND INTANGIBLE ASSETS

6. Local authorities must show within individual service revenue budgets the expenditure incurred on capital grants and intangible assets, such as computer software, even though this expenditure is included as part of the capital programme. Grants paid are shown in full, in the year in which they are made, but software costs are spread over their useful life.
7. These costs have been charged to individual services, but these are offset by an equivalent credit included in the overall revenue summary, so that there is no overall effect on the Council's net revenue expenditure.

EMPLOYEE EXPENDITURE 2013/14

8. The approved 'cost of employment' budget for 2013/14 was £15,472,400 which was revised to reflect authorised changes to the establishment leaving a final budget for the year of £15,146,200. The actual expenditure for 2013/14 was £15,761,358 giving an overspend for the year of £615,158 or 4.1% compared to the final budget.
9. An analysis of this overspend between corporate core, general fund services and housing revenue account services is shown the following table:-

		£
Corporate Core	Overspend	394,066
Housing Revenue Account	Saving	150,580
General Fund	Overspend	371,672
GRAND TOTAL	OVERSPEND	615,158

10. The overspend has arisen from severance payments that were agreed as part of the Efficiency Savings report that was approved by the Executive on 3 March 2014. The cost of this (£668,255) was partly offset by vacancies, which have then been partially offset by additional expenditure on agency staff. The vacancies resulted in an underspend of £810,405 including salary costs, overtime and employers contributions for superannuation and national insurance costs. The offset of agency costs reduced this figure by £345,581.
11. Other areas increasing the overspend include the IAS19 adjustment for the pension scheme of (£398,973) which is partially offset by a credit included in the Other Budgets heading.

SERVICE BUDGETS

12. A detailed analysis for the individual services is shown in Appendix B and the main reasons for the variations are set out in the following paragraphs of this report.

Planning Committee

13. The actual net expenditure of £622,747 will be reported to the Committee on 30 July 2014 and was £84,653 under the revised budget mainly due to an increase in planning fees as a large application was received prior to the end of the financial year.

Licensing and Regulatory Affairs Committee

14. The actual net expenditure of £358,954 will be reported to the Committee on 8 July 2014 and represents an underspending of £40,746 against the revised budget. The main area of underspend was related to the Election Services but some of the additional funds received for the Individual Electoral Registration are on the carry forward list detailed later in this report.

The Leisure and Community Portfolio

15. The actual net expenditure was £1,848,588 compared with the revised budget of £1,837,200 giving a small overspend of £11,388.
16. The main variations within this portfolio were due to revaluation of assets resulting in changes to the anticipated capital charges.
17. Significant variations in the capital budgets were showing as underspends for Ferneham Hall with an increase in charges for Outdoor Sport and Recreation.
18. There have been underspends on sports pavilions, community centres and also on Community Development where the budget was not spent during the year. These two items are included on the carry forward list detailed later in this report.
19. All the other service areas within this Portfolio had relatively small variances.

The Health and Housing Portfolio

20. The actual net expenditure was £1,559,029 compared with the revised budget of £1,444,800 giving an overspend of £114,229.
21. The saving of £54,000 on Private Sector Housing Renewal is due to the reduced number of grants reaching payment stage in the year. The budget will therefore be rolled forward to 2014/15, and more detail is contained in the capital outturn report elsewhere on the agenda.
22. Payments to Registered Social Landlords in respect of Enabling capital grants were £37,000 below budget, mainly due to scheme delays or alternative funding being secured.
23. The overspend of £115,540 on Homelessness reflects an increase in demand for the service during the year. The increase in the use of private sector properties has also seen a saving in bed and breakfast costs.
24. All the other service areas within this Portfolio had relatively small variances.

The Planning and Environment Portfolio

25. Actual net income was -£361,894 compared with the revised budget of -£181,700 which is showing an underspend of £180,194.
26. The main variation in this portfolio was the net income on Parking Services which was £113,000 more than anticipated. Parking usage has again reduced during the year due to a number of factors including the continued impact of the expanded Whiteley Shopping Centre. The income from parking charges for 2013/14 was almost £350,000 below the level of parking income from 2011/12 when income was at its highest. However, this was partly offset by drawing from the income protection bond that was put in place as part of the Tesco development and, based on current usage, it is anticipated that the bond will be fully used over the next 2-3 years.
27. The Individual Environment Projects budget is showing an underspend of over £145,000 which is mainly related to a reduction in capital cost that are adjusted for under other budgets.

The Policy and Resources Portfolio

28. Actual net expenditure was £3,295,974 compared to the revised budget of £2,621,900 which gives an overspend of £674,074 for the year.
29. There was an underspend on Housing Benefit of £400,270. The amount of benefits paid out was less than budget by £1,400,000 but this is partly offset by less grant being received. There was an increase in the debt raised against this service although there was an increase in the level of bad debts written off and in the provision for bad debts being over budget by £130,000.
30. The net income position on Commercial Estates was £23,000 less than budget which was mainly due to a reduction in rents received of approximately £140,000 particularly in relation to the shopping centre (£83,000) where there is an increase in empty units and traders have also been able to negotiate lower rents. There was an underspend in this area relating to work around resurfacing works around the borough that have been delayed and this has been added to the carry forward list.
31. Local Land Charges is showing an underspend of £36,000. This is mainly due to an increase in the income received during the year.
32. The underspend on Council Tax Collection of £345,000 was mainly due to a lower than anticipated demand on the hardship fund of £82,000 that has been added to the carry forward list as the protection offered in the first year of the new council tax support scheme has ended leading to some residents receiving higher bills in 2014/15. There was also additional grant received during the year to offset the cost of changes to the local support scheme.
33. Corporate management is showing an overspend of £149,000 which is mainly due to the severance costs reported in the employee expenditure 2013/14 section of the report.

The Public Protection Portfolio

34. Actual net expenditure was £2,443,473 compared with the revised budget of £2,745,100 giving an underspend of £301,627 for the year.
35. The main variation in this portfolio was in respect of Off-Street Parking where there were capital adjustments that have been offset by adjustments in the Other Budgets section of the budget.
36. The main variation in this portfolio was in respect of Community Safety where there was an underspend of £106,000. This was as a result of savings on the CCTV maintenance contract and reduced spend on community safety initiatives for which there is a carry forward items detailed later in the report.
37. All the other service areas within this Portfolio had relatively small budget variances.

The Streetscene Portfolio

38. Actual net expenditure was £4,443,788 compared to the revised budget of £4,292,600 showing an overspend of £151,188 for the financial year.
39. The main variation in the portfolio was for Cemeteries and Closed Churchyards where there was an underspend of £62,000. This was mainly due to building projects totalling £90,000 which were unable to be completed during the year and for which there is a carry forward item detailed later in the report. This was offset by a reduction in income received from fees and charges for burial charges and purchase of graves.
40. The underspend on Public Clocks and War Memorials of £29,000 is due to a delay in works which were unable to be completed during the year and for which there is a carry forward item detailed later in the report.
41. The net cost of waste collection was £114,000 more than anticipated. The main reason was due to increased capital charges of £74,000 for which there is an adjustment is the Other Budgets section of the report. There was also an increase in the cost of employees mainly due to increase use of agency staff.
42. The increased net expenditure on Community Parks & Open Spaces of £72,000 reflects increases in capital costs due to revaluations during the year.

OTHER BUDGETS

Capital Charges

43. The credit in respect of capital charges reflects additional depreciation charges made during the financial year and offsets all of the capital charges made to individual services (as referred to, above).

Use of Housing Capital Receipts

44. This budget reflects the financing for the capital expenditure on Private Sector Renewal and Home Energy Conservation work. As expenditure was higher than anticipated during the year, there is a corresponding increase in the use of housing capital receipts to finance the works.

Direct Revenue Funding

45. Each year, a contribution is made from the revenue budget, to help finance ongoing capital programme works. These include vehicle replacement, ICT equipment, environmental improvements and a general contribution to the capital fund. The actual revenue position has ensured that these contributions could be made, as reflected in this budget heading.

Capital Adjustments

46. A number of schemes within the capital programme include costs that do not fall within the formal definition of capital expenditure and therefore these elements must be financed from within the revenue budget. This credit of £1,912,775 corresponds to the amounts charged to individual services relating to capital grants, non-capital repairs and intangible assets, such as computer software, referred to in the earlier sections of this report.

Interest on Balances

47. The actual income from investment interest in 2013/14 was £770,881 which is £181 more than the revised budget.

Provision for Retirement Benefits (IAS19 Adjustment)

48. This credit amount offsets all of the debits made to individual services for the difference between the notional pension costs relating to the service of employees in 2013/14 and the amount of employer's superannuation contributions actually paid over to Hampshire County Council during the year.

Portchester Crematorium

49. The Portchester Crematorium Joint Committee distributes a share of its operating surplus to the constituent authorities. This amounted to £150,000 in 2013/14 and is in line with the budget.

PROVISION FOR EXPENDITURE FUNDED FROM 2013/14 UNDERSPENDINGS

50. A proportion of the savings in 2013/14 have accrued because it was not possible to complete certain expenditure programmes last year.
51. In order to minimise the financial burden of this work on the budget for the current year, it is proposed that an equivalent sum from the 2013/14 underspend is brought forward into 2014/15 to allow for their completion.

Description of Goods/Service	Cost	Justification
Community Safety Initiatives	40,000	Special Expenditure budget not used in 2013/14
CCTV	24,000	Cameras to be purchased in 14/15 from 13/14 underspend
Individual Electoral Registration	17,100	Funds received in 13/14 to be used for IER implementation in 14/15
Local Development Plan Examination costs	55,000	Planning inspectorate costs delayed due to further consultation and studies required

War Memorials enhancements	30,000	Delay of work to be undertaken
Community Centre Building Maintenance	12,500	Delay in delivery of doors required as part of works
Outdoor Sports	5,700	Landscaping works delayed due to extreme weather
Youth Projects	8,000	Balance of budget for two projects -
Community Development	19,000	Play Ranger / Youth Activities
Health and Safety and resurfacing work	60,000	Projects to be undertaken during 2014/15
Fareham Leisure Centre	5,000	New fire exit completion delayed until April.
Defences against flooding	6,200	Delay of work undertaken due to adverse weather
Titchfield car parking review/survey	6,500	Delay of review until May/June
Young Homeless People	4,000	Top up funding for young person's gateway agency
Community Parks & Open Spaces	6,000	WWII Memorials
Public Conveniences	5,000	Premises work has commenced but not completed
Cash Office / Customer Service Centre	1,000	For uniform replacement in 2014/15
Local Welfare Assistance Grant	2,900	Balance of budget for LWA projects against £10k grant funding received in 13/14
Cemeteries	90,000	Separate out carry forward for Wickham wall / chapel works capital expenditure from other revenue projects
TOTAL CARRY FORWARDS	£397,900	

52. Taking account the carry forward proposals above this reduces the underspend figure to £486,645.
53. The Council faces a number of financial challenges over the next three years, and given the scale of these, it is proposed that the any unallocated underspend in 2013/14 is added to the General Fund balance pending the overall review of the Council's finance strategy in the autumn.

RISK ASSESSMENT

54. An assessment of the risks and opportunities associated with this decision has been carried out and it is considered that there are no significant risks associated with this report.

CONCLUSION

55. This report outlines the financial position during 2013/14, highlighting a saving of £966,545 against the revised budget. Taking into account the proposed spending items to be funded from this underspend, the contribution to the General Fund balance reduces to £568,645.
56. Members are asked to note the contents of the report, and approve the use of £397,900 to fund the projects set out in the above tables.

Reference Papers:

Executive Report – 3rd March 2014 – Efficiency Savings

APPENDIX A

ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2014

	Base £	Revised £	Actual £	Variation £
Committees (Excluding capital accounting adjustments)				
Planning Committee	669,000	707,400	622,747	-84,653
Licensing and Regulatory Affairs Committee	395,800	399,700	358,954	-40,746
Executive - Portfolio Budgets				
- Leisure and Community	1,681,800	1,837,200	1,717,708	-119,492
- Health and Housing	1,369,400	1,444,800	1,559,029	114,229
- Planning and Environment	-234,100	-181,700	-455,129	-273,429
- Policy and Resources	2,113,000	2,621,900	1,728,014	-893,886
- Public Protection	2,435,700	2,745,100	2,486,175	-258,925
- Streetscene	4,281,600	4,292,600	4,450,624	158,024
 SERVICE BUDGETS (before acc adjs)	 12,712,200	 13,867,000	 12,468,123	 -1,398,877
 <u>Capital Accounting Adjustments in service portfolios</u>				
- Leisure and Community - Adjustments	0	0	130,880	130,880
- Planning and Environment - Adjs	0	0	93,235	93,235
- Policy and Resources - Adjustments	0	0	1,567,960	1,567,960
- Public Protection - Adjustments	0	0	-42,702	-42,702
- Streetscene - Adjustments	0	0	-6,836	-6,836
 SERVICE BUDGETS (incl Acc adjs)	 12,712,200	 13,867,000	 14,210,659	 343,659
 Capital Charges	 -1,763,400	 -2,152,200	 -1,545,419	 606,781
Capital Financing Costs				
- Use of Housing Capital Receipts	-415,600	-495,400	-763,094	-267,694
- Direct Revenue Funding	2,198,900	1,351,800	1,351,800	0
- Direct Revenue Funding NHB	0	912,100	1,107,019	194,919
Capital Adjustments	0	0	-1,658,058	-1,658,058
Interest on Balances	-874,500	-770,700	-770,881	-181
IAS 19 Adjustment	0	0	-269,442	-269,442
Portchester Crematorium	-150,000	-150,000	-150,000	0
New Homes Bonus	-1,092,700	-1,106,900	-1,107,019	-119
Contribution To/From Reserves	-791,600	-1,632,400	-1,476,816	155,584
 OTHER BUDGETS	 -2,888,900	 -4,043,700	 -5,281,910	 -1,238,210
 NET BUDGET	 9,823,300	 9,823,300	 8,928,749	 -894,551

FINANCING

Revenue Support Grant	-2,532,522	-2,532,522	-2,532,502	20
Non-Domestic Rates	-1,558,458	-1,558,458	-1,630,887	-72,429
Council Tax	-5,643,014	-5,643,014	-5,643,014	0
Council Tax Freeze Grant	-61,460	-61,460	-60,997	463
Addition to Collection Fund Balance	-27,846	-27,846	-27,894	-48
TOTAL	-9,823,300	-9,823,300	-9,895,294	-71,994
NET TOTAL	0	0	-966,545	-966,545
Carry Forwards				397,900
Overall Position after adjustments				-568,645

APPENDIX B

ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2014

Including Capital Accounting Adjustments	Base	Revised	Actual	Variation
	2013/14	2013/14	2013/14	£
Planning Committee				
Planning Advice	240,600	287,500	282,013	-5,487
Enforcement of Planning Control	140,400	130,100	104,757	-25,343
Appeals	78,700	73,100	69,424	-3,676
Processing Applications	209,300	216,700	166,553	-50,147
	669,000	707,400	622,747	-84,653
Licensing & Regulatory Affairs Committee				
Hackney Carriage and Private Hire Vehicles	-3,800	-3,900	-5,603	-1,703
Licensing	-9,000	-6,800	4,735	11,535
Health and Safety Enforcement	157,900	146,400	173,149	26,749
Election Services	250,700	264,000	186,673	-77,327
	395,800	399,700	358,954	-40,746
Leisure & Community				
Fareham Leisure Centre	286,200	327,600	332,388	4,788
Ferneham Hall	390,800	390,000	285,555	-104,445
Community Development	107,900	180,600	169,767	-10,833
Community Centres	342,200	271,800	287,972	16,172
Allotments	27,800	22,200	23,470	1,270
Westbury Manor Museum	104,000	102,300	85,980	-16,320
Leisure Partnership	100	1,900	779	-1,121
Outdoor Sport and Recreation	367,400	488,500	610,845	122,345
Tourist Information Offices	51,000	48,300	47,626	-674
Meals on Wheels & Luncheon Clubs	4,400	4,000	4,206	206
	1,681,800	1,837,200	1,848,588	11,388

	Base 2013/14 £	Revised 2013/14 £	Actual 2013/14 £	Variation £
Including Capital Accounting Adjustments				
Health and Housing				
Private Sector Housing Renewal	536,500	629,900	575,616	-54,284
Homelessness	231,000	327,300	442,840	115,540
Other Council Property	-20,200	-39,100	-44,701	-5,601
Welfare Services - Private Sector alarms	-15,800	-26,200	-3,753	22,447
Housing Advice	319,100	294,000	315,589	21,589
Housing Strategy	109,200	94,800	125,983	31,183
Home Energy Conservation	44,500	22,400	19,927	-2,473
Registered Social Landlord	165,100	141,700	127,528	-14,172
	1,369,400	1,444,800	1,559,029	114,229
Planning and Environment				
Parking Strategy	-2,326,500	-2,281,700	-2,395,092	-113,392
Public Transport	72,400	65,700	55,711	-9,989
Coast Protection & Defences Against Flooding	151,500	124,100	132,896	8,796
Traffic Management	-5,400	-19,700	-14,734	4,966
Local Development Framework	1,229,500	1,349,300	1,364,255	14,955
Individual Environmental projects	343,300	297,200	151,578	-145,622
Protection of Trees	50,600	47,500	54,685	7,185
Conservation & Listed Building Policy	57,400	57,200	72,869	15,669
Countryside Recreation and Management	135,300	130,900	148,205	17,305
Sustainable development strategies	57,800	47,800	67,733	19,933
	-234,100	-181,700	-361,894	-180,194
Policy and Resources				
Housing Benefit Payments	0	0	-400,270	-400,270
Housing Benefit Administration	442,400	447,000	467,135	20,135
Democratic Representation and Management	1,133,300	1,150,400	1,256,039	105,639
Commercial Estates	-2,325,300	-2,104,500	-633,625	1,470,875
Henry Cort	139,000	136,000	86,597	-49,403
Neighbourhood Working	134,400	138,300	134,481	-3,819
Publicity and Promotion	229,200	242,100	238,128	-3,972
Grants & Contributions	318,300	362,600	276,742	-85,858
Unapportionable Central Overheads	183,500	177,600	8,786	-168,814
Corporate Management	785,500	862,200	1,011,655	149,455
Economic Development	135,300	317,700	339,437	21,737
Local Land Charges	-144,000	-165,600	-202,097	-36,497
Local Tax Collection	1,081,400	1,058,100	712,966	-345,134
	2,113,000	2,621,900	3,295,974	674,074

Including Capital Accounting Adjustments	Base	Revised	Actual	Variation
	2013/14	2013/14	2013/14	£
Public Protection				
Pest Control	38,550	39,250	38,759	-491
Food Safety	142,000	135,300	135,319	19
Dog Control	35,750	36,350	36,131	-219
Pollution Reduction	233,900	244,400	272,941	28,541
Emergency Planning	58,600	57,200	88,678	31,478
Clean Borough Enforcement	99,600	108,200	100,224	-7,976
Community Safety	483,300	468,200	361,847	-106,353
Building Regulations Services	89,600	101,000	130,389	29,389
Regulation Enforcement & Proc	50,900	55,100	48,693	-6,407
Other Building Control Work	70,600	69,500	62,859	-6,641
Traffic Management	97,400	89,000	84,409	-4,591
Off-Street Parking	979,200	1,299,600	1,058,245	-241,355
On-Street Parking	56,300	42,000	24,979	-17,021
	2,435,700	2,745,100	2,443,473	-301,627
Streetscene				
Cemeteries & Closed Churchyards	221,000	257,900	196,006	-61,894
Public Clocks & War Memorials	2,700	32,300	3,484	-28,816
Street Furniture	150,500	148,000	176,771	28,771
Street Cleansing	979,600	961,700	961,866	166
Public Conveniences	214,900	228,900	220,608	-8,292
Household Waste Collection	972,500	938,900	963,292	24,392
Trade Refuse	-60,400	-67,300	-6,584	60,716
Recycling	607,800	590,500	612,185	21,685
Garden Waste Collection	318,400	309,700	377,414	67,714
Community Parks and Open Spaces	913,500	991,900	1,064,219	72,319
Foreshore	-38,900	-99,900	-125,473	-25,573
	4,281,600	4,292,600	4,443,788	151,188
TOTAL	12,712,200	13,867,000	14,210,659	343,659