

Gloucester City Council

Meeting:	Overview and Scrutiny Cabinet	Date:	21 July 2014 30 July 2014
Subject:	2013-14 Financial Outturn Report		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	Appendix 1 – Capital Monitoring		

1. Purpose of Report

- 1.1 This report is to inform members of the final Council position against agreed budgets for the 2013/14 financial year. It also highlights some key performance indicators.
- 1.2 It is best practice for members to approve any transfers of Council funds into earmarked reserves.

2. Recommendations

- 2.1 **Overview and Scrutiny Committee** is asked, subject to any recommendations it wishes to make to Cabinet, to note the contents of the report.
- 2.2 **Cabinet** is asked to **RESOLVE** that:
 - (1) The year end position for 13/14 is an overspend against budgets of £297k be noted.
 - (2) The balance on the General Fund therefore reduces to £1.869m be noted.
 - (3) The implementation of the majority of the savings in 2013/14 following previous financial year's savings targets is an excellent achievement. This forms part of the £7.5m of savings that the Council has achieved in the last four years.
- 2.2 Cabinet is asked to **RESOLVE**:
 - (1) A transfer into an earmarked reserve of £17,000 representing the unspent portion of the £19,000 added by Cabinet to the City Centre Historic Area Grant Fund in June 2013.

3. Background

- 3.1 This report is intended to give Members a clear and concise view of the 2013/14 outturn of the Council and accompany this with explanations for any variances. The financial position for each directorate is presented in a summary table showing the budget for the year as well as final position against budget for the end of the 2013/14 financial year.

- 3.2 Service expenditure includes only those items which impact on the Council's bottom line position and not charges which are removed as part of statutory accounting adjustments at the end of the financial year. It therefore contains a true view of the Council's position against the general fund for revenue expenditure.
- 3.3 The Council recognised in the 2013/14 budget setting cycle that significant savings would need to be made during the financial year. A savings target of £1.943m was agreed of which the majority was achieved in year. This forms part of the £7.5m of savings that the Council has achieved in the last four years.
- 3.4 Whilst there has been some slippage in implementation of the savings during 2013/14, compensated by additional savings elsewhere, the full-year impact of the changes will be fully achieved 2014/15.

4. Council Summary

	2013/14 Budget £000	Year End Outturn £000	Outturn Variance £000
Chief Exec and Regen	2,051	1,638	(413)
Services	8,125	8,481	356
Resources	(10,176)	(9,822)	354
GCC	0	297	297

- 4.1 The year end outturn for the Council is a deficit of £297k, 1.8% of the net revenue budget for the year of £16.659m. This position will result in a reduction of the Council's General Fund balance from £2.116m to £1.869m. This is still above the £1.6m appropriate level to be retained each year.

5. Chief Executive and Regeneration

	2013/14 Budget £000	Year End Outturn £000	Outturn Variance £000
Chief Exec, Regeneration and Economic Development	720	716	(4)
Development Services	683	696	13
Parking Services	(684)	(1,162)	(478)
Legal and Democratic Services	1,122	1,085	(37)
Marketing Gloucester	210	303	93
Total	2,051	1,638	(413)

- 5.1 Off Street Parking has overachieved against budget for the year. Income levels exceeded target but there were also significant savings in both premises costs and payments to the third party contractor. In total the costs in this area were approximately £300k less than budgeted.
- 5.2 The service area of Chief Executive, Regeneration and Economic Development was broadly in line with budget. There were a number of variances within this wider area and this included the costs arising from the departure of the Chief Executive as part of the Senior Management restructuring process. The savings from that process are expected to generate in excess of £100k per annum in future years.
- 5.3 Legal and Democratic Services cost £37k less than budgeted during the year. This is largely a result of additional income earned through carrying out work for which a fee is charged.
- 5.4 The Council works closely with Marketing Gloucester to promote the city and put on events.
- 5.5 The Directorate of Chief Executive and Regeneration spent under its budget by £413k. The majority of which comes from the Parking Services budget area.

6. Services and Neighbourhoods

	2013/14 Budget £000	Year End Outturn £000	Outturn Variance £000
Director (includes Rugby World Cup)	276	137	(139)
Public Protection	(396)	(581)	(185)
Neighbourhood Services	5,744	6,127	383
Housing Services	967	889	(78)
Commercial Services	878	1,144	266
Contact Centre and Customer Services	656	765	109
Total	8,125	8,481	356

- 6.1 The Amey contract for Neighbourhood Services achieved its budgeted savings of £450k. The saving was achieved part way through the year meaning that the full year impact of the savings was not realised in 2013/14. There is therefore overspend against budgets for this contract of £200k in 2013/14. The full saving of £450k will be realised in 2014/15.

- 6.2 Agreement has been reached with Amey about amounts to be paid to the Council as a result of incorrect invoicing in prior years. This has been agreed at £388k owing to the Council as well as an ongoing £100k annual budget saving.
- 6.3 The income target for Bulky Waste collections was not met this year with a shortfall of approximately £95k against a target of £140k. The level of target was revised in the 2014/15 budget and the target should now be achievable.
- 6.4 The same situation was recorded with regard to Green Garden Waste income. This was £50k below budgeted levels.
- 6.5 As anticipated, the events programme at the Guildhall, within Commercial Services, did not achieve the budgeted level of surplus. The original budget for 2013/14 budgeted the Guildhall to achieve a surplus of £288k for events and room and lettings. The final position was a surplus of £51k. Although still a net contributor to the Council budget Guildhall events were therefore short of their required surplus by £237k. This area is currently undergoing a service review which will look for ways to improve that position in future years.
- 6.6 The Contact Centre has expanded in the year as a result of a review of the service and this has resulted in a small overspend on employee costs of £56k.
- 6.7 A budget of £175k (half of the overall budget) was allocated to the Rugby World Cup in 2013/14. The majority of this was unspent and will be available to be spent in 2014/15 and 2015/16.
- 6.8 There a number of variances within the directorate with the net position being an overspend of £356k. The directorate had significant savings targets within 13/14 so this represents a strong position.

7. Resources

	2013/14 Budget £000	Year End Outturn £000	Outturn Variance £000
Audit	161	137	(24)
Business Improvement	1,846	1,784	(62)
BT & T	1,111	1,197	86
Director	107	98	(9)
HR and OD	299	277	(22)
Finance and Corporate Expenditure	(13,700)	(13,315)	385
Resources	(10,176)	(9,822)	354

- 7.0 Two significant cost and funding streams are clarified at the end of the financial year. Revenues & Benefits financial performance (Housing Benefits) does not become clear until towards the end of the year, and where a 1% swing on performance causes a disproportionate impact on the Council's bottom line e.g. 1% is approximately £400k. The costs of providing Housing Benefits, recorded against the Finance function, was higher than anticipated during the year. This service is largely, but not entirely, funded

by Central Government through subsidy. Also, in 2013/14 the Council was, for the first time, able to retain some of its business rates income business rates received This was a result of the Business Rates Retention Scheme which replaces Central Government Support through the Revenue Support Grant with limited powers to retain rates. The combined net effect of these two funding changes was a positive variance, representing additional income for the Council, of approximately £90k.

- 7.1 Another area of corporate overspend pressure is the reduction in investment interest earned by the council given the current low interest rates paid by the market on investments. The current Treasury management strategy seeks to mitigate this pressure by redeeming investments when they have matured and repaying external borrowing. This will create a saving for the Council as the repaid borrowing would have incurred higher interest costs than the income the Council would have received had the matured sums been reinvested.
- 7.2 The Council has received permission from the Department for Communities and Local Government to charge some restructuring costs to capital funding sources. This relieves the pressure on budgets by £55k in the area of corporate expenditure.
- 7.3 As part of year-end accounting process the Council has reviewed the level of provision it makes for debtors who may not pay cash owed to the Council. As part of this review it was necessary to increase the level of provision by £150k in order to meet the standards required by accounting regulations. This is a budgetary pressure in 2013/14 but puts the Council on a more secure financial footing for future years.
- 7.5 Financial Services has incurred additional costs of the interim staff who have been helping to deliver the Financial Services Improvement Plan during the restructuring of the department. There were as a result some savings due to vacancies in permanent staff positions. The department has now undergone a restructuring exercise and this overspend will not recur in 2014/15.
- 7.6 Within Business Transformation and Technology the cost of software and hardware supplies exceeded budgets by £132k. Savings were found elsewhere to partially compensate and the net position is an overspend of £86k.
- 7.7 The directorate has overspent against budgets by £354k for the year.

8. Capital Programme

- 8.1 The Capital Programme budget for the year, including Housing Expenditure, was £12.274m with subsequent approvals of £3.5m leading to a revised budget of 15.82m. Expenditure for the financial year was £10.332m. The areas of major capital expenditure are £6m on Housing (both General Fund and HRA), £633k Kings Quarter project, £690k Disabled Facilities Grants, and other projects including HKP reception upgrade, flood works, and projects in line with S106 agreements.
- 8.2 Capital projects that do not spend their allocated budgets during 2013/14 are likely to continue into 2014/15. The long term nature of capital projects mean that spending often spans different financial years.
- 8.3 Full details of the capital expenditure to the end of March can be found in **Appendix 1**.

9. Collection of Council Tax and Business Rates

9.1 The percentage of current year debt collected to the end of March 2014 is shown below together with the comparable figures for March 2013.

	Percentage collected up to 31 st March	
	2013	2014
Council Tax	97.3	96.9
Business Rates	98.0	97.9

9.2 Collection of Council Tax and Business Rates has remained in line with the previous year. This is no small achievement given the current economic climate and credit goes to the Civica Revenues & Benefits team for their hard work in the debt collection area.

9.3 The write-offs of Council Tax and Business Rates compiled during 2013/14 are for 3982 cases and amount to £268k for Council Tax and £36k for Business Rates, £304k in total.

9.4 A detailed schedule of all write-off accounts is held by the Revenues and Benefits Services. It should be noted that debts that are written off will be reinstated should further information come to light which increases their chances of collection. Write-offs relate to all preceptors (County, and Police), not just Gloucester City.

10. Supplier Payments

10.1 The Council is committed to paying invoices within terms. At the end of Quarter 4, the actual achievement was 95% within 30 days, up from 92% in 2012/13. The details on our prompt payment (30 days performance) are:

Quarter	%	Cum %
1 st Quarter	94	94
2 nd Quarter	94	94
3 rd Quarter	95	94
4 th Quarter	95	95

10.2 Total invoices paid in year were 12,541 (13,324 in 2012/13), 11,857 were paid within 30 days (12,272 in 2012/13).

11. Financial Implications

11.1 Contained in the report

(Financial Services have been consulted in the preparation this report.)

12. Legal Implications

12.1 There are no legal implications from this report

(Legal Services have been consulted in the preparation this report.)

13.0 Risk & Opportunity Management Implications

13.1 There are no specific risks or opportunities as a result of this report

14. People Impact Assessment (PIA):

14.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.

15. Other Corporate Implications

Community Safety

15.1 None

Sustainability

15.2 None

Staffing & Trade Union

15.3 None