



REVENUE AND CAPITAL OUTTURN – 4TH QUARTER 2015/16
REPORT OF INTERIM HEAD OF FINANCE (S151 OFFICER)

1. **PURPOSE OF REPORT**

- 1.1 To inform members of the draft revenue and capital outturn at the fourth year end of 2015/16

2. **RECOMMENDATION**

- 2.1 That the committee notes the report

3. **BACKGROUND TO THE REPORT**

- 3.1 Attached to this report is the draft provision outturn high level summary and the monthly outturn reports including the following information for the quarter ending 31st March 2016:

- General Fund budget monitoring summary
- General Fund detailed variance analysis
- Capital Programme outturn by scheme
- Outturn position for the Housing Revenue and Housing Repairs accounts

General Fund

- 3.1 A summary of the provisional outturn is provided below:

	Original	Latest	Provisional
	Estimate	Estimate	Out Turn
	2015/16	2015/16	2015/16
	£	£	£
Central Services	2,990,531	3,379,363	1,919,641
Leisure & Environment	6,488,829	6,868,752	6,782,712
Housing (GF)	901,744	1,023,950	966,565
Planning	1,629,340	1,997,525	2,758,513
Direct Services Organisation	-176,410	-176,410	-168,410
Further Savings Identified in Year	0	-1,340,000	0
Total Service Expenditure	11,834,034	11,753,180	12,259,020
Special Expenses brought down	-618,360	-641,360	-646,403
Capital Accounting Adjustment	-1,360,840	-1,360,840	-2,630,845
Revenue Contributions to Capital		-20000	48,656
External Interest Paid /(Received)	4,100	4,100	14,100
IAS 19 Adjustment	-129,980	-129,980	-567,708
Unfunded benefits and curtailments			85,000
Transfer to / (from) Pension Reserve	3,880	3,880	3,880
Transfer to / (from) carry forwards		-126,682	104,831
Transfer to / (from) unapplied grants		-301,352	-52,487
Transfer to Reserves	667,000	1,352,000	1,538,000
Use of Reserves	-890,951	-973,507	-740,764

Transfer (from) / to General Balances	159,456	128,900	253,059
HBBC Budget Requirement	9,668,339	9,688,339	9,668,339

- 3.2.1 When the budget was approved by Council in February 2015 it was anticipated that £159,456 would be taken to General Fund balances and a net £188,634 transferred from earmarked reserves. Since that date, the budget has been increased by £565,217, representing supplementary budgets that have been approved in line with financial procedures rules.
- 3.3 In July 2015 Council approved that £100,128 of unspent budgets from 2014/15 could be carried forward to 2015/16. These were included in the 3rd quarter outturn report.
- 3.4 Explanations for variances against both profiled budget and estimated outturn have been detailed in the monthly outturn reports appended. The major service variations in excess of £50,000 have been summarised as follows:

	Timing Differences	Outturn variances	Explanation
		£000's Under spend/(Overspend)	
General Grants		629	The Council has been awarded a "section 31 grant" in 2014/15 and 2015/16 to reimburse the cost of offering a number of business rate exemptions. The level of this grant that may be retained depends on the business rates outturn at 31 st March each year. Therefore in order to be prudent, this income is placed into the Business Rates reserve pending any notification.
Council Tax/NNDR		144	This is due to a reduction in HBBC contribution paid to the Revenues & Benefits Partnership as a result of partnership restructure (49k) and a carryforward on Computer Software & Maintenance budget (£71k).
Elections		58	Savings on the cost of borough elections
Rent allowances		(78)	Net additional expenditure on benefits. The timing difference is due to repayment of benefits subsidy.
Recycling		101	Mainly Kerbside recycling savings (£76k).
Homelessness		91	Mainly due to underspend in salary costs and underspend private landlords and housing associations.
Corporate Management		487	Mainly underspends on restructure costs (£222k), with additional savings on the property company (£60k) and Vat savings on Greenfields site (£118k) and an under spend on pension costs for Employees Added Years, which is funded via movements on reserves (£82k).

Local land charges		132	Additional grant income for new burdens
Sports development		52	Savings on salaries and externally funded projects.
Street Cleansing		69	Mainly due to additional income from bulky item collections, vehicle leasing savings, and additional streets variation income.
Car Park income		54	Mainly additional income from Britannia Car Park, pay and display income and season ticket sales.
Planning Policy		480	Local Plan 2026 Plus is funded from reserves so £374k will now fall into future years. Other significant elements are Neighborhood planning grants to fund a post on a 2 year fixed contract and site delivery grant to be carried forward to be spent over two years.
Markets		(58)	Income targets not achieved
IT Support		81	Various small savings on software costs, licenses and support costs
Council Offices		57	Mainly underspend on the Hub costs.
Development Control		171	Mainly due to salary underspend due to vacant post (£56k) and legal fees on appeals costs to be lower than expected (£100k).
Economic Development	142		RGF grant to fund costs that will fall on the general fund.
Revenue Expenditure Funded from Capital Under Statute (Refcus)	(1,250)		To be posted to reflect removal of impact on general fund.(capital items where no asset is created for the Council. These are reversed out as part of reserve movements so there is no impact on the General Fund)
IAS 19		(438)	Accounting for the revenue impact for pensions. This is reversed out from balances so there is no impact on the General Fund

3.5 Based on these forecasts the Draft 2015/16 year end outturn shows £12,259,020 being spent on services with £1,002,195 net being transferred to earmarked reserves and £253,059 being transferred to General Fund balances. On this basis a net under spend of £93,603 is forecast to year end.

Capital

3.6 £ 22,958,142 has been spent on capital schemes to the end of March 2016 against a budget for that period of £27,074,422. This represents an under-spend of £4,116,280. The major service variations in excess of £50,000 have be summarised as follows:

Scheme	£000's Under spend/ (Overspend)	Explanation
Regional Growth Fund	695	To be funded from unapplied earmarked grants. Budget to be re-profiled. Balance of works to be completed in 2016/17

Argents Mead Phase 1	52	Works to be completed after Leisure Centre opening. Tenders received in June
Leisure Centre	218	Works completed in May 2016
Leisure Centre Demolition	98	Site Investigations are to be completed. To be demolished in 2016/17.
Green Deal Fuel Poverty	58	External funding which has been carried forward to fund expenditure in 2016/17
Major Works Grants	52	Expenditure committed and will run into 2016/17.
CCTV	72	Works committed. To be in completed in 16/17
Private Sector Leasing	125	The external funding for this type of work has ceased so there will be no spend.
Channel Shift	189	Expenditure has been committed and will fall into 2016/17
Disabled Facilities Grant	141	The funds are fully committed for the year. Payments will be made on completion in 2016/17.
Crescent Development	440	Contract payment falling into 2016/17.
Crescent Capital Incentive	407	Capital Incentive payments to be carried forward.
Housing Repairs (Cumulative repairs schemes)	134	After allowing for work in progress and recharges for overhead recovery there is an overspend of £100k. This was primary due to additional fire door works.
Affordable Housing	1,051	Budget to be carried fwd. Southfield Rd scheme payments to be made in 2016/17. Planning application for Martinshaw Lane in progress.

Housing Revenue Account

3.7 As 31st March 2016 it is anticipated that the HRA outturn surplus will be £301,782 against a latest budget showing £125,369. The HRA is now in surplus due to improve rental and service charge income, and reduction in the contribution to the regeneration reserve to maintain the minimum requirement on HRA balances.

3.8 The Housing Repairs Account, is currently forecasting to be £45,856 in deficit which compares to the latest budget for 2015/16 which is a deficit of £105,704.

4. **FINANCIAL IMPLICATIONS (AW)**

The financial implications on the Council's budget position are outlined in the report.

5. **LEGAL IMPLICATIONS (MR)**

No legal implications.

6. **CORPORATE PLAN IMPLICATIONS**

The budget ultimately addresses all Corporate Plan objectives.

7. **CONSULTATION**

All budget holders have been consulted in collating the information for this report. This information has previously been reported to Executive Briefing.

8. **RISK IMPLICATIONS**

It is the Council’s policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer’s opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	A Wilson

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

None

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Civica Financial Files

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