

Cherwell District Council
Budget Planning Committee

26 July 2016

2015-16 Revenue and Capital Outturn Report

Report of the Chief Finance Officer

This report is public

Purpose of report

This report summarises the Council's Revenue and Capital performance for the financial year 2015-16. The figures are still subject to external audit.

1.0 Recommendations

The Budget Planning Committee is recommended to:

- 1.1 Agree the carry forward of budget underspends from 2015-16 to 2016-17 as detailed in Annex 1.
- 1.2 Agree the review of reserves as detailed in Annex 2.
- 1.3 Note the capital out-turn position for 2015-16 detailed in Annex 3 (to follow).
- 1.4 Agree the balances on capital schemes which have slipped in 2015-16 to be carried forward into the 2016-17 capital programme as set out in Annex 3 (to follow).
- 1.5 Delegate responsibility to the Chief Finance Officer in consultation with the Lead Member for Financial Management to consider and implement further changes relating to all aspects of the closedown of the accounts for 2015-16 including: realigning reserves; the transfer of costs from revenue to capital; amendments of the revenue and capital budgets; and implementation of a minimum revenue provision accordingly.

2.0 Introduction

- 2.1 The Council's outturn position is a primary source of information for the production of the Statement of Accounts and provides context for members in their consideration of the accounts.
- 2.2 Outturn 2015-16 is reported for the following and set out in detail in the paragraphs below:
- General Fund
 - Capital Programme
- 2.3 During 2015-16, budget monitoring has taken place which has highlighted variances between actual expenditure and income and budget. As in previous years there has been a detailed focus on the importance of accurate budgeting and appropriate monitoring. This continues to be embedded throughout the Council.

3.0 Report Details

Revenue Out-turn 2015-16

- 3.1 The Council's outturn position for the General Fund is set out in the table on the next page.
- 3.2 During the course of 2015-16, a number of changes have been made to the original 2015-16 revenue and capital budgets. The adjusted full-year budget represents the original budget, as approved by the Council, the addition of supplementary revenue estimates approved during the year, agreed virements to existing budgets and the utilisation of appropriate reserves.

REVENUE OUTTURN 2015-16	Adjusted Budget 2015- 16 £000	Draft Outturn 2015-16 £000	Variance 2015-16 £000
Services			
Bicester Regeneration Projects	(930)	(1,407)	(477)
Community Services	5,363	4,835	(528)
Environmental Services	5,291	5,645	354
Directorate Admin	47	70	23
Community & Environment	10,701	10,549	(151)
Chief Executive	378	400	22
Strategic Planning & the Economy	1,434	1,589	155
Public Protection & Development Mgt	1,066	808	(258)
Development Directorate	143	206	63
Regeneration & Housing	1,011	2,169	1,158
Development	3,654	4,773	1,118
Transformation	620	517	(103)
Finance & Procurement	3,066	2,710	(356)
Legal & Democratic	863	727	(136)
Resources	54	65	11
IT	21	107	86
Resources	4,624	4,126	(498)
Services Total	18,427	18,440	13
Capital Charges Reversed	(4,000)	(4,000)	0
Use of Reserves within Services	2,040	2,037	(3)
NET BUDGET REQUIREMENT	16,467	16,477	11
FUNDING			
Business Rates Baseline	(3,466)	(3,466)	0
Revenue Support Grant	(2,711)	(2,733)	(22)
Formula Grant Equivalent	(6,177)	(6,199)	(22)
Transfer to Parish Councils for CTRS	349	349	0
Other Grants	101	0	(101)
Investment Income	161	(562)	(723)
Council Tax Compensation Grant	(63)	(65)	(2)
Collection Fund	(233)	(233)	0
New Homes Bonus	(2,543)	(2,542)	1
Business Rates			
Growth above baseline/Pooling	(2,103)	(2,625)	(522)
Council Tax Income	(5,959)	(5,959)	0
Use of Reserves	0	(433)	(433)
TOTAL INCOME	(16,467)	(18,269)	(1,802)
Outturn			(1,791)

3.3 The underspend of £1,791k after budget carry forwards transfers to earmarked reserves represents a variance of 11% compared to budget. The Council's revenue budget tolerances are 2%.

3.4 The service budget underspend has arisen through a variety of reasons. The key variances are set out in the table below:

(Under)/Overspends	£000
a. Car park additional income	(149)
b. Recreational course fees and sports additional income	(273)
c. Environmental Services reduction in waste & recycling refuse	331
d. Street Cleansing reduction in work	(96)
e. Planning Fee income higher than anticipated in the budget	(212)
f. Castle Quay reduction in income	500
g. Investment income higher than anticipated in the budget	(723)
h. Business rate grown higher than anticipated in the budget	(422)
i. Graven Hill income for commitment fee and interest	(660)
j. Land Charges grant to general fund balances	(95)
k. Other small variances	8
	(1,791)

3.5 Underspends to be transferred to an earmarked reserve (EMR)

Heads of Service have requested unspent budgets to be carried forward where:

- there are specific commitments
- there are discrete projects
- there is a requirement under IFRS to set up an earmarked reserve rather than accrue for a grant.

3.6 The total of the proposals for carried forward budgets is shown in Annex 1. Full Council approval is required where the underspend exceeds 10% of the individual budget heading (where this is £10,000 or more) or £50,000, whichever is less.

3.7 Unspent Grants to be transferred to earmarked reserves

As a result of complying with International Financial Reporting Standards (IFRS), any unspent grant received which has either no conditions attached to it, or where all conditions have been met, should be transferred to an earmarked reserve. These are detailed in Annex 1.

3.8 Reserves and Balances

A review of reserves has been undertaken and is presented at Annex 2 for approval. The Budget Planning Committee will be asked to approve a separate piece of work on all reserves in the forthcoming year which is likely to lead to further adjustments to the reserves at the appropriate point.

3.10 The medium term financial strategy states that General fund balances should not drop below £750,000. Before year end adjustments general fund balances stood at £1.7m. As part of the provisional outturn process and review of reserves the opportunity has been taken to top up general fund balances to provide more headroom above the minimum balance. If the Provisional Outturn, Carry Forwards and Transfers to Reserves are approved the General Fund Balance will be £3.5m.

3.11 Capital Outturn 2015-16

A summary of the capital expenditure in 2015-16 is set out in the table below. The detailed Capital Outturn and slippage requests by Capital Scheme are shown in Annex 3.

Directorate	Original Budget 15/16 £000	Adjusted 15/16 £000	APPROVED BUDGET 15/16 £000	ACTUAL 15/16 £000	SLIPPAGE 15/16 £000	VARIANCE 15/16 £000
Bicester Regeneration Projects	23,333	6,998	30,331	6,245	24,086	0
Community & Environment Resources	1,845	2,177	4,022	1,031	2,968	(23)
Development	324	234	558	391	265	98
	1,875	24,132	26,007	12,749	13,457	199
GRAND TOTAL	27,377	33,541	60,918	20,416	40,776	274

3.12 The overall capital position is an overspend of £274k, within this total individual project capital underspends will be returned to unallocated capital resources. The overspend against budget, after allowing for slippage, is 0.5% (which is inside the 5% tolerance).

3.13 There has been slippage in the programme due to the many external factors. The projects with the largest slippage are shown below.

DESCRIPTION	APPROVED BUDGET £000	ACTUAL £000	SLIPPAGE £000	VARIANCE £000	COMMENTS
Graven Hill	23,333	0	23,328	(5)	Largely due to delay in purchase of MOD land until May 2016
Build Programme	22,741	11,210	11,531	0	The approved budget reflected the balance of the total £34m cost of the scheme. This should have been split between 15-16 and future years.
South West Bicester Sports Village	1,271	316	955	0	Delays in planning due to a need to comply with the Kingsmere Design Code. Subsequent tender exercise produced in a single tender which was £1.6m above budget, a second tendering exercise has been carried out and the tender is due for approval. A supplementary budget approval will be required but, subject to this approval, work will start in 2016-17.
Bicester Sports Village	790	0	790	0	Delays in planning due to a need to comply with the Kingsmere Design Code. Subsequent tender exercise produced in a single tender which was £1.6m above budget, a second tendering exercise has been carried out and the tender is due for approval. A supplementary budget approval will be required but, subject to this approval, work will start in 2016-17.
Bicester Community Building	6,998	6,240	758	0	Slight delay to programme, work now substantially complete.
The Hill Youth & Community Centre	400	0	400	0	Delayed start to scheme, now due for completion in August 2016.
Upgrade to Uninterrupted Power Supply & Back up Sy	338	1	337	0	Delays due to work being procured through the Solihull Partnership, which has resulted in a longer than usual procurement process. Now planned for the current year.
Orchard Way Shopping Arcade - front service area a	300	0	300	0	Delays due to work being procured through the Solihull Partnership, which has resulted in a longer than usual procurement process. Now planned for the current year.
East West Railways	290	0	290	0	5 year capital contributions - will be spent in 2016-17
Discretionary Grants for Domestic Properties - Es	411	182	229	0	Slippage largely reflects grants that have been committed but not paid.
Condition Survey Works	316	140	176	0	Requirement for spend in 2016-17, likely to require additional budget approval.
North Oxfordshire Academy Astro turf	150	0	150	0	Shared cost with the Academy, awaiting confirmation that the Academy have raised sufficient funds to allow the project to continue.
Cooper Sports Hall Roof	100	0	100	0	Project was on hold whilst the Joint User Agreement and long term arrangements were finalised. Work is now underway and completion is anticipated in August 2016.
Empty Homes and Work-in-default (recoverable) Enfo	100	0	100	0	Dependant on need for enforcement action, costs may be recoverable.

3.14 Efficiencies

Planned efficiency savings from the 2015-16 budget have been achieved. The Public Promise of £0.5m was successfully delivered and forms a significant element of the savings identified in our approved budget for 2016-17.

4.0 Conclusion and Reasons for Recommendations

4.1 The financial performance for revenue reflects significant additional income whilst capital reflects a small overspend. The revenue and capital outturn positions demonstrate the Council's ability to respond positively and actively to changing economic circumstances and deliver sizeable capital programmes and effective financial management.

- 4.2 The variances on the capital outturn were within the Council's stated tolerances although revenue outturn was outside the stated tolerance for the reasons provided in the report.

5.0 Consultation

- 5.1 The provisional outturn has been prepared by the Chief Finance Officer in consultation with the Lead Member for Financial Management.

6.0 Alternative Options and Reasons for Rejection

- 6.1 This report illustrates the Council's provisional performance against the 2015-16 Revenue and Capital Budget.

- 6.2 Alternative options are:

To reject the current proposals and to make alternative recommendations or ask officers for further information.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from the production of this report. It should be noted that the information in this report is in the format used for budget monitoring purposes and, although adjustments have been made for the requirements of IFRS, it does not reflect the various accounting adjustments that are required to comply with the Statement of Recommended Practice nor is it in the same format as the statutory Financial Statement. It is therefore not a straightforward task to compare the figures in this report with the Council's Financial Statement for 2015-16 because the respective reports are each designed to serve different purposes.

Comments checked by: Paul Sutton, Chief Finance Officer
0300 003 0106 paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2. The Council is legally required to prepare Financial Statements by 30 June 2016.

Comments checked by:
Kevin Lane, Head of Law and Governance, 0300 0030107
kevin.lane@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision Yes
Financial Threshold Met: No
Community Impact Threshold Met: No

Wards Affected

Not applicable

Links to Corporate Plan and Policy Framework

Enhancing the Council Performance

Lead Councillor

Councillor Ken Atack – Lead Member for Financial Management

Document Information

Appendix No	Title
Annex 1	Requests for Budget Carry Forwards to 2015-16.
Annex 2	Review of Earmarked Reserves.
Annex 3	Capital Out-turn 2015-16 – <i>to follow</i>
Background Papers	
None	
Report Author	Paul Sutton, Chief Finance Officer
Contact Information	03000 030106 paul.sutton@cherwellandsouthnorthants.gov.uk