

**Cherwell District Council**  
**Budget Planning Committee**

**25 July 2017**

<b>2016-17 Revenue and Capital Outturn Report</b>
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**Report of the Chief Finance Officer**

This report is public

**Purpose of report**

This report summarises the Council's Revenue and Capital performance and its reserves position for the financial year 2016-17. The figures are still subject to finalisation and external audit.

**1.0 Recommendations**

The Budget Planning Committee is recommended to:

- 1.1 Agree the carry forward of budget underspends from 2016-17 to 2017-18 as detailed in Appendix 1.
- 1.2 Note the capital out-turn position for 2016-17 detailed in Appendix 2.
- 1.3 Agree the review of reserves as detailed in Appendix 3.
- 1.4 Agree the balances on capital schemes which have slipped in 2016-17 to be carried forward into the 2017-18 capital programme as set out in Annex 2.
- 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 2016-17 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 2016-17 is reported for the Revenue and Capital and set out in detail in the paragraphs below.
- 2.3 During 2016-17, 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 2016-17**

- 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 2016-17, a number of changes have been made to the original 2016-17 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.

Draft Revenue Outturn 16/17	Revised Budget £000's	Draft Outturn £000's	Variance (Under) / Over £000's
Chief Executive	213	245	32
<b>CHIEF EXECUTIVE TOTAL</b>	<b>213</b>	<b>245</b>	<b>32</b>
Bicester Regeneration projects	561	542	(19)
Regeneration and Housing	2,140	2,973	833
Human Resources	617	610	(7)
Information Services	1,917	1,917	0
Business Transformation	395	423	28
<b>COMMERCIAL DEVELOPMENT TOTAL</b>	<b>5,630</b>	<b>6,465</b>	<b>835</b>
Corporate Finance	1,069	1,111	42
Revenues & Benefits	13	26	13
Procurement	105	100	(5)
<b>CHIEF FINANCE OFFICER TOTAL</b>	<b>1,187</b>	<b>1,237</b>	<b>50</b>
Strategic Planning Economy	1,393	1,508	115
Development Management	718	700	(18)
Communications and Corporate P	295	274	(21)
Business Support Unit	63	103	40
Performance	204	141	(63)
Law and Governance	1,046	1,100	54
<b>STRATEGY AND COMMISSIONING TOTAL</b>	<b>3,719</b>	<b>3,826</b>	<b>107</b>
Community Services	5,228	5,021	(207)
Environmental Services	4,886	5,044	158
<b>OPERATIONS AND DELIVERY TOTAL</b>	<b>10,114</b>	<b>10,065</b>	<b>(49)</b>
<b>TOTAL DIRECTORATES</b>	<b>20,863</b>	<b>21,838</b>	<b>975</b>
Use of Reserves	(700)	(1,331)	(631)
Non Distributed Costs	(2,305)	(2,854)	(549)
<b>TOTAL COST OF SERVICES</b>	<b>17,858</b>	<b>17,653</b>	<b>(205)</b>
<b>FUNDING</b>			
<b>Formula Grant Equivalent</b>			
Business Rates Baseline	(3,495)	(3,495)	0
Revenue Support Grant	(1,851)	(1,851)	(0)
<b>Sub Total</b>	<b>(5,346)</b>	<b>(5,346)</b>	<b>(0)</b>
<b>Grants Awarded</b>			
Transfer to Parish Councils for CTRS	349	349	0
New Homes Bonus	(3,682)	(3,689)	(7)
<b>Sub Total</b>	<b>(3,333)</b>	<b>(3,340)</b>	<b>(7)</b>
<b>Business Rates Growth</b>	<b>(2,780)</b>	<b>(2,737)</b>	<b>43</b>
<b>Council Tax Income</b>			
Baseline	(6,219)	(6,219)	0
Collection Fund	(180)	(180)	0
<b>Sub Total</b>	<b>(6,399)</b>	<b>(6,399)</b>	<b>0</b>
<b>TOTAL INCOME</b>	<b>(17,858)</b>	<b>(17,822)</b>	<b>36</b>
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(168)</b>	<b>(168)</b>

- 3.3 The above position shows that the draft outturn position at the Directorate level is £975k above budget, this is reduced by use of reserves of £631k and a contribution from non-distributed costs (interest, pensions and capital adjustments) of £549k which brings the draft revenue outturn position at a Total Cost of Services level to a surplus of £205k. Minor movements in funding bring the overall draft revenue outturn to a surplus of £168k.
- 3.4 This draft revenue outturn position will potentially be affected by a year-end review of reserves, a finalisation of provisions and de-minimis capital movements.
- 3.5 Key variances against budget are set out in the table below:

<b>CDC Revenue Outturn - Key Variances</b>	
Regeneration and Housing	£833k over budget £170k relates to Bodicote House, largely agency staff. £95k external property rentals, premises related costs and third party payments. £139k Build! Delivery Team employee costs. £79k Cherwell Community Build, largely supplies and services. £197k General Properties expenditure, premises related costs and third party payments together with lower than expected rental income. £92k Pioneer Square, premises related expenditure and third party payments. £102k Castle Quays rental income lower than expected.
Strategic Planning and the Economy	£115k over budget Largely due to Local Development Framework related expenses.
Performance	£63k under budget Vacancies and lower than expected expenditure on supplies and services.
Community Services	£207k under budget Leisure services budget did not reflect the new operator contract plus gains from legacy benchmarking.
Environmental Services	£158k over budget Largely Waste and Recycling Service costs.
Use of Reserves	£631k greater than planned. Regeneration and Housing accounts for £493k of this.
Non-Distributed Costs	£549k better than planned. Interest on investments.

- 3.6 **Underspend 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.
- 3.7 The total of the proposals for carried forward budgets is shown in Appendix 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.

### 3.8 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 Appendix 3.

### 3.9 Reserves and Balances

A review of reserves has been undertaken and is presented at Appendix 3 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 £0.75m, the estimated balance at 31 March 2017 is £3.027m.

### 3.11 Capital Outturn 2016-17

A summary of the capital expenditure in 2016-17 is set out in the table below. The detailed Capital Outturn and slippage requests by Capital Scheme are shown in Appendix 2.

	BUDGET £000	ACTUAL £000	SLIPPAGE £000	VARIANCE £000
Directorate				
Chief Finance Officer	38	3	37	2
Commercial Development	67,250	42,715	24,688	153
Operations & Delivery	6,046	3,102	2,847	(97)
<b>Total</b>	<b>73,334</b>	<b>45,820</b>	<b>27,572</b>	<b>58</b>

3.12 The draft capital outturn position shows a variance against budget of less than 0.5% (after slippage has been accounted for). The significant variances related to unplanned works at Banbury Bus Station and costs relating to the ICT Harmonisation project. Details of individual projects are shown at Appendix 2.

## 4.0 Conclusion and Reasons for Recommendations

4.1 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.

## 5.0 Consultation

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

## 6.0 Alternative Options and Reasons for Rejection

6.1 This report illustrates the Council's provisional performance against the 2016-17 Revenue and Capital Budget and its Reserves position at the end of the year.

## 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 2016-17 because the respective reports are each designed to serve different purposes.

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### Legal Implications

- 7.2. The Council is legally required to prepare Financial Statements by 30 June 2017.

Comments checked by:  
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### Risk Management

- 7.3 The position to date highlights the relevance of maintaining a minimum level of reserves and budget contingency to absorb the financial impact of changes during the year. Any increase in risk will be escalated through the corporate risk register.

Comments checked by:  
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### Equality and Diversity

- 7.4 Impact assessments were carried out in advance of setting the 2016-17 budget.

Comments checked by:  
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## 8.0 Decision Information

**Key Decision** N/A  
**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 Tony Ilott – Lead Member for Finance, Revenues and Financial Management.

### Document Information

<b>Appendix No</b>	<b>Title</b>
Appendix 1	Requests for Budget Carry Forwards to 2016-17.
Appendix 2	Capital Out-turn 2016-17
Appendix 3	Review of Earmarked Reserves.
<b>Background Papers</b>	
None	
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