

Cherwell District Council
Budget Planning Committee

24 July 2018

2017/18 Revenue and Capital Outturn Report

Report of the Executive Director – Finance and Governance

This report is public

Purpose of report

This report summarises the Cherwell District Council's (CDC) Revenue and Capital performance and the position of its Reserves for the financial year 2017/18. It represents the culmination of all work undertaken by the Council to deliver high quality services that represent good value for money for our residents and communities across the district.

In the interests of transparency and good governance, we are presenting the final outturn set out in this report. In future we will be introducing new ways to keep Members and the public more informed in a timelier manner. Alongside this final position the Council is required to deliver its draft Statement of Accounts which represents this same information in a slightly different way. New for 2017/18, the Council was required by central Government to complete its draft statement of accounts by 31 May 2018, which is earlier than previously and represents a commitment to provide financial statements in a timelier manner. CDC met this revised deadline. We are now in a position to present this final outturn.

1.0 Recommendations

- 1.1 Committee note the outturn figures for the General Fund and the Capital Programme 2017/18.
- 1.2 Committee note the approved items of capital re-profiling detailed at Annex 1 which have been approved under financial procedure rule 2.4.6 (b).
- 1.3 Committee note the reserves position at Annex 2.
- 1.4 Cabinet delegate responsibility to the Executive Director – Finance and Governance, in consultation with Portfolio Holder for Finance and Governance, to consider and implement changes relating to all aspects of the closedown of the accounts for 2017/18 including: realigning reserves, the transfer of costs from revenue to capital, amendments to revenue and capital budgets accordingly.

2.0 Introduction

- 2.1 The Council's outturn position sets out how the Council has spent resources to meet its objectives. The Council set out its corporate plan and priorities at the start of the year. Further information about the corporate plan can be found on the Council's website and in its Annual Report. It is also a primary source of information for the production of the Statement of Accounts and provides additional context.
- 2.2 Outturn 2017/18 is reported for the following and set out in detail in the paragraphs below:
- General Fund;
 - Capital Programme.
- 2.3 During 2017/18 the quarterly Cabinet budget monitoring reports have been based on Directorate and Service level budgets to provide a picture of the Council's financial position. The Council Directorates were restructured in January 2018 and this revised structure is reflected in the Outturn 2017/18.
- 2.4 The Council has demonstrated good financial management during 2017/18 through its continued focus on budget monitoring. This focus is continuing and improving into 2018/19 with the implementation of monthly monitoring and reporting. During 2018/19 the financial monitoring is being aligned with performance and risk reporting. This will further strengthen the way we report and will set out a fuller picture of the overall performance of the Council going forward.
- 2.5 We will continue to develop the way we report and the ease of access and understanding of information we provide to ensure Members, and the public, are fully aware of the financial position of the Council.

3.0 Report Details

GENERAL FUND OUTTURN 2017/18

- 3.1 The Council's provisional outturn position for the General Fund is set out in the table below.
- 3.2 During the course of the 2017/18 year, a number of changes have been made to the original 2017/18 revenue and capital budgets. The updates to the budget were approved during the year. 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 2017-18 <i>(Brackets denotes an Underspend)</i>	Revised Budget £000's	Final Outturn £000's	Variance (Under) / Over £000's
Corporate Services	378	388	10
CORPORATE SERVICES TOTAL	378	388	10
Communities	1,739	1,720	(19)
Leisure & Sport	3,381	3,779	(52)
Housing	2,065	2,111	46
WELLBEING TOTAL	7,635	7,610	(25)

Leisure & Sport (£52k) Early retirement costs, agency fees and under recovery of holiday hub income has been offset by Sport achieving higher than budgeted sales income.

Housing £46k Costs relating to Home Office for Syrian Refugees (94k) have been paid in 17/18. These costs are monitored very closely and will be recovered in 18/19 as payments are made retrospectively. These additional costs in 17/18 have been partly offset by vacancy savings within the housing team.

Planning Policy & Development	1,572	1,671	99
Economy & Regeneration	1,553	1,285	(268)
PLACE & GROWTH TOTAL	3,125	2,956	(169)

Planning Policy & Development £99k relates to increased employee costs due to staffing recruitment, restructuring, additional agency costs and professional fees for planning work.

Economy & Regeneration (£268k) relates to Bicester Garden Town regeneration where the project has experienced resourcing constraints and the reprioritising of the project has provided a reduction in spend.

Environmental Services	5,159	5,005	(154)
Environmental Health & Licensing	(804)	(664)	140
ENVIRONMENT TOTAL	4,355	4,341	(14)

Environmental Services (£154k) Street Cleansing and Public Services has a number of vacant posts. Waste & Recycling benefitted from reduced costs and increased incomes for additional collections, resulting in an overall underspend.

Environmental Health & Licensing £140k At the time of budget setting for 2017/18 the future of Bolton Rd car park was unknown. Therefore the budget remained as per the previous year. However, due to the demolition and development of the single level car park, we no longer received commercial rent from Bolton road and therefore the £90k income budget was not realised.

Law & Governance	1,000	1,031	31
Finance & Procurement	1,831	2,491	660
Property Investment & contract Mgt	(585)	(833)	(248)
FINANCE & GOVERNANCE TOTAL	2,246	2,689	443

Law & Governance £31k Relates to an under recovery of Land charges income.

Finance & Procurement £660k The overspend relates to the one-off costs involved with setting up of CSN Resources Ltd, summons income was lower than budgeted, an increase in the bad debt provision for revenues and benefits and overtime due to insourcing of the contract. The bad debt provision will be reviewed closely during 18/19, particularly given the introduction of joint working via CSN and collection rates and processing times improving in the early stages of 18/19.

Property Investment & Contract Management (£248k) Savings resulting from reduced maintenance costs for Bodicote House. Income for Franklins and costs not being incurred for the Incubator Hub in 17/18 as expected.

Customers & IT services	2,656	2,713	57
Strategic Marketing & Communications	317	292	(25)
HR, OD & Payroll	401	497	96
Performance & Transformation	679	554	(125)
CUSTOMERS & SERVICE DEVELOPMENT TOTAL	4,053	4,056	3

Customers & IT Services £57k Customer services overspend mainly relates to an additional Business Support Officer post required during the year. In IT Services we experienced an increased spend on consultants fees to support key projects.

Strategic Marketing & Communications (£25k) Additional income was recovered for work undertaken to support Graven Hill.

HR, OD & Payroll £96k relates to restructuring costs and agency resourcing in the short term.

Performance & Transformation (£125k) relates to vacant posts within the team.			
TOTAL DIRECTORATES	21,792	22,040	248
Draft Revenue Outturn 2017-18	Revised Budget £000's	Final Outturn £000's	Variance (Under) / Over £000's
Use of Reserves	(2,802)	(1,478)	1,324
Interest on Investments	(1,204)	(1,178)	26
Non Distributed Costs	983	866	(117)
EXECUTIVE MATTERS TOTAL	(3,023)	(1,790)	1,233
<i>Use of Reserves £1,324k See Annex 2. The use of reserves was agreed during the financial year and reflects expenditure in areas such as Bicester Town and Eco Town to support objectives of the Council.</i>			
<i>Interest on Investments £26k Lower level of cash available due to capital programme schemes such as Crown House, Graven Hill, Build! and Castle Quay. Lower interest rates achieved as cash available for shorter periods, however rate increase in November 2017 slightly improved returns for remainder of the year.</i>			
<i>Non distributed costs (£117k) by making additional payments for 3 years upfront of pension deficit payments, we have achieved a reduction in costs and increased capital costs resulted in an over recovery against budget to neutralise this cost which is not passed on to council tax payers.</i>			
COST OF SERVICES	18,769	20,250	1,481
Adjustment for use of reserves			(1,324)
TOTAL COST OF SERVICES			157
FUNDING			
Formula Grant Equivalent			
Business Rates Baseline	(3,564)	(3,564)	0
Revenue Support Grant	(1,105)	(1,105)	0
Sub Total	(4,669)	(4,669)	0
Grants Awarded			
Transfer to Parish Councils for CTRS	349	349	0
New Homes Bonus	(4,468)	(4,429)	39
Sub Total	(4,119)	(4,080)	39
Business Rates Growth	(3,358)	(3,365)	(7)
Council Tax Income			
Baseline	(6,377)	(6,377)	0
Collection Fund	(246)	(246)	0
Sub Total	(6,623)	(6,623)	0
TOTAL INCOME	(18,769)	(18,737)	32
(Surplus)/Deficit			189

Unspent Grants to be transferred to earmarked reserves

- 3.5 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 2.

RESERVES AND BALANCES

3.6 The Council's earmarked reserves are presented at Annex 2. The Budget Planning Committee will be asked to consider a separate review of all reserves during 18/19.

CAPITAL OUTTURN 2017/18

3.8 A summary of the capital expenditure in 2017/18 is set out in the table below. The detailed Capital Outturn and slippage requests by Capital Scheme are shown in Annex 1.

Directorate	BUDGET £000	ACTUAL £000	Re-Profiled into 18/19 £000	VARIANCE £000
Wellbeing	7,479	5,202	1,936	(341)
<i>North Oxfordshire Academy Astro turf (207k) 3G pitch work being undertaken in 18/19. Grants are required for Cherwell tenants, some delays required some of the Disabled Facilities Grant (983k) to be re-profiled into 18/19.</i>				
Place & Growth	35,774	32,423	5,277	1,926
<i>East West Railways (870k) capital contributions not yet required. Completion of NW Bicester Eco Business Centre (2,236k) expected in Summary 2018. Phase 1 of the Build Programme (1,182k) expected to complete in early 18/19. The Hill Community Centre (989k) is currently in tender stage, expected to commence during Q2 18/19.</i>				
Environment	2,098	1,251	855	8
<i>Car Park refurbishments (470k) and car park equipment replacement due in 18/19. Wheeled Bin replacement scheme (125k) continuing in 18/19.</i>				
Finance & Governance	73,976	64,713	1,753	(7,510)
<i>Franklins House project (783k) expenditure should have been profiled between 17/18 and 18/19, re-profile required to correct this. Banbury Health Centre refurbishment (270k) expected during 18/19 once property usage review completed.</i>				
Customers & Service Development	766	369	446	49
<i>Review of whole IT capital programme (360k) started during 17/18 and continuing into 18/19. Re-profile required to ensure can meet future needs.</i>				
Total	120,093	103,958	10,267	(5,868)

3.9 Where a capital project spans more than one financial year or there are delays to the project, re-phasing or re-profiling of expenditure will be needed. There has been some re-profiling of schemes caused by external factors which are set out above.

3.10 The overall capital programme has spent less than it anticipated by £16.1m out of £120m. A total of £5.8m is no longer required and will be returned to reserves. £10.3m is needed for future years and has been re-profiled into 2018/19. The total budgets for these capital projects have been previously been approved as part of the budget.

4.0 Conclusions and Reasons for Recommendations

- 4.1 The committee is required to approve the revenue and capital outturn position to comply with the Council's Financial Procedure Rules (Paragraphs 2.4.5, 2.4.6 and 2.7.8).
- 4.2 The committee is required to approve a revision to the Council's 2017-18 capital programme necessitated by slippage in various Capital Schemes.
- 4.3 The financial performance in terms of both capital and revenue is within set tolerance targets (once capital slippage is processed). The performance demonstrates 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 outturn 2017-18 has been prepared by the Executive Director – Finance and Procurement in consultation with the Lead member for Financial Management & Governance.

6.0 Alternative Options and Reasons for Rejection

- 6.1 This report illustrates the Council's performance against the 2017-18 Revenue and Capital Budgets and provides the Council's reserves position at the year-end.

- 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 (for example the various pension adjustments required by Financial Reporting Standard 17) 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 2017-18 because the respective reports are each designed to serve different purposes.

Comments checked by:

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Legal Implications

- 7.2 This report provides the information required to allow the Committee to discharge its responsibility for approving the outturn position for revenue, capital and reserves.

Comments checked by:

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Risk Management

- 7.3 There are no risks arising directly from this report. Any increase in risk will be escalated through the leadership risk register.

Comments checked by: Louise Tustian

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Equality and Diversity

- 7.4 Impact assessments were carried out in advance of setting the 2017-18 budget.

Comments checked by:

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Tony Illott, Lead member for Financial Management & Governance

Document Information

Appendix No	Title
1	Capital Outturn
2	Earmarked Reserves
Report Author	Kelly Watson, Assistant Director – Finance and Procurement

**Contact
Information**

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