

## Policy Committee – 19<sup>th</sup> July 2016

### OUTTURN REVENUE BUDGET MONITORING REPORT – 2015/2016



Report of the Strategic Manager – Financial Services (s151 Officer)

Lead Member – Financial Resilience: Councillor Mulligan

Ward(s) affected: All

#### 1. Purpose of Report

- 1.1 To advise members of the final revenue budget position of the Council, (subject to audit) of income and expenditure to the end of March 2016.

#### 2. Recommendations

- 2.1 Members to note the outturn revenue budget monitoring position as at 31 March 2016.
- 2.2 Approve the additional slippage of £20,370
- 2.3 Members note the transfers to earmarked reserves.

#### 3. Background Information

- 3.1 On 17 February 2015 the Council approved its Revenue Budget at £7,183k for 2015/16.

#### 4. Financial Performance

- 4.1 Based on the unaudited accounts the Council's performance against budget was an underspend of £649k for the full financial year. This is a reduction of £37k over the interim figure of £686k reported to the meeting of Policy Committee on 7<sup>th</sup> June 2016.
- 4.2 Financial performance at the end of March compared to the interim report is shown in Appendix A and summarised in Table 1 below.
- 4.3 The formal audited Statement of Accounts will be presented to the Audit and Governance Committee on 27 September 2015.

- 4.4 In addition the council received an additional £240k as part of its “on account payment” in respect of business rates.

**Table 1: Summary Of Outturn Position As At 31 March 2016**

	Interim Outturn 2015/16 £	Actual Outturn 2015/16 £	Variance 2015/16 £
<b>Total Service Related Costs</b>	<b>5,163,467</b>	<b>5,065,746</b>	<b>(97,721)</b>
<u>Corporate Costs</u>			
Investment Income	(105,050)	(102,350)	2,700
Interest Payable	255,710	256,143	433
MRP for Capital Financing	318,464	318,464	0
Revenue Funding for Capital Programme	485,058	485,058	0
Support to Parishes	56,595	56,595	0
Corporate Contingency	0	0	0
<b>Revenue Budget 2015/16</b>	<b>6,174,244</b>	<b>6,079,656</b>	<b>(94,588)</b>
Transfers to and from reserves	(526,839)	(395,577)	131,262
<b>Net Revenue Budget</b>	<b>5,647,405</b>	<b>5,684,079</b>	<b>36,674</b>
Grants	(1,976,610)	(1,976,610)	0
Amount to be met from C.Tax and Rates	(4,053,320)	(4,344,672)	(291,352)
<b>Net (Surplus) / Deficit</b>			<b>(254,678)</b>

Service Related Costs

- 4.5 Services showed a movement in outturn variance of £98k. Details of the main variances compared to the interim position report are set out in Appendix B.
- 4.6 Budget monitoring clinics are held with budget holders on a quarterly basis. Statistics showing performance against income and salary budgets are also presented to CLT on a monthly basis.
- 4.7 As part of the closure of the accounts process, additional slippage of £20k in respect of grants has been identified. This brings the total revenue budget slippage to £170k.

Main Risk Areas

- 4.8 The 2015/16 Revenue Budget report highlighted the main risk areas to the

Council as sustaining income levels in the current economic climate, and implementing the savings that have been built into the budget. These risks will continue in to 2016/17 and beyond.

#### Income Streams

- 4.9 All income streams are monitored on a monthly basis. To mitigate the risk of under achievement of income cautious estimates were included within the 2015/16 budget. At the end of quarter 4 overall were 4.7% ahead of the revised target.

#### Business Rates

- 4.10 2015/16 was the third year of following the introduction in April 2013 of a fundamental change in the Local Government Finance System regarding the Business Rates Retention Scheme (BRRS). The volatility of the scheme continues even in its third year.
- 4.11 The Council has been allocated and will receive £1,990k as it's share of business rates and grant in 2015/16 an additional £240k. This includes the allocation from the North Yorkshire Business Rates Pool. This is a £291k improvement over the interim report. However, the estimate of the Council's liability at the year end for bad debts, appeals for rating valuations and movements in the rating base is £476k. It is proposed that £250k is transferred to the Business Rates Equalisation Reserve to ensure that the Council has adequate funds to meet its potential liabilities. This will bring total in year contributions to this Reserve of £700k.

### **5. Financial Position**

- 5.1 The Council had a General Fund unallocated balance of £995k at 1 April 2015. This balance has not been utilised during 2015/16 and remains at that level.
- 5.2 The Council's policy is to maintain a General Fund Balance at a prudent level, £995k is considered prudent. This is essential in order to mitigate against the risk of unplanned movements from budgeted net expenditure levels and to cover for day to day cash flow variances. Moreover, a robust level of reserves will help the Council mitigate against the risks of ongoing funding cuts.
- 5.3 The 2016/17 revenue budget is not without pressures, and as a consequence the contingency was set at £75k. The savings have enabled a contribution of £25k of the 2015/16 surplus to be added to this to increase it to £100k in accordance with the proposal contained in the interim report. This is held in a contingency and revenue expenditure reserve.
- 5.4 During 2015/16 the Council made its planned contributions to its New Homes Bonus, Enabling Efficiencies, Vehicles, ICT, Buildings, Insurance and Business Rates Contingency Reserves. The year-end surplus has enabled additional contributions to the Building Maintenance, IT, Enabling Efficiencies, Business Rates and Vehicle Fleet Replacement reserves. A complete list of revenue reserves is shown at Appendix C.

## 6. Summary

- 6.1 The impact of the economy on the Council's income streams and their volatility is a risk to the Council and will need to be managed closely going forward.
- 6.2 The General Fund Revenue Balance currently stands at £995k at 31 March 2016. This will assist in mitigating against the risk of unplanned movements from budgeted net expenditure levels, as well as the impact of changes in local government funding.
- 6.3 The Council has managed its budget within 2015/16 and generated savings for its budget targets in 2016/17 and beyond.

## 7. Implications

- 7.1 Financial and Value for Money Implications  
All financial implications are contained in the body of the report.
- 7.2 Legal implications  
None as a direct result of this report. The Council set a balanced budget for 2015/16, and going forward it is a further requirement that the budget is balanced.
- 7.3 Contribution to Council Priorities  
The delivery of a balanced and managed budget is critical to the well being of the Authority.
- 7.4 Risk Management  
Failure to achieve a balanced budget in the financial year would have had serious consequences for the Council.
- 7.5 Equality Impact Assessment  
The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

## 8. Consultations with Others

None

## 9. Access to Information : Background Documents

None

## 10. Author of the Report

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**11. Appendices**

- Appendix A – Analysis of final outturn to interim report
- Appendix B – Reasons for Variance
- Appendix C – Revenue Reserves

**Summary of the Final Outturn Position as at 31 March 2016**

Description	Approved Revised Budget 2015/16 £	Mar Draft Accounts 2015/16 £	Mar Actual Outturn 2015/16 £	Movement Draft Vs Actual £
Chief Executive/Director of Services	1,921,958	1,613,052	1,648,577	35,525
Resources Department	1,721,698	1,623,164	1,525,702	(97,462)
Community Department	2,212,136	1,927,251	1,891,467	(35,784)
<b>Total Service Related Costs</b>	<b>5,855,792</b>	<b>5,163,467</b>	<b>5,065,746</b>	<b>(97,721)</b>
Corporate Costs				
Investment Income	(75,400)	(105,050)	(102,350)	2,700
Interest Payable	255,710	255,710	256,143	433
MRP for Capital Financing	318,465	318,464	318,464	0
Revenue Contributions to Capital Outlay	804,286	485,058	485,058	0
Corporate Contingency	27,035	0	0	0
Support to Parishes	56,595	56,595	56,595	0
Member Ward Grants	0	0	0	0
Bids	0	0	0	0
<b>Total Revenue Budget 2015/16</b>	<b>7,242,483</b>	<b>6,174,244</b>	<b>6,079,656</b>	<b>(94,588)</b>
Transfers To / From Reserves	(1,160,903)	(526,839)	(395,577)	131,262
	0			0
Grants	(1,976,610)	(1,976,610)	(1,976,610)	0
Amount to be met from C.Tax and Rates	(4,104,970)	(4,053,320)	(4,344,672)	(291,352)
	0			0
				<b>(254,678)</b>

**Movement in the Outturn Variance from Interim Report to Final Report**

Description	Cost Centre	Variance (+Ve) / -Ve £'000	Reason
<b><u>Chief Executives / Director of Services</u></b>			
Information Services	R400	35	Final Accrual of a late invoice £35k - Shared Service costs from NYCC
		<b>35</b>	
<b><u>Resources</u></b>			
Amenity Areas/Aireville Park	R100	(4)	Final Adjustment for an estimated Planned Maintenance cost
Asset & Projects Service Unit/Estates	R212, R425	(6)	Final Adjustments to Committed orders
Corporate Costs	R420/2	(84)	Final Adjustment to Pension costs and No addition final service costs to Bad Debt Provision
		<b>(94)</b>	
<b><u>Community</u></b>			
Local Development Framework	R253	(3)	Final Adjustment to accruals for Overtime
Development Control	R255	(8)	Transfer of costs into Service Unit (below)
Planning (Service unit)	R270	9	Transfer costs into Service Unit (above)
Private Sector & Housing Enabling	R344	(12)	Adjustment to RAS loans repaid
Museum incl. Skipton TH	R301 / R120	(25)	Final Adjustments to balances with Museum Project codes
		<b>(39)</b>	
<b>Total</b>		<b>(98)</b>	

**Estimated Balances and Reserves**

**APPENDIX C**

Reserve	Opening Balance 1 Apr 15 £'000	Budgeted in Year Receipts £'000	In Year Utilisation £'000	Year End Contribution £'000	Future Year Commitments	Balance Apr- 16 £'000	Forecasted Available Balance 31 March 16 Onwards £'000	Link to Council Plan / Priority	Purpose of Reserve (all reserves are revenue and their purpose is reviewed as part of the budget process each year)
New Homes	1,085	798	(625)	0	(1,126)	1,258	132	1,2,3	3 Overarching project areas - Infrastructure, Empty Homes & Localism.
Planning	386	0	(145)	129	(119)	370	251	1	To contribute towards costs of LDF and contingency for planning enquiry costs / appeals
Enabling Efficiencies	393	20	(42)	71	(177)	442	265	2,4	For use for projects to create future savings and efficiencies
Vehicles	650	30	(200)	100	(25)	580	555	4	Set up to fund purchase of vehicles
ICT	650	30	(54)	105	(148)	731	583	4	Set up to fund investment in IT (enabling technology)
Buildings	350	30	(35)	120	(63)	465	402	4	Set up to fund maintenance, repairs and improvements to council properties
Insurance	40	10	0	0	0	50	50	4	Fund excess on insurance claims
Business Rates Contingency	1,510	29	(960)	671	(847)	1,250	403	4	To mitigate against deficits in the North Yorkshire Business Rates Pool
Future Year Budget Support	299	0	(36)	101	0	364	364	4	2013/14 savings achieved as per savings plan to support future year budgets
Contingency & Slippage	146	0	(146)	195	(195)	195	0	4	Slippage requests
Other	105	0	0	0	0	105	105	1,4	
<b>Total Earmarked Reserves</b>	<b>5,614</b>	<b>947</b>	<b>(2,243)</b>	<b>1,492</b>	<b>(2,700)</b>	<b>5,810</b>	<b>3,110</b>		
General Fund	995	0	0	0	0	995	0		Unallocated GF reserve acts as contingency for unexpected expenditure
<b>Total Revenue Reserves</b>	<b>6,609</b>	<b>947</b>	<b>(2,243)</b>	<b>1,492</b>	<b>(2,700)</b>	<b>6,805</b>	<b>3,110</b>		

**KEY Council Plan Priority Area**

1 Enterprising Craven. 2 Greener Craven. 3 Working with Communities. 4 Financial Resilience.