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**REPORT TO THE MEETING OF THE EXECUTIVE 13 JULY 2016****PORTFOLIO: FINANCE****REPORT FROM: SECTION 151 OFFICER****SUBJECT: FINANCIAL OUTTURN 2015/16 MANAGEMENT REPORT****1 DECISION BEING RECOMMENDED****Revenue and Capital Budget**

- 1.1 To approve the transfer of £508,000 to the General Balance and £29,050 to Earmarked Reserves due to the underspend against the budgeted expenditure, see paragraph 2.1.
- 1.2 To approve £169,335 of revenue Carry forward requests set out in paragraph 2.4 and shown in the table in Appendix 1.
- 1.3 To note the final outturn revenue position against the 2015/16 revenue budget, as contained in paragraph 2.1.
- 1.4 To note and approve the Earmarked Reserves closing balance as at 31/03/2016, including those rolled forward as grant funded and ring-fenced projects as per paragraph 2.4 and Appendix 1.
- 1.5 To note the final outturn capital position against the 2015/16 capital budget, as contained in paragraph 2.6 and as shown in Appendix 2.
- 1.6 To approve £453,300 of capital projects carry forward for those schemes deemed outstanding at the end of 2015/16 into 2016/17 for completion, as contained in paragraph 2.6 and as shown in Appendix 3.

**2 REASONS FOR RECOMMENDATION****General Fund Revenue Budget**

- 2.1 The Council approved a revised General Fund Revenue Budget of £8.76m in December 2015. The actual position compared to this budget as at 31/03/16 has now been identified as £8.23m, a favourable variance of £537,050.
- 2.2 The following table shows the breakdown of the final position by Portfolio and also includes a comparison of actual outturn against budget.

Portfolio	Revised budget 2015/16	Actual 2015/16	Variance
<b>Leader</b>	1,351,400	1,467,869	116,469
<b>Finance</b>	1,358,200	1,255,913	(102,287)
<b>Enterprise</b>	559,600	358,924	(200,676)
<b>Planning</b>	216,500	132,952	(83,548)
<b>Environment</b>	2,912,300	2,874,168	(38,132)
<b>Governance</b>	1,083,500	1,020,615	(62,885)
<b>Community</b>	1,282,700	1,116,709	(165,991)
<b>Total</b>	<b>8,764,200</b>	<b>8,227,150</b>	<b>(537,050)</b>

2.3 The main areas that make up the favourable variance of £537,050 are:

- Accruals write backs of c£199,000. These were outstanding purchase orders carried forward in the accounts that are no longer required.
- Revenue from car park pay and display charges was c£55,000 higher than forecast.
- Repairs, Maintenance and Utility costs of the Council's assets were c£69,000 less than forecast. This is mainly due to the non essential maintenance plan being put on hold, pending a review of office accommodation.
- Income from planning applications produced c£83,000 more than forecast, mainly due to a number of large applications in the last quarter of 2015/16.
- Income from grave purchases was c£25,000 higher than forecast. The 2016/17 budget includes additional income forecast of £5,000; this may be increased during the 2016/17 financial year if the current trend continues.
- Due to an ongoing review of the Council's computer software licenses, c£28,000 underspend was achieved against this budget, which has already been factored into the 2017/18 position.
- Income received from the Electoral Commission and use of an earmarked cost of elections reserve, meant that the cost of elections budget within 2015/16 was not required, saving c£70,000: as this is one-off in nature, this is not a cashable benefit for future years.

2.4 The closing 2015/16 reserve position is £139,318 favourable compared to the budgeted position going into 2016/17: this is mainly due to a number of carry forward requests from 2015/16 into 2016/17, which are summarised below:

- Environment Portfolio – £90,362 for Community Safety related projects as part of the Community Safety Partnership.
- Community Portfolio – £38,863 for various Environmental Health related projects, such as ‘Scores on the Doors’ and Air Quality Review.
- Enterprise Portfolio - £16,876 for an IT related web design project not completed in the year.
- Planning Portfolio - £23,232 for various Economic Development projects to be finalised in 2016/17.

### **Capital Programme**

- 2.5 A Capital Programme totalling £4.01m, covering 2015/16, was approved at 28 July 2015 Full Council meeting. Of this total, £3.14m has been spent in 2015/16. The table in Appendix 2 shows the breakdown of this expenditure, with £554,660 as underspend and £133,215 as overspend.
- 2.6 Of the £874,745 favourable variance, Members are sought to agree a carry forward of £453,300, as per Appendix 3. This will allow the completion of 2015/16 agreed projects in the 2016/17 financial year. Once agreed these ongoing projects will be added to the 2016/17 capital programme agreed by Members as part of the MTFS in February 2016.

## **3 RISK IMPLICATIONS**

- 3.1 Various projects within the Council’s revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects there is the risk that the associated grants will be lost. If this occurs, either the projects will be aborted or a decision to divert resources from other Council priorities will be required.
- 3.2 Current economic conditions still have the potential to adversely affect some of our major income streams, such as Building Control and Development Control income. Decrease in activity may lead to reductions in income. In addition, delays in completing some items on the Capital Programme could prevent the Council from achieving its strategic objectives and lead to adverse publicity.
- 3.3 Regular monitoring of those budgets with the higher risk considerations will assist in providing early warnings to enable mitigation plans to be developed.

## **4 RESOURCE IMPLICATIONS**

- 4.1 The financial implications are dealt with in the body of the report.

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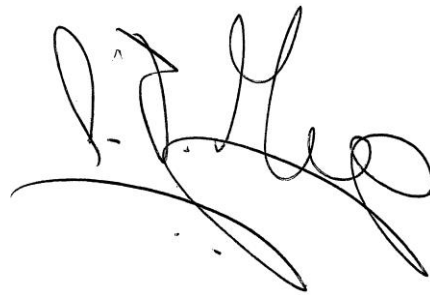
**5 LEGAL IMPLICATIONS**

- 5.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.

**6 EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1 There are no specific equality implications aligned to the decisions within this report.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.



LT Lead Officer Signature: \_\_\_\_\_

**Section 151 Officer**

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**Background Papers:-**

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

## Appendix 1

## EARMARKED REVENUE RESERVES FOR 2016/17

	<u>Budget Opening</u> <u>Balance as per</u> <u>2016/17 MTFS</u>	<u>Actual Opening</u> <u>Balance 2016/17</u>	<u>Forecast</u> <u>Movement</u>	<u>Estimated</u> <u>Closing</u> <u>Balance</u>
	£	£	£	£
<b><u>Earmarked Reserves</u></b>				
Devolution	30,000	31,309	-	31,309
Thames Gateway Growth Contribution	30,000	30,000	(30,000)	-
Internal Audit	50,000	50,000	(50,000)	-
Contractor Provision	46,000	63,431	-	63,431
IT Emergency Recovery / Investment	250,000	264,609	(200,000)	64,609
CT Hardship Fund	50,000	-	-	-
Transformation / Innovation	590,000	578,861	(295,000)	283,861
Insurance	36,000	36,064	-	36,064
Legal Services	250,000	250,000	-	250,000
Contamination	10,000	10,000	-	10,000
Elections	20,000	20,000	(20,000)	-
Housing	90,000	87,709	-	87,709
Hard / Soft Infrastructure	-	-	316,000	316,000
<b>Total Earmarked</b>	<b>1,452,000</b>	<b>1,421,983</b>	<b>(279,000)</b>	<b>1,142,983</b>
<b><u>Carry Forward from 2015/16</u></b>				
Corporate	-	109,694	(109,694)	-
Project	-	41,264	(41,264)	-
IT	-	16,877	(16,877)	-
Housing	-	1,500	(1,500)	-
<b>Total Carry forward Reserve</b>	<b>-</b>	<b>169,335</b>	<b>(169,335)</b>	<b>-</b>
<b><u>Grant Funded/Ring Fenced Reserves</u></b>				
Corporate	50,600	50,600	-	50,600
Project	432,712	432,712	-	432,712
Housing	31,769	31,769	-	31,769
Pension (For Tri-Annual Payment)	813,000	813,000	813,000	1,626,000
<b>Total Grant Funded / Ring Fenced reserve</b>	<b>1,328,081</b>	<b>1,328,081</b>	<b>813,000</b>	<b>2,141,081</b>

## Appendix 2

## YEAR END CAPITAL POSITION FOR 2015/16 AS AT 31/03/2016

Scheme	2015/16	2015/16	Variance	Variance of which is			
	Budget £	Outturn £		Overspend	Underspend	Enhancement	Carry Forward
ICT Strategy	385,600	85,079	(300,521)	-	(300,521)	-	-
Wheelie Bins	55,000	54,103	(897)	-	(897)	-	-
Vehicle Replacements	30,500	30,458	(42)	-	(42)	-	-
Waste Vehicles	2,388,782	2,430,910	42,128	42,128	-	-	-
Cemetery Equipment	10,000	-	(10,000)	-	(10,000)	-	-
Replacement Telephony system	11,900	10,806	(1,094)	-	(1,094)	-	-
Equipment Replacement Programme	18,900	37,085	18,185	18,185	-	-	-
Cemeteries	71,100	3,738	(67,362)	-	(57,662)	-	(9,700)
Depot	400,000	56,306	(343,694)	-	306	-	(344,000)
Rochford Offices	51,200	11,716	(39,484)	-	(29,484)	-	(10,000)
Rayleigh Offices	26,500	-	(26,500)	-	(16,500)	-	(10,000)
Rayleigh Windmill	8,900	8,167	(733)	-	(733)	-	-
Car Parks	63,000	-	(63,000)	-	(45,000)	-	(18,000)
Pavilion Refurbishments	30,000	-	(30,000)	-	-	-	(30,000)
Community Funding	17,050	16,865	(185)	-	(185)	-	-
Signage Enhancements	9,500	6,421	(3,079)	-	(3,079)	-	-
Play Spaces	46,800	2,400	(44,400)	-	(24,400)	-	(20,000)
Hockley Woods	22,500	2,470	(20,030)	-	(20,030)	-	-
Parks and Open Spaces Programme	61,100	19,879	(41,221)	-	(29,621)	-	(11,600)
Home maintenance and Adaptation Grants	50,000	34,282	(15,718)	-	(15,718)	-	-
Disabled Facilities Grants	250,000	322,902	72,902	72,902	-	-	-
<b>Capital Programme Total</b>	<b>4,008,332</b>	<b>3,133,587</b>	<b>874,745</b>	<b>133,215</b>	<b>(554,660)</b>	<b>-</b>	<b>(453,300)</b>

## Appendix 3

## CAPITAL PROJECTS FOR COMPLETION IN 2016/17 (Carry Forward)

Portfolio	Project Area	£	Description
Environment	<i>Depot</i>	344,000	Finalisation of Depot re-builds.
Environment	<i>Play Spaces</i>	20,000	£20K match funding for Canewdon BMX facility.
Environment	<i>Cemetery Extension</i>	9,700	Cultivate and seed cemetery area. Order raised in 2015/16 but works were not started until 2016/17.
Enterprise	<i>Rayleigh Civic Suite</i>	10,000	Rayleigh civic suite office reception reconfiguration.
Enterprise	<i>Rochford Offices</i>	10,000	Rochford offices reconfiguration and intensification.
Enterprise	<i>Car Parks</i>	18,000	Back Lane resurfacing and other car parks to be identified.
Environment	<i>Pavilion Refurbishment</i>	20,000	St John Fisher and Ashingdon pavilion.
Environment	<i>Pavilion Car Park Resurfacing</i>	10,000	Clements Hall pavilion car park resurface.
Environment	<i>Parks &amp; Open Spaces Programme</i>	11,600	£10k for access improvements at Millview Meadows and £1,600 for resurfacing works at Canewdon Recreation Ground.
	<b>Total Capital Carry Forward</b>	<b>453,300</b>	