

---

**REPORT TO THE MEETING OF THE EXECUTIVE 26 JULY 2017**

**PORTFOLIO: FINANCE**

**REPORT FROM: SECTION 151 OFFICER**

**SUBJECT: FINANCIAL OUTTURN 2016/17 MANAGEMENT REPORT**

**1 DECISION BEING RECOMMENDED**

**Revenue and Capital Budget**

- 1.1 To approve the transfer of £723,367 to Earmarked Reserves due to the underlying underspend against the budgeted expenditure, as per paragraph 2.2.
- 1.2 To approve the transfer of £813,300 to the Earmarked Reserves for the annual pension triannual contribution, as per the budget.
- 1.3 To approve £380,000 of revenue Carry forward requests as set out in Appendix 4
- 1.4 To approve £66,978 of Revenue Grant Funded reserves as set out in Appendix 1.
- 1.5 To note the final outturn revenue position against the 2016/17 revenue budget, as contained in paragraphs 2.1 and 2.2.
- 1.6 Homelessness recovery plan - To approve the draw down of £127,800 from Earmarked Reserves, £50,000 from Local Development Framework budget and £77,800 from the wider Community and Housing Directorate as part of the overall recovery plan to mitigate budget pressure in the service area.
- 1.7 To note and approve the Earmarked Reserves closing balance as at 31/03/2017, including those rolled forward as grant funded and ring-fenced projects as per Appendix 1
- 1.8 To note the final outturn capital position against the 2016/17 capital budget, as contained in paragraph 2.5 and as shown in Appendix 2.
- 1.9 To approve £142,400 of capital projects carry forward for those schemes deemed outstanding at the end of 2016/17 into 2017/18 for completion, as contained in paragraph 2.6 and as shown in Appendix 3.

**2 REASON/S FOR RECOMMENDATION**

**General Fund Revenue Budget**

- 2.1 The final revised General Fund Revenue Budget for 2016/17 was £9.1m. The actual position compared to this budget as at 31/03/17 is £8.0m (including the pension revaluation contribution to reserve), a favourable variance of £1.1m
- 2.2 This also includes £380,000 of budget for projects and one off items that were due to be spent in 2016/17, but because of timing differences will need to be spent in 2017/18, and hence will be transferred to reserves to be carried forward into 2017/18. Once the carry forwards have been factored in the underlying underspend is £723,367 favourable compared to the budget for the year.
- 2.3 The following table shows the breakdown of the final position by Portfolio and also includes a comparison of actual outturn against budget.

Portfolio	Final budget 2016/17	Actual 2016/17	Variance Underspend / (Overspend)	Carry forward into 2017/18	Underlying Variance
Leader	1,456,530	1,409,365	47,165	-	47,165
Finance	672,900	366,602	306,298	17,000	289,298
Enterprise	299,100	158,201	140,899	92,000	48,899
Planning	352,200	214,301	137,899	152,700	(14,801)
Environment	3,028,100	2,762,148	265,952	10,000	255,952
Governance	1,062,900	847,961	214,939	69,500	145,439
Community	1,424,100	1,433,885	(9,785)	38,800	(48,585)
<b>Total (exc Pension contribution)</b>	<b>8,295,830</b>	<b>7,192,463</b>	<b>1,103,367</b>	<b>380,000</b>	<b>723,367</b>
Pension Contribution (revaluation)	813,300	813,300	-	-	-
<b>Total (inc Pension contribution)</b>	<b>9,109,130</b>	<b>8,005,763</b>	<b>1,103,367</b>	<b>380,000</b>	<b>723,367</b>

- 2.4 The main areas that make up the favourable variance of £723,367 are:-

- Income received from the Electoral Commission meant that the cost of elections budget within 2016/17 was not fully required, saving c£66,000. This is one-off in nature and not a cashable benefit in future years.
- Accruals write backs of c£72,200. 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£97,000 higher than forecast.
- £98,000 saving from recycling disposal due to more income being received for recycling credit claims than budgeted for and underspend on the Material Recycling Facility gate fees.
- £50,000 saving from street cleansing due to a reduction in contract costs.
- £60,000 saving from recycling collection due to a reduction in contract costs and more income for bulky waste received than budgeted for.

- £206,000 additional income from council tax discount and exemptions than budgeted for.

These were offset by the following main adverse variances:-

- The amount of people housed in temporary accommodation exceeded the budgeted amount. This has been reported throughout the year and work has been continually progressed within the service to consider options to mitigate this cost pressure, which have now subsequently been agreed at Council. A range of in-year mitigations have been identified and efficiencies generated to contain the impact within the overall portfolio budgets. The actual year end variance for Homelessness includes these mitigating measures. The final variance being c£17,400.
- Budgeted income from Pre Planning advice and Planning Performance agreements did not match revised budget, the shortfall being a combined c£45,000.
- Income received from Local land Charges did not match final budget, with the shortfall being c£38,000, due mainly to the continued pressures on the housing market in the current austere climate.

## 2.5 Capital Programme

- 2.6 A Capital Programme totalling £941,900, covering 2016/17, was approved at 9 February 2016 Full Council. Of this total, £899,688 has been spent in 2016/17. The table in Appendix 2 shows the breakdown of this expenditure, with £32,641 as true underspend, £8,083 overspend and £142,400 as budget to be carried forward into 2017/18. Once agreed these ongoing projects will be added to the 2017/18 capital programme agreed by Members as part of the MTFS in February 2017, detailed in appendix 4.

## 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.

#### **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**

---

#### **Background Papers:-**

None.

For further information please contact Robert Manning (Section 151 Officer) or Matthew Petley (Principal Finance Officer) on:-

Phone: 01702 546366 Extn 3517

01702 318029

Email: [rob.manning@rochford.gov.uk](mailto:rob.manning@rochford.gov.uk)

[matthew.petley@rochford.gov.uk](mailto:matthew.petley@rochford.gov.uk)

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

## EARMARKED REVENUE RESERVES FOR 2017/18

Earmarked Reserves	Opening balance 2016/17	Movement in 2016/17	Opening Balance 2017/18	Forecast Mov't In Year	Estimated Closing Balance 2017/18
Devolution	(31,309)	0	(31,309)		(31,309)
Thames Gateway Growth Contribution	(30,000)	12,500	(17,500)	12,500	(5,000)
Insurance Reserve	(36,064)	2,700	(33,364)		(33,364)
Internal Audit	(50,000)	36,450	(13,550)		(13,550)
Contractor Provision	(63,431)	(10,000)	(73,431)		(73,431)
IT Emergency / IT Platform	(252,609)	(71,298)	(323,907)	323,907	0
Transformation	(590,861)	123,502	(467,359)	300,000	(167,359)
Pension	(813,000)	(813,300)	(1,626,300)		(1,626,300)
Legal	(250,000)	48,912	(201,088)		(201,088)
Contamination	(10,000)	0	(10,000)		(10,000)
Elections	(20,000)	0	(20,000)		(20,000)
Housing (Primarily Homelessness)	(87,709)	79,841	(7,868)		(7,868)
Hard / Soft Infrastructure	0	(1,262,095)	(1,262,095)	418,856	(843,239)
<b>Total Earmarked Reserve</b>	<b>(2,234,983)</b>	<b>(1,852,788)</b>	<b>(4,087,770)</b>	<b>1,055,263</b>	<b>(3,032,507)</b>
<b>Carry Forwards from 2016/17</b>					
Corporate	(109,694)	(158,838)	(268,533)	246,000	(22,533)
Project	(41,264)	19,743	(21,521)		(21,521)
IT	(16,877)	16,877	0		0
Housing	(1,500)	0	(1,500)	1,500	0
<b>Total Carry forward</b>	<b>(169,335)</b>	<b>(122,219)</b>	<b>(291,554)</b>	<b>247,500</b>	<b>(44,054)</b>
<b>Grant Funded / Ring Fenced Reserve</b>					
Corporate	(50,600)	(864)	(51,465)		(51,465)
Project	(432,712)	(37,662)	(470,373)	300,000	(170,373)
Housing	(31,769)	(28,452)	(60,221)	60,221	0
<b>Total Grant Funded Reserve</b>	<b>(515,081)</b>	<b>(66,978)</b>	<b>(582,059)</b>	<b>360,221</b>	<b>(221,838)</b>

## YEAR END CAPITAL POSITION FOR 2016/17 AS AT 31/03/2017

Scheme	2016/17 Budget	2016/17 Outturn	Variance	Variance of which is		
	£	£		Overspend	Underspend	Carry Forward
Financial Management System	9,000	6,600	2,400	-	2,400	-
Wheelie Bins	81,500	76,616	4,884	-	-	4,900
St Andrews Churchyard - Closed Cemetery	4,800	-	4,800	-	4,800	-
Coin Counting Machine	6,650	6,645	5	-	5	-
Cemeteries	29,400	10,094	19,306	-	-	19,300
Depot	307,500	304,829	2,671	-	2,671	-
Rochford Offices	23,000	-	23,000	-	4,900	18,100
Rayleigh Offices	10,000	14,869	(4,869)	(4,869)	-	-
Cherry orchard Car Park Works	15,100	-	15,100	-	-	15,100
Car Park Resurface Rolling Programme	41,350	-	41,350	-	-	41,400
Pavilion Refurbishments	30,000	-	30,000	-	-	30,000
Community Funding	15,000	-	15,000	-	15,000	-
Play Spaces	45,000	40,944	4,056	-	-	4,000
Rawreth Recreational Field	2,000	-	2,000	-	2,000	-
Parks and Open Spaces Programme	21,600	11,995	9,605	-	-	9,600
Home maintenance and Adaptation Grants	50,000	49,135	865	-	865	-
Disabled Facilities Grants	374,747	377,961	(3,214)	(3,214)	-	-
<b>Capital Programme Total</b>	<b>1,066,647</b>	<b>899,688</b>	<b>166,959</b>	<b>(8,083)</b>	<b>32,641</b>	<b>142,400</b>

**CAPITAL PROJECTS FOR COMPLETION IN 2017/18 (Carry Forward)**

Portfolio	Project Area	£	Description
Environment	<i>Wheelie Bins</i>	4,900	Budget required to supplement 2017/18 budget
Environment	<i>Cemeteries</i>	11,300	Budget required for orders raised in 2016/17 but works not started until 2017/18
Environment	<i>Cemeteries</i>	8,000	Outstanding works required in 2017/18 in terms of alarm systems & security, and further replacement trees and remedial groundwork's
Environment	<i>Pavilion Refurbishment</i>	30,000	Required to supplement 17/18 budget, rolling programme
Enterprise	<i>Car Parks Resurfacing Programme</i>	41,400	Required to supplement 17/18 budget, rolling programme
Enterprise	<i>Cherry Orchard Car Park Works</i>	15,100	Budget required for order raised in 2016/17 but works not started until 2017/18
Environment	<i>Play Spaces</i>	2,400	Budget required for order raised in 2016/17 but works not started until 2017/18
Environment	<i>Play Spaces</i>	1,600	Required to supplement 17/18 budget for addressing significant repairs to play areas
Environment	<i>Parks &amp; Opens Spaces Programme</i>	9,600	Required to supplement 17/18 budget for addressing significant repairs to play areas
Enterprise	<i>Rochford Offices</i>	18,100	Required to supplement 17/18 budget
<b>Total Capital Carry Forward</b>		<b>142,400</b>	

## REVENUE CARRY FORWARDS FOR 2016/17

Portfolio	Carry Forward	Description
Finance	17,000	Corporate asset review - remaining works not started until 2017/18
Enterprise	32,000	Purchase of replacement plant, IT software and office accommodation remedial works.
Enterprise	60,000	IT migration project
Planning	152,700	Carry forward of unused Local Development Framework budget
Environment	10,000	Contribution to contractor improvements reserve
Governance	4,800	Contribution to Council Tax new burdens reserve due to ring fenced funding
Governance	54,700	Contribution to Housing Benefit reserve due to ring fenced funding
Governance	10,000	Health & safety training 2017/18
Community	12,900	Various small Leisure projects
Community	25,900	Ongoing Public Health Improvement shared project with Castle Point Borough Council
TOTAL	380,000	