



**Policy, Finance
and Development
Committee**

21 July 2015

**Matter for
Information and
Decision**

Title: **Overall Provisional Budget Outturn Report – 2014/15**

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1 Introduction

This report gives a summary of the overall provisional outturn position for the financial year 2014/15 including the effect on the reserves as at 31 March 2015.

The provisional outturns for both the General Fund and the Housing Revenue Account (HRA) are net under spends against the revised budgets. The draft annual financial statements have been prepared and signed off by the Section 151 Officer before the statutory deadline of 30 June 2015 but will not be finalised until after the external audit process is finished at the end of September. These figures are, therefore, subject to revision.

2 Recommendations

That Members:

- (1) Note the report and overall provisional outturn positions for both the General Fund (Appendix 1) and the Housing Revenue Account 2014/15 (Appendix 2).
- (2) Approve the requested revenue and capital carry forwards for both the General Fund and Housing Revenue Account as set out in Appendix 3.
- (3) Approve the transfer of £400,000 from the General Fund Reserve to the Budget Equilibrium Reserve as at 31 March 2015
- (4) Approve the transfer of £200,000 from the General Fund Reserve to the Management of Change Reserve as at 31 March 2015

3 Information

The following commentary summarises the outturn position for each of the Council's funds in respect of both revenue and capital expenditure and compares these with the corresponding revised budget for the year. A statement of reserves and balances in hand at 31 March 2015 is also included.

General Fund

The Council has seen a substantial reduction in net expenditure which has allowed it to reconsider its level of earmarked reserves, as detailed in the recommendation. After taking the recommended transfers to earmarked reserves into consideration and £106,345 of budget items to be carried forward to 2015/16 (Appendix 3). There is a provisional overall reduction in outturn net expenditure against the revised budgets for 2014/15 of £203,206. A summary of the position is shown at Appendix 1. The main reasons for the variances are explained below.

- The Council has received a larger than anticipated amount of funding from the new arrangement for distributing Non Domestic (Business) Rates amounting to £215,000. This along with an increase in other general grant funding of £50,000 have helped increase balances.
- A salaries vacancy provision of £153,000 was provided for within the financial year. The actual outturn on salaries showed a saving of £693,000. In net terms, this resulted in a saving of £540,000. However, during the period a £258,000 over spend on hired staff was incurred. The salaries budget was revised in January 2015 to take this into account. At year end the saving on the General Fund when compared to the revised budget is £75,000
- The Council has during 2014/15 been able to identify overpayments of housing benefit faster than previously, due to an improvement in information from the DWP. This in turn, has lead to a substantial increase in the recovery of these overpayments of benefit which has increased income in the year by £94,000
- There have been savings made in a large proportion of budgets across all services. Further details of these are contained in the committee specific reports for both this committee and Service Delivery. However some of the larger items are listed below;

	£ 000's
Fewer Bad Debts Write offs required	31
Administrative Penalties Issued by Benefits	18
Additional Council Tax Court Cost Income	18
Micro-filming Project Deferred	23
Purchase of Refuse Sacks	20
Transport	20
Bank Charges	10
Health and Safety Training	15

More specific reasons for the variances are given in the respective committee provisional outturn reports.

Housing Revenue Account

In February 2015, the revised forecast for the HRA was that a contribution would be required from balances of £251,000 leaving an estimated balance of £1,646,000 at 31 March 2015. However, the provisional outturn position has been influenced by the following main issues.

Although the Capital programme has progressed well in 2014/15 it has not caught up its schedule after the later than expected commencement in 2013/14. The Boulter Crescent refurbishment is now progressing well and should complete in the first quarter of 2016/17. However the new scheduling of costs relating to this scheme has meant the Council has not needed to make the expected revenue contribution to capital this year which has resulted in an in year saving of £757,000 which will be required to fund the remainder of the scheme in 2015/16.

The other major saving in the year relates to revenue repairs and maintenance. There has been a reduction in both void repairs, of £123,000, and planned maintenance of £189,000.

Finally, a variance of £356,000 for depreciation, which is a required technical accounting entry, is adjusted for elsewhere within the Housing Revenue Account resulting in a neutral effect on balances.

All of the above major variances result in a surplus of £827,000 for the year with a closing balance of £2,724,000. This represents a £1,078,000 under spend against the revised budget.

Full details of the HRA provisional outturn position are given at Appendix 2.

Capital Programmes (General Fund and HRA)

Details of the provisional outturn position for 2013/14 on both the housing and non-housing capital programmes together with details of their funding are shown below.

Committee	Revised Allocation £ 000's	Provisional Outturn £ 000's	Variance £ 000's
Service Delivery (Housing Related)			
Housing Revenue Account	3,852	2,531	(1,321)
General Fund	416	247	(169)
	<u>4,268</u>	<u>2,778</u>	<u>(1,490)</u>
Service Delivery (Other General Fund)	5,278	3,664	(1,614)
Policy, Finance and Development	719	306	(413)
Total	<u>10,265</u>	<u>6,748</u>	<u>(3,517)</u>

Financed By

Capital Receipts	312
Government Grants	150
Borrowing	3,296
External Funding	130
Revenue and Reserves	663
Major Repairs Allowance	2,197
Total	6,748

The above programme shows an under spend on the total programme of £3.517m.

The under spend is mainly associated with four schemes

	£ 000's
Boulter Crescent Refurbishment	£ 963
Leisure Centre Redevelopment	£ 831
Weekly Collection Support Scheme	£ 991
Compulsory Purchase of 41 Canal Street	£ 350

More specific reasons for the variances are given in the respective committee provisional outturn reports.

Reserves as at 31 March 2015

All revenue reserves form part of the General Fund, but they may be earmarked for specific purposes. The overall provisional reserve position at 31 March 2014 is shown in the table below. The balances shown at 31 March 2013 are after allowing for budget carry forward items.

General Fund (Revenue Reserves)	Balance 1 April 2014 £ 000's	Movement in Year £ 000's	Balance 31 March 2015 £ 000's
General Fund Reserve	891	122	1,013
Budget Equilibrium Reserve	200	400	600
Management of Change Reserve	300	145	445
Contingency Reserve	200	0	200
Other Earmarked Reserves	3,338	(283)	3,055
Total	4,929	384	5,313

Due to the savings made this year the Council has been able to transfer £200,000 to the Management of Change Reserve which, after applying funding for capital schemes, increases this reserve by £145,000 as well as £400,000 to the Budget Equilibrium Reserve which was set up in 2013/14 to safeguard against any unforeseen changes in available Central Government funding which includes the risks associated with the element that is generated by the local retention of business. As dictated by Financial

Regulations, any use of reserves or balances requires the authorisation of the Chief Financial Officer.

The Housing Revenue Account Reserve balance (and the associated earmarked reserves) may only be used for housing purposes. The overall provisional reserves position is again shown in the table below.

HRA Reserves	Balance 1 April 2014 £ 000's	Movement in Year £ 000's	Balance 31 March 2015 £ 000's
HRA Reserve	1,897	827	2,724
Regeneration Reserve	500	0	500
Major Repairs Reserve	1,012	(1,012)	0
Total	3,409	1,437	3,409

The Council has an approved Policy on reserves and confirmed its approach to levels of reserves in the Budget Proposals Report 2015/16 which was approved at Council on 19 February 2015.

It is the availability of reserves, that has enabled the Council to plan ahead with confidence, meet exceptional expenditure items, mitigate against significant budget risk and uncertainty and keep the Council Tax at reasonable levels.

The continued uncertainties surrounding public expenditure were outlined in the Budget Proposals Report 2015/16, in particular the Report of the Chief Financial Officer on the Robustness of the Estimates Made for the Purposes off the Budget and Tax Setting Calculations and the Adequacy of the Proposed Financial Reserves. The section highlighted key assumptions and risks surrounding the 2015/16 budget setting in particular those relating to government grant in 2015/16 and future years. With the current national economic situation and the Government's position on financial support to local authorities it is important to ongoing financial sustainability that reserves are maintained. In addition, the Council will need to continue the transformation programme in order to deliver budget efficiency savings. This will require the use of earmarked reserves such as the Contingency and Management of Change Reserve to support this programme.

Carry Forwards

Details of requested carry forward budgets for both revenue and capital have been included at Appendix 3 for approval by committee. These figures have been included in the provisional outturn positions for 2014/15 for both the General Fund and the Housing Revenue Account.

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Background Papers: Report to Council on 25 February 2014 – Budget Proposals 2014/15

Report to Council on 19 February 2015 – Budget
Proposals 2015/16

Implications	
Financial (PL)	Incorporated within the body of the report
Risk (PL)	CR1 Decreasing Financial Resources CR9 Economy
Equalities	No significant implications
Legal	No significant implications