



<b>Service Delivery Committee</b>	<b>Tuesday, 10 July 2018</b>	<b>Matter for Information</b>
-----------------------------------	------------------------------	-------------------------------

**Report Title: Provisional Committee Outturn (2017/18)**

**Report Author(s): Chris Raymakers (Head of Finance, Revenues and Benefits)**

<b>Purpose of Report:</b>	This report provides Members with details of the Committee's provisional outturn position for capital and revenue in 2017/18 along with the outturn for the Housing Revenue Account.
<b>Report Summary:</b>	The General Fund Revenue budgets have finished the year £74,000 above revised budget. The Housing Revenue Account has made a surplus of £202,000.
<b>Recommendation(s):</b>	<b>That the contents of the report and appendices are noted.</b>
<b>Responsible Strategic Director, Head of Service and Officer Contact(s):</b>	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 <a href="mailto:stephen.hinds@oadby-wigston.gov.uk">stephen.hinds@oadby-wigston.gov.uk</a>  Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 <a href="mailto:crhris.Raymakers@oadby-wigston.gov.uk">crhris.Raymakers@oadby-wigston.gov.uk</a>
<b>Corporate Priorities:</b>	Effective Service Provision (CP2) Wellbeing for All (CP5) Green & Safe Places (CP4) An Inclusive and Engaged Borough (CP1) Balanced Economic Development (CP3)
<b>Vision and Values:</b>	"A Strong Borough Together" (Vision) Accountability (V1)
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Regulatory Governance (CR6) Economy/Regeneration (CR9) Reputation Damage (CR4)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	Final Accounts Working Papers for 2017/18
<b>Appendices:</b>	<ol style="list-style-type: none"> <li><b>1.</b> Provisional Committee Outturn Summary (2017/18)</li> <li><b>2.</b> Housing Revenue Account Provisional Outturn (2017/18)</li> <li><b>3.</b> Capital Programme Provisional Outturn (2017/18)</li> </ol>

## **1. Introduction**

- 1.1 The outturn position is still only provisional as, at the time of writing, the Council's Statement of Accounts although completed are currently under scrutiny by the Council's external auditors. As a result of audit, some technical adjustments may be necessary.

## **2. General Fund**

- 2.1 In February 2017, the Council approved a 2017/18 General Fund budget for this Committee of £2.976 million. These estimates were later revised to £3.036 million which were approved at Council in February 2018. At the time officers were set ambitious savings targets within the budget in order for the Council to maintain a robust financial position. The provisional outturn position for 2017/18 is £3.110 million which represents a £134,000 overspend for the financial year as compared to the original budget and £74,000 overspend against the Revised Estimate reported to Committee in January 2017. The variance for each service is detailed in **Appendix 1**.
- 2.2 The provisional outturn position figures shown in the attached appendices have been adjusted to remove those technical accounting adjustments such as depreciation, impairment and the movement of unused grants into reserves that would normally be shown in the statutory year end Statement of Accounts and which do not affect the balance on the General Fund. This makes the figures comparable to the approved budgets for the year.
- 2.3 The provisional outturn position figures shown in the attached appendices have been adjusted to remove certain technical accounting adjustments such as depreciation, impairment and the movement of unused grants into reserves that would normally be shown in the statutory year end Statement of Accounts and which do not affect the balance on the General Fund. This makes the figures comparable to the approved budgets for the year.
- 2.4 The headline variances are explained below:
- Salary and Hired Staff Expenditure were reduced against revised budget by £70,000;
  - Transport costs increased £24,000 caused by a larger than expected increase in the cost of fuel over the year and higher maintenance costs of older vehicles;
  - Recycling income under performed by £47,000 as the Materials Recycling Facility was wound down before closure. This however is mitigated by staff savings included above.
  - Refuse Consultants were employed during the year to advise on service options at a cost of £18,000;
  - Refuse sacks exceeded budget by £20,000 in year due to changes in recycling methods;
  - There are notional pension adjustments of £160,000 included at service level which are neutralised elsewhere in the accounts;

- During the year the Brocks Hill Centre was moved under the management of SLM Ltd yielding savings of around £15,000;
- The Council successfully appealed the inclusion of Oadby Pool on the valuation listing allowing a credit of £48,000 to be generated for the authority; and
- The Leisure centre contract generated £68,000 more income, principally in the form of the repayment of loans as well as a reduction in management fee due to improved performance.

### **3. Housing Revenue Account (HRA)**

- 3.1 In February 2018, the revised forecast for the HRA was that a contribution would be required from balances of £132,000 leaving a balance of £300,000 at 31 March 2018. However, the provisional outturn position shows a surplus of £202,000 for the year with a closing balance of £635,000. This represents a £335,000 under spend against the revised budget.
- 3.2 The headline variances are explained below:
- Revenue expenditure repairs and maintenance was significantly reduced this year principally due to fewer voids requiring major renovation; and
  - Efficient rent arrears collection in 2017/18 has seen current tenant arrears reduce to around 2%. This in turn has meant the funds set aside for the provision of bad debts can be diverted to a Universal Credit Reserve which can be used to mitigate the impact of welfare reform on the HRA.
- 3.3 Overall Rental income was higher than expected which again is down to the successful reduction in void time.
- 3.4 The HRA Provisional Outturn 2017/18 is attached as **Appendix 2** of this report.

### **4. Capital Programme**

- 4.1 The revised capital programme for this Committee included Housing schemes with a budgeted cost of £2.25m and General Fund schemes of £2.528m. The total budgeted programme is £4.778m. The provisional outturn for Housing is £1.641m, an under spend of £0.609m, and for the General Fund £1.366 which represents an under spend of £1.162. The total under spend on the programme is £1.771m. This funding is requested to be carried forward to 2017/18 and a full list of these schemes will be taken to the Policy, Finance and Delivery Committee on 17 July.
- 4.2 The Capital Programme Provisional Outturn 2017/18 is attached as **Appendix 3** of this report

### **5. HRA Reserves**

- 5.1 2017/18 has seen the HRA make a substantial surplus due principally to a reduced maintenance programme and effective debt management. This has allowed contributions to two earmarked reserves to guard against the impact of Universal Credit as well as changes in government legislation which has recently been put on hold while it deals with Brexit.
- 5.2 The list of HRA reserves are listed below.

Reserve	Total	Narrative Comment
	<b>£'000</b>	
HRA General Reserve	644	HRA Business plan recommend a minimum of £0.300m to be held in this reserve
Major Repairs Reserve	0	The major Repairs Allowance is fully utilised each year.
Regeneration Reserve	361	For building or replacing Council Housing in the Borough
Universal Credit Reserve	140	To mitigate the impact of Universal Credit
Voids Levy Reserve	220	To mitigate the impact of changes in government legislation
1-4-1 Capital Receipts	229	To assist in the provision of new social housing in the borough.
Total HRA Reserves	1594	

- 5.3 The list of HRA reserves are listed below.
- 5.4 The 1-4-1 Capital Receipts Reserve is set aside to assist the provision of new social housing in the borough either directly by the Council or a partner organisation. The 1-4-1 receipts themselves can fund up to 30% of the total cost of the build, the rest having to be found from other sources.
- 5.5 Between now and 31 March 2021 the Council is required to build or acquire a further £0.763m of replacement social housing. All the deadlines for new build expenditure are detailed below. The first deadline of June 2019 is just one year away so it is vital that an appropriate scheme is developed to fulfil our promise to the government.

<b>Deadline for spend</b>	<b>Amount of 1-4-1 receipts to spend £'000</b>	<b>Minimum Cumulative Required spend £'000</b>
30 June 2019	62	208
31 March 2020	102	341
30 June 2020	183	610
31 Dec 2020	216	722
31 March 2021	229	763