



<b>Policy, Finance and Development Committee</b>	<b>Tuesday, 17 July 2018</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **Provisional Council Outturn (2017/18)**

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

<b>Purpose of Report:</b>	This report gives a summary of the overall Council outturn position for the financial year 2017/18 including the effect on reserves as at 31 March 2018.
<b>Report Summary:</b>	The Council retains a solid financial base on which to operate with the General Fund Balance at £0.6m, which is around 10% of its net Budget and the HRA increasing its unallocated reserve to £0.635. Other earmarked revenue reserves have increased to £2.7m.
<b>Recommendation(s):</b>	<b>A. That the report and overall provisional outturn positions for both the General Fund and Housing Revenue Account be noted; and B. The Budget carried forward requests be approved.</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:crhis.raymakers@oadby-wigston.gov.uk">crhis.raymakers@oadby-wigston.gov.uk</a>
<b>Corporate Priorities:</b>	Effective Service Provision (CP2) Balanced Economic Development (CP3) Wellbeing for All (CP5)
<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) Reputation Damage (CR4) Economy/Regeneration (CR9)
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>	None.
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>1. General Fund Outturn Summary (2017/18)</li> <li>2. Housing Revenue Account Outturn Summary (2017/18)</li> </ol>

## 1. Introduction

1.1 The provisional outturns for the General Fund shows a deficit for the year of £16,000, while the Housing Revenue Account (HRA) is under spent 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 31 May. Although at the time of writing this report the audit process has not been fully concluded the accounts will be the subject of a report elsewhere on this agenda.

## 2. The General Fund

2.1 The Council's provisional outturn on the General Fund is £6,349,048. This was against a budget of £6,601,700 and a revised budget set in February 2018 of £6,419,306. Therefore in 2017/18 the Council's General Reserve fell by £16,000 to £600,000, this keeps the balance in line with the current Medium Term Financial Strategy (MTFS) providing a solid platform for the Council to move forward in 2018/19.

2.2 The budget that Council Set in February 2017 set a number of ambitious savings targets during the course of the financial year totalling £0.335m. Some of these schemes were deferred to 2018/19 however the Council would have largely achieved the overall target but for some significant and unforeseen expenditure requirements. The principal areas of increased expenditure were:

- Legal fees were overspent by £66,000, this was due to the continuation of the protracted dispute between the Council and two former employees;
- During 2017/18 the Council hired consultants to review its Minimum Revenue Provision methodology and calculation, this review cost £40,000. However looking ahead the Council will accrue significant financial benefit when this review is implemented;
- £70,000 of pension fund strain was required to fund one redundancy and one ill-health retirement;
- The Council has also been involved in a Planning claim relating to a tree preservation order. This resulted in a compensation payment of around £42,000; and
- The Council did not receive as much funding through the Non Domestic Rates system as initially expected, the shortfall being £86,000.

2.3 Mitigating the items above were:

- The Council's strong debt recovery work has allowed £75,000 to be saved via bad debt provisions and write-offs;
- 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;
- 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;

- Planning Application income has remained strong producing £23,000 more than originally anticipated;
- Overall Salaries and Hired Staff budgets showed a saving of £71,000; and
- Due to savings and slippage on the Council's capital programme around £100,000 was saved in financing costs.

2.4 The General Fund Provisional Outturn 2017/18 is attached as **Appendix 1** of this report.

### 3. Housing Revenue Account (HRA)

3.1 In February 2018, the revised forecast for the HRA showed 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 Details of the provisional outturn position for 2017/18 on both the housing and non-housing capital programmes together with details of their funding are shown below.

Committee	Revised		
	Allocation £'000	Outturn £'000	Variance £'000
Service Delivery (HRA)	4,260	1,641	(2,619)
Service Delivery (Housing Non-HRA)	318	191	(127)
Service Delivery Other	863	1,175	312
Sub-total	5,441	3,007	(2,434)
Policy Finance and Development	232	260	28
Total	5,673	3,267	(2,406)
Financed by			
Borrowing		1,108	
Capital Receipts		681	
Government Grants		191	
External Funding		33	
Major Repairs Reserve		1,242	
Other Earmarked Reserves		12	
<b>Total</b>		<b>3,267</b>	

### 5. Reserves

5.1 The Council's reserves position remains at the level prescribed by the MTFs.

		<b>2017/18</b>
		<b>£000's</b>
<b>Revenue Reserves</b>		
General Fund		<b>600</b>
Housing Revenue Account		<b>635</b>
<b>Other Resources</b>		
Useable Capital Receipts		<b>1,018</b>
Earmarked Reserves		<b>2,676</b>

5.2 The usable capital receipts include £229,000 which is required to be used for 1-4-1 social housing replacement between now and March 2021. A full list of earmarked reserves is contained within the Council's Statement of Accounts, elsewhere on this committee's agenda.

## **6. Budgets Carried Forward**

6.1 The following Capital Budgets are required to be carried forward to 2018/19.

6.2 The Housing Revenue Account made savings, during the year, on its capital programme, of £609,000. This budget is requested to be carried forward to and allocated to the following schemes.

Scheme	Budget £'000
Bathroom replacement	165
Churchill Close Car Park	30
Window and external door replacement	358
Extra funding for the 2018/19 programme	56
<b>Total</b>	<b>609</b>

6.3 General Fund Capital Schemes to be carried forward are as follows.

(Continued overleaf)

<b>Scheme</b>	<b>Budget to c/f</b>
	<b>£</b>
Belmont House Refurbishment	91,128
Play Area Refurbishments	21,633
Cemeteries - Memorial Safety	11,726
Wigston Cemetery Wall	3,000
Brocks Hill Car Park Drainage	12,800
Brocks Hill Country Park Lighting Refurbishment	5,000
Car Park Resurfacing	76,210
Sandhurst Street Car Park Boundary Wall Repairs	15,000
Parklands Leisure Centre, Car Park Improvement	83,247
Brocks Hill Refurbishment Project	332,805
Disabled Access at Council Facilities	14,200
Horsewell Lane Pavilion	660,000
Replacement of Refuse Vehicles	750,000
Replacement of Road Sweepers	201,100
Brocks Hill Building Redevelopment	24,200
Replacement of children's play equipment (Brocks Hill)	22,000
Replacement of children's play equipment (Florence Wragg)	35,000
Council Office Refurbishment/Demolition	73,756
IT Replacement Programme	24,475
Upgrade of Contact Centre Telephones	16,000
41 Canal Street CPO	200,000
PARIS Upgrade	5,146
Document Management System Software	28,380
Building Control Public Access Module	3,500
Replacement of Academy server	11,600
	<b>2,721,906</b>

6.4 The following revenue budgets are request to be carried forward.

Scheme	Budget
General Fund	£
Brocks Hill Land Maintenance	5,000
Human Resources Corporate Training	13,000
Housing Revenue Account	
Orchard System Development	8,500