**POLICY AND RESOURCES COMMITTEE – 12 JUNE 2017**

**PART I - NOT DELEGATED**

**7. SUMMARY OF THE FINANCIAL OUTTURN FOR 2016/17**

(DoF)

1. **Summary**

* 1. This report shows the outturn position for the financial year ending on 31 March 2017 for both revenue and capital and makes the following recommendations:-
     + to carry forward to 2017/18 certain unspent revenue budgets and;
* to rephase those capital budgets that require completion in 2017/18

### 1.2 A key feature of reporting the outturn for the financial year is to compare it against the latest agreed budget which provides an indication of the accuracy and robustness of financial control and the achievement of the strategic objective to manage resources to deliver the Council’s strategic priorities and service needs.

1. **Details**

***Revenue***

### 2.1 The latest budget of **£11.612 million** for 2016/17 was approved by this Committee on 20 March 2017.

* 1. In summary, the net direct service cost was **£11.517 million** which represents a favourable variance of **£0.095 million**. In addition the Council received additional investment interest of **£0.021 million** and additional grant funding of **£0.286 million** which predominantly relates to Section 31 grant of **£0.258 million.** This provides a Revenue Outturn of **£11,045 million** which equates to a favourable variance of **£0.402 million.**
  2. The table and chart below summarise the variance for each committee.

|  |  |  |  |
| --- | --- | --- | --- |
| **Committee** | **Latest** | **Outturn** | **Variance** |
| **Budget** |  |  |
| **£000** | **£000** | **£000** |
| Leisure, Wellbeing & Health | 2,217 | 2,292 | 75 |
| Sustainable Development, Planning & Transport | 1,944 | 1,692 | (252) |
| General Public Services & Community safety | 2,055 | 1,943 | (112) |
| Policy & Resources | 5,396 | 5,590 | 194 |
| **Net Direct Service Cost** | **11,612** | **11,517** | **(95)** |
| Investment Interest | (165) | (186) | (21) |
| Direct grants | 0 | (286) | (286) |
| **Revenue Outturn** | **11,447** | **11,045** | **(402)** |

* 1. The details of all the variances are shown in **Appendix 1,** with a summary shown below:

|  |  |
| --- | --- |
| **Detail** | **Variance** |
| **£000** |
| Increase in Costs |  |
| ICT - Software maintenance & licences | 288 |
| ICT – Shared services | 224 |
| Housing benefits | 148 |
| Other | 19 |
|  |  |
| Savings and additional Income |  |
| Staff reductions due to vacancies | (136) |
| Additional fees & charges and rental income | (181) |
|  |  |
| Underspends |  |
| Homelessness | (60) |
| Repairs & maintenance to Council assets | (16) |
| Reduction in bad debt provision | (93) |
|  |  |
| Underspends that require being carried forward to 2017/18 for completion of specific projects |  |
| District plan | (69) |
| Better buses | (23) |
| Planning legal fees | (67) |
| Contractual liability | (81) |
| Energy efficiency | (12) |
| Future trading activities | (19) |
| Scanning | (10) |
| Langley Lane project | (7) |
|  |  |
| Additional investment and grant income | (307) |
| **Revenue Outturn variance** | **(402)** |

2.5 **Appendix 2** details the unspent revenue balances that services are requesting be carried forward to 2017/18. These total **£0.289 million**. This would leave a favourable balance of **£0.124 million** that would be returned to reserves.

***Capital***

### 2.6The latest budget for the capital programme for 2016/17 was £**5.912 million**, and was approved by this Committee on 20 March 2017. The actual spend at 31 March 2017 on the capital programme was **£3.918 million** which represents a variance of **£1.994 million**.

2.7 **Appendix 3** shows the analysis of the capital programme outturn position by Committee and separately identifies the main South Oxhey Initiative (SOI) project over the medium term. Excluding the SOI, the variance of **£1.994 million** can be analysed as:

* £1.986 million that needs to be rephased to 2017/18 in order to complete outstanding projects.
* £0.106 million in overspends.
* £0.114 million in underspends.

2.8 A full list of those projects requesting re-phasing with rationales is at **Appendix 4** totalling £1.986 million which is required to allow the schemes to complete in 2017/18. Some of the more significant projects are shown below.

|  |  |  |
| --- | --- | --- |
| **Scheme** | **£** | **Reason for rephasing** |
| Leisure Centre (South Oxhey) | 37,850 | Part of new leisure facilities management contract tender |
| Replacement of vehicles | 76,690 | Grounds maintenance vehicles |
| Controlled Parking | 72,000 | Parking project |
| Preliminary advice for SOI | 131,340 | Legal, planning consultancy advice etc |
| Parking Bays | 32,000 | Roll out of new parking bays |
| Disabled Facilities Grants (DFG) | 354,640 | This is works committed to and grants awarded, but not yet started |
| Waste & Recycling Vehicles | 511,990 | Replacement of refuse freighters – vehicles on order (due March 17) |
| ICT - TRDC - Licence Costs | 136,500 | Delays due to Capita exit |
| Customer Contact Programme | 97,500 | Introduction of new software in 17/18 |
| Three Rivers House Whole Life Costing | 130,000 | External walls and comfort cooling |
| ICT Modernisation | 205,420 | Delays due to Capita exit |

2.9 The overspend of £0.106 million is mainly due to the following projects

|  |  |
| --- | --- |
| **Scheme** | **£** |
| ICT managed project | 43,400 |
| Temporary accommodation in Rickmansworth | 14,270 |
| Improvements to play areas | 28,620 |
| Other >£10k overspends | 19,910 |

2.10 The overspends in both temporary accommodation and improvements to play areas were originally scheduled to commence in 2017/18; the Council has spent on these in advance and the 2017/18 budgets will be adjusted accordingly to reflect this.

2.11 The underspend of £0.114 million is mainly due to the following projects:

|  |  |
| --- | --- |
| **Scheme** | **£** |
| Car park restorations | 10,800 |
| Renovation grants | 10,000 |
| ICT elections | 20,710 |
| South Oxhey allotment gardens | 10,000 |
| Other >£10k underspends | 62,450 |

2.12 The capital programme is primarily funded from capital receipts and government grant. **Appendix 5** shows the funding of the programme over the medium term. Capital expenditure totalling £17.1 million is planned for the period up to 2019/20 and built into the medium term financial plan.

2.13 The council has not needed to borrow externally to support its capital programme in the last financial year.

2.14 There is also a request to re-phase capital budgets for the South Oxhey Initiative of £511,040 from 2016/17 to 2017/18. This is to facilitate the continued acquisition of properties to enable the project to reach completion.

3. **Options/Reasons for Recommendation**

3.1 The recommendations below enable the Committee to make recommendations to Council concerning their budget.

4. **Policy / Budget Reference and Implications**

4.1 The recommendations in this report are within the Council’s agreed policy but not within agreed budgets***.*** Any overall increase in the committees’ budgets requiring the use of the Council’s balances must be approved by Council.

5. **Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Customer Services Centre, Communications & Website, and Health & Safety Implications**

5.1 None specific.

6. **Financial Implications**

6.1 ***Council Position – Revenue***

6.2The following table shows the total change in (surplus)/ deficit over the year.

|  |  |
| --- | --- |
| **Council Position** | **2016/17**  **£** |
| Original budgeted (surplus) | (4,851) |
| Budget adjustments previously reported | 682,006 |
| Latest budgeted deficit (as at 20 March 2017) | **677,155** |
|  |  |
| Net expenditure variances at year end |  |
| Net direct costs on services (Appendix1) | (95,263) |
| Additional funding (direct grants) | (285,933) |
| Additional interest earned on investments | (21,073) |
| **Total variance from latest budgeted deficit** | **(402,269)** |

***Council Position – Capital***

* 1. The table below shows the Council’s total capital spend over the medium term. This excludes the South Oxhey Initiative (SOI) as this is being funded from internal borrowing. The figures assume the requested re-phasing of £1,985,940 from 2016/17 to 2017/18 is agreed. The SOI re-phasing of £511,040 is shown separately.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Council Position** | **2016/17**  **£** | **2017/18**  **£** | **2018/19**  **£** | **2019/20**  **£** |
| Latest Budget (20 Mar 17) | 5,912,311 | 8,358,940 | 4,241,770 | 2,566,650 |
| Spend for year | 3,918,610 |  |  |  |
| Variance at Year End | (1,993,701) |  |  |  |
| Amounts to re-phase | (1,985,940) | 1,985,940 | 0 | 0 |
| Variance | (7,761) |  |  |  |
| Adjustment to budget for spend in advance (see paragraph 2.10) |  | (42,890) | 0 | 0 |
| Latest budget 17/18 – 19/20 |  | 10,301,990 | 4,241,770 | 2,566,650 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **South Oxhey Initiative** | **2016/17**  **£** | **2017/18**  **£** | **2018/19**  **£** | **2019/20**  **£** |
| Latest Budget (21 Feb 17) | 4,514,710 | 10,766,000 | 3,171,776 | 0 |
| Spend for year | 4,003,666 |  |  |  |
| Variance at Year End | (511,044) |  |  |  |
| Amounts to re-phase | (511,040) | 511,040 | 0 | 0 |
| Variance | (4) |  |  |  |
| Latest budget 17/18 – 19/20 |  | 11,277,040 | 3,171,776 | 0 |

7. **Risk Management Implications**

7.1 There are no risks to the Council in agreeing the recommendations.

7.2 The following table gives the risks if the recommendations are rejected, together with a scored assessment of their impact and likelihood:

|  |  |  |  |
| --- | --- | --- | --- |
| *Description of Risk* | | *Impact* | *Likelihood* |
| *1* | *Completion of various projects are dependent on the revenue carry-forwards and re-phasings in capital being approved. If these are not approved, then it is likely that these projects would be shelved* | *IV* | *E* |

7.3 The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan. If the risk materialises then the projects will have to be terminated.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood** | A |  |  |  |  |  | Impact | Likelihood |
| B |  |  |  |  |  | V = Catastrophic | A = >98% |
| C |  |  |  |  |  | IV = Critical | B = 75% - 97% |
| D |  |  |  |  |  | III = Significant | C = 50% - 74% |
| E |  |  |  | 1 |  | II = Marginal | D = 25% - 49% |
| F |  |  |  |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = <2% |
| **Impact** | | | | | |  |  |

8. **Recommendation**

The Policy and Resources Committee recommend to Council:

8.1 That the favourable revenue outturn variance of **£402,269** be noted.

8.2 That the capital outturn as summarised in paragraph 2.6 and Appendix 3 be noted.

8.3 Approves to carry forward the unspent service budgets from 2016/17 to 2017/18 which total **£288,890** as detailed at Appendix 2

8.4 Approves the rephasing on capital projects from 2016/17 to 2017/18 which total **£2,496,980** as detailed at Appendix 4.

Report prepared by: Nigel Pollard Section Head (Financial Planning and Analysis)

**Background Papers**

Financial Planning report 23 January 2017

Liberal Democrat budget proposal and recommendations 21 February 2017

2016/17 Budget Monitoring Period 10 (January) report

**APPENDICES**

Appendix 1 Significant Service Variances - Outturn to Latest Budget 2016/17

Appendix 2 Carry forward requests into 2017/18

Appendix 3 Capital Programme 2016/17-2019/20

Appendix 4 List of capital schemes to be rephased to 2017/18

Appendix 5 Capital Funding 2016/17 – 2019/20

**APPENDIX 1**

**Variances by Committee – Outturn to Latest Budget 2016/17**







**APPENDIX 2**

**Carry Forward Requests – Underspends in 2016/17**



**APPENDIX 3**

**Capital Programme 2016/17- 2019/20**











**APPENDIX 4**

**Rephasing of capital schemes to 2017/18**



**APPENDIX 5**

**Capital Funding 2016/17 – 2019/20**

