

## PROVISIONAL 2016/17 OUTTURN REPORT

**Cabinet Member:** Councillor David Watson

**Wards Affected:** All

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## PROPOSED DECISION

Cabinet is to note the provisional outturn for the year 2016/17 along with the proposed decisions set out below.

- (i) the provisional outturn at the end of March 2017 in respect of the General Fund Revenue Account, Repairs and Renewals Fund, Major Projects Programme and use of the surplus as detailed in the report be noted;
- (ii) the proposed allocation of the surplus funds to be finalised; and
- (iii) the carry forward of £19.05m on the Major Projects Programme as detailed in Appendix C be approved.

## Reason for Decision

The Cabinet approves a budget each year within the context of a Medium Term Financial Strategy to achieve the Council's priorities. Regular monitoring reports are submitted to Cabinet for review during the financial year, with management actions highlighted to ensure that Cabinet can assess whether any further action is required.

### Corporate Implications

1. The financial implications are set out in the detailed report at Appendices A – C.
2. Under the Local Government Act 2003, the Chief Financial Officer is required to report on the robustness of the budget. The monitoring report is part of the Council's financial framework which supports this wider responsibility.
3. The main financial and budgetary risks to the Council have been reviewed as part of this report.

## Executive Summary

4. This report sets out the provisional outturn for 2016/17 for the General Fund Revenue Account (Appendix A), Repairs and Renewals Programme (Appendix B) and Major Projects Programme (Appendix C).

## Sustainable Community Strategy/Council Priorities – Implications

5. The Corporate Plan has a priority of delivering value for money in everything we do as a Council. This report supports delivery of all the Council's Priorities.

## Background and Issues

6. This section of the report sets out an analysis of the key issues from the 2016/17 financial outturn. Detailed breakdowns of spend and movements are provided at Appendices A – C.

## Key Issues

### General Fund Revenue Account

7. The revenue outturn for 2016/17 is a surplus of £201k summarised in the table below:-

|  | Budget        | Outturn       | Outturn<br>Variance | Quarter<br>3<br>Variance |
|--|---------------|---------------|---------------------|--------------------------|
|  | £000s         | £000s         | £000s               | £000s                    |
| Service area                                   | 16,918        | 16,090        | -829                | -746                     |
| Reversal of Depreciation                       | -2,213        | -1,882        | 331                 | 326                      |
| Contribution from reserve                      | -772          | -392          | 380                 | 233                      |
| Payment to Parish Councils                     | 128           | 128           | 0                   | 0                        |
| Contribution to Revenue<br>Development Reserve | 624           | 624           | 0                   | 0                        |
| <b>General Fund Requirement</b>                | <b>14,684</b> | <b>14,568</b> | <b>-117</b>         | <b>-187</b>              |
| <b>Funded by</b>                               |               |               |                     |                          |
| Formula Grant                                  | 1,490         | 1,490         | 0                   | 0                        |
| New Homes Bonus                                | 1,152         | 1,152         | 0                   | 0                        |
| Council Tax                                    | 8,761         | 8,761         | 0                   | 0                        |
| Council Tax Adjustment                         | 221           | 221           | 0                   | 0                        |
| Retained Business Rates                        | 3,060         | 3,060         | 0                   | 0                        |
| Transitional Grant                             | 0             | 84            | -84                 | -84                      |
| Share of Business Rates Surplus                | 0             | -713          | -713                | -857                     |
| Transfer BR Surplus to RDR                     | 0             | 713           | 713                 | 857                      |
| <b>Total Funding</b>                           | <b>14,684</b> | <b>14,768</b> | <b>-84</b>          | <b>-84</b>               |
| <b>Net</b>                                     | <b>0</b>      | <b>-201</b>   | <b>-201</b>         | <b>-271</b>              |

8. The service outturn position shows a favorable variance of £829k compared to £746k at the end of December 2016. A detailed review of the revenue outturn is set out by Cabinet Portfolio at Appendix A. This shows the controllable forecast for each Cabinet Portfolio at the end of Quarter 3 and controllable outturn at the end of March 2017 together with an explanation of significant movements.
9. Summarised below are significant service variances:-
- a) **Community Services:** The total underspend on this area is £465k (£447k controllable). There was a favourable movement on controllable budgets from the quarter 3 forecast of £188k mainly on Parks and Environment (£95k) with winter works not being carried out due to changes in contract manager, an unbudgeted refund of insurance premiums £49k which had not be forecasted, together with larger than forecasted underspends on Wycombe Museum transition costs (£34k), reduced spending on grants to voluntary organisations and for community use of community halls (£31k) and a variety of other small

underspends on a number of other end service budgets compared with the quarter 3 forecast. These movements helped to offset a higher than forecasted overspend of £54k on the transfer of the TIC service to BCC, mainly arising from property costs and the value of stock being transferred which was written off from the balance sheet.

- b) **Environment:** The net underspend is £50k (£407k controllable). There was a favourable movement in the quarter on controllable budgets of £57k due to a combination of increased income from parking (£58k) covering daily charge income, season's tickets and penalties. Expenditure was also lower than previously forecasted due to R&R works not being completed and lower spend on the changes to the parking service than had been previously forecasted (less use of agency staff and various fees). There was also an improved position on the Waste Contract with a small saving following an adjustment to the cost share between CDC and WDC in the Council's favour. Income was also higher than had been forecasted at quarter 3, with recycling income slightly exceeding the budget, where it has been expected to miss the target at the end of quarter 3. A voluntary revenue provision was made on the waste finance leases in respect of the bins from the contract surplus to reduce the financial liability post 2020 when the contract expires.
- c) **Economic Development and Regeneration:** The net position is an underspend of £332k (£409k controllable). There was a favourable movement from quarter 3 of £99k. This resulted from additional income from various leases and profit share from John Lewis and Cressex Island. This was offset by additional spend on professional fees for a lease renewal. In addition to this there were procurement savings on Wycombe Swan due to lower cost of external redecoration.
- d) **Planning and Sustainability:** The net overspend on this service is £61k (£123k controllable overspend). This overspend has increased from quarter 3 by £105k, which is due to less funding being transferred from the planning appeals reserve to ensure a sufficient level remains for 2017-18 and higher staffing costs and legal fees resulting from planning appeals than had been previously forecasted at quarter 3.
- e) **Housing:** The net underspend on this service is £30k (£273k controllable overspend). This is £346k worse than forecasted at quarter 3, although £220k of this relates to less grant funding being used on Disabled Facility Grants (lower spending) which is reversed out below the net cost of services, leaving a real movement of £126k since quarter 3. This is mainly the result of a £40k overspend on homeless prevention and lower income from Bed and Breakfast due to a slightly lower level of demand than forecast in quarter 3 and an over estimate of the income from temporary accommodation. Staffing costs were also higher than had been forecasted.
- f) **Leader :** The net position is an underspend of £105k (£7k overspend on controllable). This overspend has increased by £45k from the quarter 3 forecast. The key reason for this is an error in the forecast of salary spending within the Policy Team from quarter 3, which has been reduced by a number of smaller favourable movements across other services including Communications (£35k), Section 106 Income (£17k) and Emergency Planning (£14k).

- g) **HR, ICT & Customer Services:** The net position is an overspend of £125k (£216k underspend on controllable costs). There was a favourable movement in the final quarter compared with the quarter 3 forecast of £112k. This movement is comprised of a large number of small movements across budgets including £20k on planned preventative maintenance, HR salaries £15k and £26k on various ICT budgets.
- h) **Finance:** The net position was favourable variance of £33k (£7k overspend on controllable costs). There was a favourable movement of £48k in the final quarter which was spread across a number of different budget headings including Council Tax, HB Administration and various business unit budgets.

### **Business Rates Surplus**

10. A provisional position has also been calculated for Business Rates (pre-audit NNDR3) which has produced a surplus of £713k for the year as summarised in the table below. The surplus has been temporarily transferred to the Revenue Development Reserve pending finalisation of the NNDR3 post audit and updated assessment of the appeals provision with the final balance to then be transferred into the Council's Revenue Development Reserve to finance future major projects.

| WDC Business Rate Retained           | £'000        |
|--------------------------------------|--------------|
| Non Domestic Rating Income           | 72,163       |
|                                      |              |
| WDC Share (40%)                      | 28,865       |
| + Localism Reliefs                   | 48           |
| + Small Business Rate Reliefs        | 588          |
| Fixed Tariff (Payment to Government) | -25,012      |
| <b>Total Retained Income</b>         | <b>4,489</b> |
| Funding Baseline                     | 3,063        |
| Growth Amount                        | 1,426        |
| Levy Rate                            | 50%          |
| <b>Surplus Retained by WDC</b>       | <b>713</b>   |

### **Business Rates Appeals Position**

11. At the end of the financial year 2015/16, the appeal provision was £7m. during the financial year 2016/17 a number of appeals were finalised and £1.3m was charged against the provision. There remains a backlog of appeals to be settled by the Valuation Office (VO) and the provision in this area continues to be subject to a significant degree of uncertainty. Based on the past experience and the data from valuation office the provision requirement was assessed at £6.2m. Therefore, additional £0.5m was added to the provision during the year.
12. The draft accounts are to be signed off by 30 June 2017 and the final accounts by audit committee by 30 September 2017. Part of this process requires all billing authorities to re-certify their NNDR3 forms in September to confirm the final outturn position. It is therefore necessary to revisit the appeals provision again at this time to assess the accuracy of this estimate. If a material change has occurred it will be necessary to amend

the provision and therefore the surplus being reported may change.

## Application of Surplus

13. To be agreed with the portfolio holder.

## Transformation Fund

14. The fund was set up 4 years ago to enable the up-front costs on Invest to Save schemes to be met under a scheme of delegation. The terms of reference include the financial limit on projects of £100k and 3 year payback and also scheme feasibility funding of up to £100k for any single project where there is a clear strategic link to the Corporate Plan and there is a compelling need / case for the project. Any bid for funding from this fund would need to be approved by the Head of Finance and Commercial in consultation with the Cabinet Member for Finance and Resources.
15. The balance held at the beginning of the year was £833k and during the year the following projects were funded. The closing balance on the fund as at March 2017 is £660k :-

| Description                 | Amount<br>£000's |
|-----------------------------|------------------|
| Abbey Barn North            | 20               |
| Central CP Marlow           | 10               |
| Eastern Quarter feasibility | 50               |
| Saunderton Lodge repairs    | 93               |
| <b>Total</b>                | <b>173</b>       |

## Repairs and Renewals Fund – Appendix B

16. Details of expenditure on Repairs and Renewals Schemes are included at Appendix B. These are funded from a separate Repairs and Renewals earmarked reserve, set aside to fund specific maintenance works. The total revised budget was £772k, against which £392k was actually spent resulting in an underspend of £380k. Key variance relates to car parks and Wycombe Swan where works are not completed in the financial year. The majority of Repairs and Renewals budgets will be rolled forward to financial year 2017/18.

## Major Projects Programme – Appendix C

17. Total spend for the year was £7.6m against the programme of £26.9m. The variance of £19.3m comprise of slippage of £17.7m and an underspend of £1.6m. The summary position along with a detailed schedule of the full programme is included at Appendix C. The slippage of £19.05m will be carried forward to enable completion of the projects. Some of the projects with significant slippages are summarised below:-
  - Risborough Springs Extension variance of £1.2m has resulted from the decision to proceed with the project following the appointment of the new management operator in December. Majority of the works will be carried out in 2018/19.
  - Totteridge Recreation Ground Community Facility feasibility study is completed and the works will be carried out over the following two financial years. Therefore, the slippage of £0.7m will be carried forward.

- Desborough Square unspent programme of £3.2m– Initial work has started with most of the work programmed to be carried out in 2017/18.
- Collins House – the slippage is £0.9m due to various delays on the commercial and planning issues, spend is expected to be incurred in 2017/18 and 2018/19.
- HWTC Masterplan Alternative Route Works are carried out by Buckinghamshire County Council and majority of the works are planned to be carried out in 2017/18 and 2018/19 when the remaining budget of £2.1m will be spent.
- Affordable Housing – proposals from registered providers have been evaluated and work is progressing to try and ensure that these funds can be used to support delivery of additional affordable housing in 2017/18 with spending of £800k planned in 2017/18, with the balance being spent in 2018/19.
- Handy X Phase 5 – This scheme has not started as the final options paper will be submitted to the Cabinet for approval with major spend expected in 2017/18.

### **Conclusions**

18. The outturn position is noted by Cabinet and approval sought on the application of the surplus for the General Fund Revenue Account.

### **Next Steps**

19. The draft final accounts will be signed off by the Head of Finance and Commercial on 19 May 2017. The external auditors will audit the accounts during June and the audited accounts will be presented to the Audit Committee for approval in September and published by 30 September 2017.

### **Background Papers**

Revenue Budget Council Tax Setting Report and Quarterly Monitoring Reports to Cabinet