

2015/16 PROVISIONAL REVENUE OUTTURN, REPAIRS AND RENEWALS FUND, MAJOR PROJECTS PROGRAMME

Cabinet Member: Councillor David Watson

Wards Affected: All

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PROPOSED DECISION

That:

- (i) the provisional outturn at the end of March 2016 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 including the two bids identified in paragraph 28 be approved; and
- (iii) To amend the terms of reference for the Transformation Fund to include funding for project feasibility in accordance with the terms as set out at paragraph 29.

Reason for Decision

The Cabinet sets its budget targets each year to achieve the Council's financial strategy. Throughout the financial year Cabinet has received a regular monitoring report, setting out the budgetary position.

Corporate Implications

1. The financial implications are set out in the detailed report at Appendices A – D.
2. Under the Local Government Act 2003, the Chief Financial Officer is required to report on the robustness of the budget. This monitoring report is part of the Council's financial framework which supports this wider responsibility.
3. The outturn position presented in this report comprises a mixture of one-off exceptional items together with various underspends and additional revenues as a result of phasing issues and other one-off service specific issues. A smaller element of the underspend relates to forecasting. The majority of recurring budgetary issues were addressed where known within the 2016/17 budget. Where further recurring budget changes have been identified these are highlighted in the supporting appendices.

Executive Summary

- This report sets out the provisional outturn for 2015/16 for the General Fund Revenue Account (Appendices A), Repairs and Renewals Programme (Appendix B), Major Projects Programme (Appendix C). A business case for allocation of a portion of the surplus on market stalls as outlined in paragraph 28 is also included in Appendix D.

Service Budgets

- The revenue outturn for 2015/16 was in surplus by £262k on service budgets, compared with a forecasted deficit of £125k at the end of December 2015. This is an improvement of £387k. Analyses of these movements are set within the summary of key issues below.

Contingency Fund

- A total of £588k was unspent on the Contingency Fund increasing the overall surplus to £850k.

Business Rates Surplus

- A provisional position has also been calculated for Business Rates (pre-audit NNDR3) which has produced a surplus of £381k for the year. The surplus of £381k relating to Business Rates has been temporarily transferred to the Business Rates Adjustment Account 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.

Table 1.0 – Summary of General Fund Revenue Outturn

Outturn	Forecast Variance at QTR3	Outturn Variance	Movement Forecast vs Outturn
	£'000s	£'000s	£'000s
Service Budgets	125	(262)	(387)
Contingency Fund	(837)	(588)	249
Business Rates Gain	0	(381)	(381)
Transfer of Business Rates Gain to Business Rates Adjustment Account	0	381	381
Surplus 2015/16	(712)	(850)	(138)
Balance of Surplus to Working Balance	0	850	850

Note: Brackets denote income or favourable variances

- 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 2016 together with an explanation of significant movements.

9. Whilst there is a surplus in 2015/16, a large element of this is the result of one-off events including larger than anticipated revenue which could not have been forecasted at quarter 3.

Sustainable Community Strategy/Council Priorities – Implications

10. The Corporate Plan has a priority of delivering value for money in everything we do as a Council – the Pounds priority.

Background and Issues

11. This section of the report sets out an analysis of the key issues from the 2015/16 financial outturn. Detailed breakdowns of spend and movements are provided at Appendices A – C.

Key Issues

12. A summary of the key outturn issues is set out below:

Queen Victoria Road (QVR) Offices

13. During 2015/16 the Council leased out Building C on the QVR site to the NHS, Browns and IFCO. Together these brought in £253k of additional income to the Council which had not been budgeted for at the start of the financial year. These amounts were reported during the year and have already been included in the 2016/17 budgets.

Estates Income

14. The Council received £113k in rent from Sainsbury's in leasing the Dovecot car park and an additional £70k from the John Lewis Partnership for the rent of their main store. The latter amount is based on the financial performance of the respective businesses and thus were not budgeted for and or included within quarter 3 forecasts. £48k of repairs and renewals expenditure relating to Estates did not occur in the financial year. These are detailed in Appendix B.

Housing

15. There has been an increase in the use of Bed and Breakfast accommodation due to the lack of availability of temporary accommodation and an increase in the level of homelessness resulting in £110k of costs. A significant amount of these costs occurred in the last quarter of the year and thus were not included in quarter 3 forecasts. The costs of Bed and Breakfast accommodation have been reflected in the 2016/17 budget. However, if the level of demand continues in line with QTR4 then this budget will not be sufficient. There were also staffing overspends across the housing service of £155k. The Head of Environment has confirmed that savings have been found reducing the potential deficit in 2016/17 to £79k which will be managed within the existing departmental budget. There was an overspend on repairs at Saunderton Lodge due to a higher volume of void turnarounds since the services were moved from Red Kite. These costs were partly offset by higher income.

Waste Service

16. The Waste Contract allowed for an increase in the contract price based on RPI inflation, pay inflation and fuel prices. However both RPI and the fuel price index were negative in 2015/16. There was also a saving as a result in a change in tipping point and there were variable works in the contract not commissioned. These resulted in a £187k surplus on the budgeted costs of the Waste Contract, the majority of which were not known at quarter 3.

17. The Council also received an additional £68k in income from the County Council as part of an Inter Authority Agreement (IAA) for the County to distribute savings in waste disposal costs. The final year for receiving this payment was 2015/16. Income was also received from the sale of bins and collection charges over the amount that had been budgeted for, offset by a reduction in the amount received via recycling credits. Overall there was a £49k favorable surplus on Waste Client expenditure.

Planning Development Management

18. During 2015/16 additional income of £146k was generated within Development Management from planning applications. The Council has to undertake a significant amount of additional work in relation to the Local Plan including 4 Strategic sites to help manage the development process. It is anticipated that work can be funded from the application fee income and through Planning Performance Agreements (PPA's). Some of these staffing related costs have been offset against the additional income in 2015/16. An amount of £150k was also granted in 2015/16 from the budget contingency to support cash flow between the work incurred and income received, which is planned to break even over a three year period. In 2015/16 £70k of this budget contingency amount had been utilised.

Parking Services

19. As previously reported, there has been a shortfall in parking income due to a number of factors. These include a loss of parking spaces at George Street car park whilst construction works for the Westbourne Street link road were ongoing, high levels of vandalism and theft, reduced income from season tickets due to relocation of businesses and reduced footfall.

Community Services

20. A lump sum of £60k was received in the last quarter of the year for Mast income due to a backdated rental assessment and this was not forecasted at quarter 3.
21. Income from 2014/15 that had not been accrued for relating to the Sports Centre contract was identified in quarter 4 and insurance costs were recharged to the operator which had not been recharged under the previous contract. These amounted to a £70k surplus.
22. Rental costs associated with a former Tourist Information Centre in Marlow of £56k per annum were not budgeted for in year as it was anticipated the premises may be leased out. However this has not taken place and the costs have been included in the 2016/17 budget.

Business Rates

23. This is the third year of localised business rates. A summary of the provisional position is set out overleaf.
24. Overall it has been calculated that there is a surplus of £1.905m, of which Wycombe's share (40%) is £762k, after deduction of Levy WDC will retain £381k. This sum will be held in the Business Rates Adjustment Account pending finalisation of the accounts and re-certification of the NNDR3 and further assessment of appeals.

Table 2.0 - Business Rates Provisional Outturn 2015/16

WDC Business Rate Retained	£'000
Non Domestic Rating Income	69,354
WDC Share (40%)	27,741
+ Localism Reliefs	319
+ Small Business Rate Reliefs	544
Fixed Tariff (Payment to Government)	-24,806
Total Retained Income	3,799
Funding Baseline	3037
Growth Amount	762
Levy Rate	50%
Surplus Retained by WDC	381

Business Rates Appeals Position

25. In 2014/15 the Council assessed the appeals liability at just over £6.8m (WDC share of this being 40%). In 2015/16 we have charged £303k against this in actual losses paid out relating to prior years.

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. The draft accounts are to be signed off by 30 June 2016 and the final accounts by audit committee by 30 September 2016. 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

26. Two specific allocations are being sought at this stage:

- **Replacement of the Market Holder Stalls - £55k**

A separate business case is set out at Appendix D to support this request which will provide additional revenue for the Council and improve the attractiveness of the market whilst reducing the level of maintenance and repairs costs caused by the current equipment.

- **Spatial Planning Manager - £68k**

PAS (Planning Advisory Service) has carried out a review of Planning and Sustainability. It recommends that a more conventional management structure is needed in the Service to provide capacity to the Head of Service. At present there are managers for Building Control and Development Management, but there is no manager for Spatial Planning – currently comprising major planning applications, local plan, design specialists and projects. Team leaders in this part of the service report directly to the Head of Service. PAS

recommend that a manager post is created for this area. Previously there has been a management role in this position, which was deleted during the recession.

In order to create immediate capacity in the Service, funding for the current year is sought to create this post. A full review of the Service is to be undertaken during the current year, as part of the Government's pilot of introducing competition into assessing planning applications. Future funding for the post will be resolved as part of the review.

It is therefore proposed to make provision of £68k from this year's out turn, covering salary and on costs for one year.

In addition to these specific project allocations it is proposed that the balance of the surplus £727k is transferred into the Revenue Development Reserve to support future Major Project schemes.

Transformation Fund

27. The Council set up a specific reserve fund 4 years ago to enable the up-front costs on Invest to Save schemes to be met under a scheme of delegation. The balance held in this fund at the 31st March 2016 was £832,437. The restrictions placed on the use of this fund including the financial limit on projects of £100k and 3 year payback has meant that demand for funds has been relatively low. It is proposed that the terms of reference of the Transformation Fund are amended to also include scheme feasibility funding of up to £100,000 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 (currently this is only delegated as an officer decision).

Repairs and Renewals Fund – Appendix B

28. The total revised budget was £669k, against which £289k was actually spent. Details of this are set out at Appendix B. Key variance relates to car parks where £229k of works was not completed in the financial year. £100k of this relates to waterproofing the Wycombe Swan Multi Storey Car Park where works were advised by consultants to be deferred to the 2016/17 financial year. The majority of Repairs and Renewals budgets will be rolled forward to the 2016/17.

Major Projects Programme – Appendix C

29. Total spend was £23.1m against an in year budget of £24m. A detailed schedule of the full programme is included at Appendix C. The unspent balance will be carried forward to enable completion of the projects.

Conclusions

30. The outturn position is noted by Cabinet, including action taken to date, future budgetary implications and approval sought on the application of the surplus for the General Fund Revenue Account.

Next Steps

31. The draft final accounts will be signed off by the Head of Finance and Commercial by 30 June 2016 and presented to the Audit Committee for approval in September and published by 30 September 2016.

Background Papers

Held in Finance and Commercial Services.