

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
4 July 2017

Subject: 2016/17 REVENUE OUTTURN AND POSITION ON RESERVES

All Wards
Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to present to Members the revenue outturn position for the year ending 31 March 2017, which includes the position on reserves. The Statement of Accounts, which is the consolidated financial position of the Council for 2016/17, is the responsibility of the Audit, Governance and Standards Committee which will meet on 25 July 2017 to approve the Annual Financial Report – Statement of Accounts.
- 1.2 The capital outturn and annual treasury management position is contained in a separate report on this cabinet agenda.
- 1.3 The report focuses on three key outcomes:-
- (a) Overall position at the end of the financial year;
 - (b) Major variances between budget and outturn;
 - (c) Position on Reserves.
- 1.4 This report presents the revenue outturn position in the format of management accounts, which Members have become accustomed to from the quarterly monitoring reports to Cabinet. It also includes the movement on the reserve funds.

2.0 REVENUE OUTTURN:

- 2.1 The original budget plans for 2016/17 were for a net spend of £7,811,370. The expenditure was budgeted to be funded by council tax, Government revenue support grant and business rates. During the financial year, under the Council's budgetary control arrangements, Cabinet received quarterly monitoring reports, all of which adjusted the budget in the light of the latest information available at the time. At quarter 3, the net expenditure budget was revised to £7,652,400.
- 2.2 The outturn position for 2016/17 £7,169,940 shows an under spend of £482,460 compared to the revised budget at Q3 of £7,652,400. Annex A details the 2016/17 variance across Department net revenue budgets.
- 2.3 The revised Q3 budget £7,652,400 compared to the original budget £7,811,370 was a decrease of £158,970 mainly related to:
- the increased interest from the investment with the local Housing Association from this organisation borrowing earlier than first anticipated. This is a one off budget implication for 2016/17 only.
- 2.4 The table below shows the analysis of the original budget, quarter 3 budget and outturn position, as well as the way the budget was funded.

	Original Budget £	Revised Budget £	Outturn £	Variance £
Net Revenue Budget	7,811,370	7,652,400	7,169,940	(482,460)
LESS FINANCING				
Council Tax	(3,323,948)	(3,323,948)	(3,323,948)	0
Revenue Support Grant	(1,020,748)	(1,020,748)	(1,020,748)	0
Business Rates	(2,281,222)	(2,281,222)	(2,492,144)	(210,922)
Other Grants	(2,457,097)	(2,457,097)	(2,456,889)	208
Contribution To/(From) Reserves	1,271,645	1,430,615	2,123,789	693,174
	(7,811,370)	(7,652,400)	(7,169,940)	482,460
Balance Budget	0	0	0	0

2.5 The overall transfer to the council tax payers reserve to support the outturn position is £2,123,789. This is generated from:

- (i) the original contribution to reserves set in the budget of £1,271,645
- (ii) the under spend reported and explained at Q3 in the revised budget £158,970
- (iii) the underspend at outturn £482,460
- (iv) the increased business rates income £210,922 and fall in grant income of £208

3.0 POSITION ON RESERVES:

3.1 The position on reserves held by the Council as at 31 March 2017 is compared to the position at 31 March 2016 and is shown in the table below. It should be noted that the position assumes that the recommendations included in this report are approved.

RESERVES POSITION	31/03/16 £	31/03/17 £
<u>Revenue Reserves</u>		
Council Taxpayers	3,165,355	4,902,597
Repairs & Renewal Fund	2,980,511	2,449,874
Computer Fund	1,198,017	1,009,899
One Off Fund	1,383,167	435,916
Economic Development Fund	3,237,979	2,179,059
Community Safety	53,041	38,164
Strategic Forum Reserve	10,046	10,046
Grants Fund	364,012	260,948
Arts Grants Reserve	7,089	6,037
Make a Difference Fund	5,555	52,030
Take That Step	6,180	3,436
Winter Weather Campaign	9,191	-
Local Plan Reserve	407,539	98,731
North Northallerton Bridge	-	-
Community Housing Fund	-	195,268
Sub Total	12,827,682	11,642,005
General Fund Balance	2,000,000	2,000,000
<u>Total Revenue Reserves</u>	14,827,682	13,642,005
<u>Capital Reserves</u>		
Capital Grants Unapplied	92,889	729,692
General Capital Receipts	2,438,256	1,866,845

<u>Total Capital Reserves</u>	2,531,145	2,596,537
TOTAL Reserves	17,358,827	16,238,542

- 3.2 The revenue reserves in the table above show the movement between the reserves in 2016/17 which are in line with the Financial Strategy reported to Cabinet. The overall reduction in reserve funding totals £1,120,285 where reserves have been used to support the Council's specific projects but some additional income has also been received.
- 3.3 To fund the Capital Programme, £571,411 capital receipts have been used as well as £1,130,113 from the Repairs & Renewals Fund, the Computer Fund and the Economic Development Fund. The Economic Development Fund was partly used for the demolition of the prison site at approximately £644,600 in 2016/17.
- 3.4 The movement in the council tax payers reserve has seen the transfer of income from the new homes bonus grant, which was included in the underspend for the year of £2,123,789 and also the transfer of expenditure of £386,547 to top up the One-off fund. These key movements have occurred to enable an efficient approach to the use and allocation of reserves going forwards in an ever changing environment.
- 3.5 Movements in the One-off fund received cabinet approval during the year. Annex B details further movements that have occurred at quarter 4 which require approval in this report. It is recommended to Cabinet and Council that the total expenditure allocation of £189,579 from the One-off Fund at quarter 4 be approved. Furthermore, it is recommended that a transfer from the Council Tax Reserve of £286,547 to the One-off fund to maintain the £200,000 Financial Strategy requirement is approved.
- 3.6 The other movements in the reserves which total £1,352,971 have occurred from grants being received or funds being transferred out to support expenditure during the year in line with previous reports being approved at Cabinet and Council in the past, the main movement being £303,808 for the Local Plan Fund. Further reserves are created due to financial regulation accounting treatment of grants and contributions; examples being take that step and winter weather campaign.
- 3.7 Attached at Annex C is the detail for the movement in the reserves.

4.0 USE OF RESERVES:

- 4.1 From the One-off fund in 2017/18, £125,000 will be transferred to Make a Difference Fund of which £25,000 has been allocated to five voluntary libraries. Furthermore, the One-off Fund is to allocate £24,200 for professional development for Leisure Services and CCTV in 2017/18.
- 4.2 The creation of the joint venture company to develop the former prison site is progressing well with the finalisation of the legal documents at £38,000 and business plan and implementation plan at £15,000. Professional fees to complete the Central Northallerton Development Company Ltd total £53,000. The formation of the joint venture company will generate increased business rates through new businesses locating on to the site. It is recommended in this report that these costs are approved.

5.0 WAIVER OF PROCUREMENT RULES

- 5.1 It is the Council's policy to obtain competitive quotations or tenders for the purchase of products, work that is to be undertaken or for services to be provided. However, a waiver may be agreed by Cabinet (or the Chief Executive in an emergency) if they are satisfied, after considering a written report that the waiver is justified.
- 5.2 The Chief Executive has approved the following two waivers, for which Single Quote/ Tender Waiver Forms have been completed:
- (a) Software System – Hero Solutions
Bespoke software for assessment of sites for the Local Plan that can integrate with other planning systems. Investigations show that no other system fulfils the Development Management Departments requirements and time is critical due to the Local Plan timetable. The costs of this software system have been excluded from this report pursuant to subsection 3 of Schedule 12a of the Local Government Act 1972, namely that it relates to the financial and/or business affairs of the contractor. The contractor is currently engaged in discussions with other Councils regarding the provision of this software system and has indicated that disclosure of the price paid by this Council would prejudice its business affairs such that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
 - (b) Community Development Support – Community First Yorkshire
This service progresses the Community Led Housing scheme for two years and is funded by the Community Housing Fund Grant. This organisation is the sole supplier of this type of service locally. The cost is £30,000

6.0 LINK TO COUNCIL PRIORITIES

- 6.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council's service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

7.0 RISK ASSESSMENT:

- 7.1 There are no major risks associated with this report

8.0 FINANCIAL IMPLICATIONS:

- 8.1 The financial implications are dealt with in the body of the report.

9.0 LEGAL IMPLICATIONS:

- 9.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balance budget and monitor the financial position throughout the year.

10.0 EQUALITY/DIVERSITY ISSUES

- 10.1 Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.

11.0 RECOMMENDATIONS:

- 11.1 That Cabinet approves and recommends to Council:
- (1) the transfer to the Council Tax payers reserve of £693,174 as detailed in paragraph 2.5, which represents the underspend of £482,460, increased business rates received £210,922, and decreased grant received of £208.

- (2) the increase in the use of the One-off fund at quarter 4 of £189,579, detailed at paragraph 3.5 and attached at Annex B;
- (3) the transfer from the Council Tax payers reserve of £286,547 to the One-off fund to maintain the £200,000 Financial Strategy requirement;
- (4) the decrease in the reserves position £1,120,285, at paragraph 3.2 and detailed in Annex C.
- (5) the sum of £53,000 from the One Off Fund at paragraph 4.2 to assist in the development of the joint venture company – Central Northallerton Development Company Ltd
- (6) to note the two waiver of procurement rules at paragraph 5.2

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Background papers: Annual Financial Report – Statement of Accounts 2016/17
Outturn Position 16/17 Finance Ledger