



To Executive Councillor for Finance & Resources

Report by Chief Executive, Director of Customer and Community Services,
Director of Environment and Director of Business Transformation

Relevant Scrutiny Committee Strategy & Resources 13 July 2015

2014/15 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Finance & Resources Portfolio

Key Decision

1. Executive summary

1.1 This report presents a summary of the 2014/15 outturn position (actual income and expenditure) for services within the Finance & Resources Portfolio, compared to the final budget for the year. The position for revenue and capital is reported and variances from budgets are highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2015/16 are identified.

2. Recommendations

Members of the Scrutiny Committee are asked to consider and make known their views on the following proposals:

- a) To agree the carry forward requests totalling £153,310 as detailed in Appendix C, to be recommended to Council for approval.
- b) To seek approval from Council to carry forward capital resources to fund rephased net capital spending of £1,542,000 from 2014/15 into 2015/16, as detailed in Appendix D.

3. Background

Revenue Outturn

- 3.1 The outturn position for the Finance & Resources Portfolio, compared to the final revenue budget, is presented in detail in Appendix A.
- 3.2 Appendix B to this report provides explanations of the main variances.
- 3.3 Appendix C sets out the final list of items, for this portfolio, for which approval is sought to carry forward unspent budget from 2014/15 to the next financial year, 2015/16.

- 3.4 The overall revenue budget outturn position for the Finance & Resources Portfolio is set out in the table below:

Finance & Resources Portfolio 2014/15 Revenue Summary	£
Final Budget	(5,237,520)
Outturn	(6,015,532)
Variation - (Under)/Overspend for the year	(778,012)
Carry Forward Requests	153,310
Net Variance	(624,702)

The net variance represents 11.9% of the overall portfolio budget for the 2014/15 financial year.

Capital Outturn

- 3.5 Appendix D shows the outturn position for schemes and programmes within the Finance & Resources Portfolio, with explanations of variances.
- 3.6 An overall net underspend of £1,491,000 has arisen. £1,542,000 is due to slippage. Rephasing of the items in the Capital Plan is required to transfer the budget into 2015/16. The remaining variance of £51,000 is a result of net overspends on individual capital schemes and programmes. Please note that external income of £44,000 was received during the 2014/15 financial year, which offsets the majority of the net overspends.

4. Implications

- 4.1 The net variance from the final budget, after approvals to carry forward budget of £153,310 from 2014/15 to the next financial year, 2015/16, would result in a decreased use of General Fund reserves of £624,702.
- 4.2 In relation to anticipated requests to carry forward revenue budgets into 2015/16, the decisions made may have a number of implications. A decision not to approve a carry forward request will impact on officers' ability to deliver the service or scheme in question and this could have staffing, equality and poverty, environmental, procurement, consultation and communication and/or community safety implications.

5. Background papers

These background papers were used in the preparation of this report:

- Closedown Working Files 2014/15
- Directors' Variance Explanations – March 2015
- Capital Monitoring Reports – March 2015
- Budgetary Control Reports to 31 March 2015

6. Appendices

- Appendix A - Revenue Budget 2014/15 - Outturn
- Appendix B - Revenue Budget 2014/15 - Major Variances from Final Revenue Budgets
- Appendix C - Revenue Budget 2014/15 - Carry Forward Requests
- Appendix D - Capital Budget 2014/15 - Outturn

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Authors' Names:	Linda Thompson; John Harvey
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Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Revenue Budget 2014/15 - Outturn

Service Grouping	Original Budget £	Final Budget £	Outturn £	Variation - Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
Business Transformation						
Finance - General	(761,520)	(595,520)	(855,880)	(260,360)	0	(260,360)
General Properties and Grand Arcade	(7,112,100)	(6,328,590)	(6,518,215)	(189,625)	0	(189,625)
Property Services	0	(186,060)	(196,479)	(10,419)	0	(10,419)
	(7,873,620)	(7,110,170)	(7,570,574)	(460,404)	0	(460,404)
Other IT Spend						
Technology Investment Fund	0	4,300	4,300	0	0	0
	0	4,300	4,300	0	0	0
Human Resources						
Employee Travel Plan	0	0	0	0	0	0
Salary Sacrifice Schemes	0	0	(2,335)	(2,335)	0	(2,335)
GMB	0	0	(632)	(632)	0	(632)
Unison	0	0	(392)	(392)	0	(392)
Quality/Health and Safety Management - Indirect	0	0	(10,294)	(10,294)	0	(10,294)
	0	0	(13,653)	(13,653)	0	(13,653)
Chief Executive's						
Sustainable City	111,380	130,660	123,190	(7,470)	0	(7,470)
	111,380	130,660	123,190	(7,470)	0	(7,470)
Customer and Community Services						
Revenues and Benefits	2,114,370	1,740,040	1,495,318	(244,722)	153,310	(91,412)
Finance - Indirect	0	0	0	0	0	0
Mill Road Support Services	0	0	0	0	0	0
Repairs and Maintenance (General Fund)	279,870	0	0	0	0	0
	2,394,240	1,740,040	1,495,318	(244,722)	153,310	(91,412)
Environment						
Land Charges and Searches	(49,620)	(2,350)	(54,113)	(51,763)	0	(51,763)
	(49,620)	(2,350)	(54,113)	(51,763)	0	(51,763)
Direct Services Total	(5,417,620)	(5,237,520)	(6,015,532)	(778,012)	153,310	(624,702)
Support Services (net costs recharged to Departments)						
Accountancy and Support Services	1,592,520	1,387,060	1,371,645	(15,415)	0	(15,415)
Other Support Services	228,890	180,370	178,077	(2,293)	0	(2,293)
Internal Audit	309,410	238,220	212,765	(25,455)	0	(25,455)
Human Resources	927,200	805,270	739,977	(65,293)	0	(65,293)
IT	2,444,600	2,344,340	2,088,694	(255,646)	0	(255,646)
Legal Services	958,470	774,800	726,926	(47,874)	0	(47,874)
Admin Buildings (including Facilities Management)	2,385,160	2,432,150	2,343,830	(88,320)	0	(88,320)
Architects	118,470	90,430	121,447	31,017	0	31,017
Support Services Total	8,964,720	8,252,640	7,783,361	(469,279)	0	(469,279)
Recharged to Departments	(8,964,720)	(8,252,640)	(7,783,361)	469,279	0	469,279
Support Services (net)	0	0	0	0	0	0
Total Net Budget	(5,417,620)	(5,237,520)	(6,015,532)	(778,012)	153,310	(624,702)

Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted

and are detailed and approved:

- in the January committee cycle (as part of the Budget Setting Report)
- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Mid-Year Financial Review, MFR)
- via technical adjustments/virements throughout the year

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Revenue Budget 2014/15 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Business Transformation Finance - General	The underspend is mainly due to VAT repayments to the Council following claims made to H.M. Revenue & Customs in respect of prior years and CCLA Property Fund receipts.	(260,360)	Charity Main
General Properties and Grand Arcade	The underspend is mainly due to the receipt of backdated rental income following the completion of rent reviews and audits during the 2014/15 financial year.	(189,625)	Dave Prinsep
Customer and Community Services Revenues and Benefits	The main variance is primarily due to unspent Homelessness Prevention Funding of £153,310 allocated to Discretionary Housing Payment use (top up funding) for which a carry forward of budget is requested (see Appendix C). The remaining variances are due to one-off residual Council Tax Benefit receipts of £17k, one-off underspend on staffing costs of £34k primarily due to vacancies during the 2014/15 financial year (N.B. the majority of the vacant posts have now been filled) and a positive variance of £41k across a range of transport, supplies and services and income budget headings. (N.B. Ongoing supplies and services savings of £19k have been built into budgets from financial year 2015/16 onwards).	(244,722)	Alison Cole
Environment Land Charges and Searches	The variance is primarily due to the Land Charges fee income exceeding the income budget that was set. The income budget is always set conservatively due to year on year changes to the housing market conditions.	(51,763)	Paul Boucher
Support Services Internal Audit	Variance is primarily due to a Senior Auditor post being vacant for part of the financial year. N.B. Following a recent recruitment process, the post has now been filled.	(25,455)	Steve Crabtree
Human Resources	The main variance is due to an underspend on staffing costs, primarily due to a number of vacancies during the 2014/15 financial year - £19k (the majority of the vacant posts have now been filled). The remaining variances are due to an underspend on Occupational Health costs - £14k (the level of expenditure on Occupational Health is demand led and therefore subject to fluctuations) and transport and supplies and services underspends across a range of budget headings - £33k (N.B. Ongoing supplies and services savings of £11k have been built into budgets from financial year 2015/16 onwards).	(65,293)	Deborah Simpson

**Finance & Resources Portfolio /
Strategy & Resources Scrutiny Committee**

**Revenue Budget 2014/15 - Major Variances
from Final Revenue Budgets**

Service Grouping	Reason for Variance	Amount £	Contact
IT	The variance is primarily due to an underspend on application support days - £188k. The core IT contract includes some cost elements that were previously charged separately via application support days charges. The bulk of the remaining variance is due to underspends on consultants and professional fees. (The consultants and professional fees budgets have been reduced by £20k from 2015/16 onwards to reflect ongoing savings.)	(255,646)	James Nightingale
Legal Services	Underspend on staffing costs owing to a vacant post and part time cover for a full time post - £40k. The remaining variance is primarily due to an over achievement of income - £8k.	(47,874)	Simon Pugh
Admin Buildings (including Facilities Management)	The main variances are in relation to Lion House:- Business rates savings of £16k and underspends of £57k on service charges, building maintenance and utility costs.	(88,320)	Trevor Burdon
Architects	Due to staff sickness there was an under recovery of fee income.	31,017	Trevor Burdon

**Finance & Resources Portfolio /
Strategy & Resources Scrutiny Committee**

Revenue Budget 2014/15 - Carry Forward Requests

Request to Carry Forward Budgets from 2014/15 into 2015/16

Item	Reason for carry forward request	Amount £	Contact
1	<p>Director of Customer and Community Services</p> <p>Revenues and Benefits Request to carry forward unspent Homelessness Prevention funding of £153,310 to support Discretionary Housing Payments. It is anticipated that the government grant, which was reduced by 18% for 2015/16, will continue to reduce thereby heightening the need for the DCLG top-up.</p>	153,310	Alison Cole
	Total Carry Forward Requests for Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee	153,310	

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2014/15 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2014/15 £000	Final Budget 2014/15 £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Rephase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC596	Replacement Air Cooling Systems	Will Barfield	0	167	0	(167)	167	0	Replacement air conditioning systems are required in a number of locations within Mandela House. Changes in refrigerant gas requirements has made some existing systems obsolete. The project has slipped but a detailed survey of requirements has taken place and revised quotes obtained. The work will be ready to start subject to approval of the project appraisal.
SC579	Office Accommodation Strategy	Frances Barratt	403	403	317	(86)	86	0	The refurbishment of the Guildhall reception and Mandela House training rooms have been completed. The separation works required to facilitate the letting of the Annexe at the Guildhall are scheduled to start during the 2015/16 financial year with rental income coming on stream in 2017/18.
	Municipal Bond Agency (MBA) - Purchase of Equity	Stephen Bevis	0	0	50	50	0	50	The capital investment in the Municipal Bonds Agency was approved via a Treasury Management committee report presented to the Strategy & Resources Scrutiny Committee meeting on 20 October 2014.
SC552	Localisation of Council Tax - Implementation Costs	Alison Cole	10	1	1	0	0	0	Scheme completed.
SC391	La Mimosa Punting Station	Philip Doggett	2	2	0	(2)	2	0	Contractual commitment is in place. Awaiting installation to take place during the Summer of 2015.
SC362	Lighting and Power in Committee Rooms	Althea Mejias	14	14	0	(14)	0	(14)	Budget created 6+ years ago, but works not carried out and cost deemed no longer necessary. The project can be reviewed again if works become a priority.
Total Projects			429	587	368	(219)	255	36	

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2014/15 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2014/15 £000	Final Budget 2014/15 £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Rephase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
PV554	Development of Land at Clay Farm	Alan Carter	1,330	1,202	204	(998)	998	0	The costs incurred are in respect of the Collaboration Agreement with Countryside Properties. Rate of invoices from Countryside Properties relate directly to rate of house-building which is variable and beyond our control. Target completion date is long stop date in Development Agreement and equates to four years from estimated planning approval.
PV192	Development Land on the North Side of Kings Hedges Road	Philip Doggett	59	39	28	(11)	11	0	Expenditure for the 2014/15 financial year was lower than the original estimate supplied by the managing agent.
PV221b	Lion Yard - Contribution to Works - Phase 2	Philip Doggett	450	150	70	(80)	80	0	This is a scheme whereby we contribute 25% of the overall cost of the capital works at Lion Yard. The Phase 2 capital works were not completed during the 2014/15 financial year. The remaining budget for the 2014/15 financial year therefore needs to be re-phased to the 2015/16 financial year.
PV329	Corporate Document Management (DIP & EDRM)	James Nightingale	217	73	73	0	0	0	Scheme completed. Future expenditure will be met from existing Revenue budget provision.
PV583	Clay Farm Commercial Property Construction Costs	Dave Prinsep	100	100	0	(100)	100	0	First payment of £86,400 is forecast to be paid during the Summer of 2015.
Total Provisions			2,156	1,564	375	(1,189)	1,189	0	

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2014/15 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2014/15 £000	Final Budget 2014/15 £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Rephase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
PR023	Admin Buildings Asset Replacement Programme	Will Barfield	223	223	127	(96)	71	(25)	Budget of £71k needs to be re-phased to the 2015/16 financial year in order to complete the programmed works which commenced during the 2014/15 financial year.
PR024	Commercial Properties Asset Replacement Programme	Will Barfield	106	106	79	(27)	27	0	Budget of £27k needs to be re-phased to the 2015/16 financial year in order to complete the programmed works which commenced during the 2014/15 financial year.
PR020	ICT Infrastructure Programme	James Nightingale	607	607	647	40	0	40	The 2014/15 programmed works were completed during the 2014/15 financial year. The expenditure variance is offset by external income received.
PR036	Additional Investment in Commercial Property Portfolio	Dave Prinsep	816	0	0	0	0	0	Programme deleted from the Capital Plan in January 2015 (Strategy & Resources Scrutiny Committee budget papers refer).
Total Programmes			1,752	936	853	(83)	98	15	
Total for Finance & Resources Portfolio			4,337	3,087	1,596	(1,491)	1,542	51	

Changes between original and final budgets may be made in Appendix D to reflect:

- rephased capital spend from the previous financial year
- rephased capital spend into future financial periods
- approval of new capital programmes and projects

and are detailed and approved:

- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Mid-Year Financial Review, MFR)

- in the January committee cycle (as part of the Budget Setting Report, BSR)
- via technical adjustments/virements throughout the year