



To Executive Councillor for Finance and Resources

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

Relevant Scrutiny Committee Strategy & Resources 4 July 2016

2015/16 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Finance and Resources Portfolio

Key Decision

1. Executive summary

1.1 This report presents, for the Finance and Resources Portfolio :

- a) A summary of actual income and expenditure compared to the final budget for 2015/16 (outturn position)
- b) Revenue and capital budget variances with explanations
- c) Specific requests to carry forward funding available from budget underspends into 2016/17.

2. Recommendations

The Executive Councillor is recommended to approve the following:

- a) Carry forward requests totalling £233.1k revenue funding from 2015/16 to 2016/17, as detailed in **Appendix C**.
- b) Carry forward requests of £3,243k capital resources from 2015/16 to 2016/17 to fund rephased net capital spending, as detailed in **Appendix D**.

3. Background

Revenue Outturn

- 3.1 The overall revenue budget outturn position for the Finance and Resources Portfolio is given in the table below. Detail, by service grouping, is presented in **Appendix A**.

2014/15 £'000	Finance and Resources Portfolio Revenue Summary	2015/16 £'000	% Final Budget
(5,418)	Original Budget	(6,103)	(105.1)
165	Adjustment – Prior Year Carry Forwards	153	2.6
0	Adjustment – Service Restructure Costs	0	0.0
0	Adjustment – Earmarked Reserves	0	0.0
0	Adjustment – Capital Charges	150	2.6
0	Adjustment – Central & Support reallocations	0	0.0
15	Other Adjustments	(9)	(0.1)
(5,238)	Final Budget	(5,809)	(100.0)
(6,016)	Outturn	(6,769)	(116.5)
(778)	(Under) / Overspend for the year	(960)	(16.5)
153	Carry Forward Requests	233	4.0
(625)	Resulting Variance	(727)	(12.5)

- 3.2 **Appendix A** shows original and final budgets for the year (with the movements summarised in the above table) and compares the final budget with the outturn position for this Portfolio for 2015/16. The original revenue budget for 2015/16 was approved by the Executive Councillor for Finance and Resources on 19 January 2015.

- 3.3 **Appendix B** provides explanations of the main variances.

- 3.4 **Appendix C** lists revenue carry forward requests.

Capital Outturn

- 3.5 The overall capital budget outturn position for the Finance and Resources Portfolio is given in the table below. **Appendix D** shows the outturn position by scheme and programme with explanations of variances.

2014/15 £'000	Finance and Resources Portfolio Capital Summary	2015/16 £'000	% Final Budget
3,087	Final Budget	18,900	100.0
1,596	Outturn	15,521	82.1
(1,491)	Variation - (Under)/Overspend for the year	(3,379)	(17.9)
1,542	Rephasing Requests	3,243	17.2
51	Variance	(136)	(0.7)

4. Implications

- 4.1 The net variance from the final budget (see above), would result in a decreased use of General Fund reserves of £727k.
- 4.2 A decision not to approve a carry forward request may 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

- Closedown Working Files 2015/16
- Directors' Variance Explanations – March 2016
- Capital Monitoring Reports – March 2016
- Budgetary Control Reports to 31 March 2016

6. Inspection of papers

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

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Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Revenue Budget 2015/16 - Outturn

Service Grouping	Original Budget £	Final Budget £	Outturn £	Variation - Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
Business Transformation						
Finance - General	(845,520)	(858,110)	(948,305)	(90,195)	0	(90,195)
General Properties and Grand Arcade	(6,777,990)	(6,623,790)	(6,940,693)	(316,903)	0	(316,903)
Property Services	(176,100)	(176,100)	(184,806)	(8,706)	0	(8,706)
	(7,799,610)	(7,658,000)	(8,073,804)	(415,804)	0	(415,804)
Human Resources						
Employee Travel Plan	0	0	0	0	0	0
Salary Sacrifice Schemes	0	0	(6,783)	(6,783)	0	(6,783)
GMB	0	0	(12,241)	(12,241)	0	(12,241)
Unison	0	0	(678)	(678)	0	(678)
	0	0	(19,702)	(19,702)	0	(19,702)
Chief Executive's						
Sustainable City	122,860	122,860	104,073	(18,787)	0	(18,787)
	122,860	122,860	104,073	(18,787)	0	(18,787)
Customer and Community Services						
Revenues and Benefits	1,655,300	1,807,630	1,367,509	(440,121)	197,600	(242,521)
Mill Road Support Services	0	0	0	0	0	0
Quality/Health and Safety Management - Indirect	0	0	(19,106)	(19,106)	0	(19,106)
	1,655,300	1,807,630	1,348,403	(459,227)	197,600	(261,627)
Environment						
Land Charges and Searches	(81,170)	(81,170)	(128,067)	(46,897)	0	(46,897)
	(81,170)	(81,170)	(128,067)	(46,897)	0	(46,897)
Direct Services Total	(6,102,620)	(5,808,680)	(6,769,097)	(960,417)	197,600	(762,817)
Support Services (net costs recharged to Departments)						
Accountancy and Support Services	1,401,150	1,463,950	1,381,810	(82,140)	35,500	(46,640)
Other Support Services	197,500	177,500	170,836	(6,664)	0	(6,664)
Internal Audit	241,280	241,280	226,065	(15,215)	0	(15,215)
Human Resources	722,400	722,400	690,591	(31,809)	0	(31,809)
IT	1,893,720	2,565,520	2,478,352	(87,168)	0	(87,168)
Legal Services	732,290	732,290	724,195	(8,095)	0	(8,095)
Admin Buildings (including Facilities Management)	2,182,790	2,173,000	2,136,125	(36,875)	0	(36,875)
Architects	19,320	19,320	21,646	2,326	0	2,326
Support Services Total	7,390,450	8,095,260	7,829,620	(265,640)	35,500	(230,140)
Recharged to Departments	(7,390,450)	(8,095,260)	(7,829,620)	265,640	0	265,640
Support Services (net)	0	0	0	0	35,500	35,500
Total Net Budget	(6,102,620)	(5,808,680)	(6,769,097)	(960,417)	233,100	(727,317)

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 2015/16 - Major Variances
from Final Revenue Budgets**

Service Grouping	Reason for Variance	Amount £	Contact
	Business Transformation		
Finance - General	Variance is primarily due to an over achievement of income (interest receipts, CCLA Property Fund dividend income and adjustments to estimates of recoverability in respect of Heritable Bank investment).	(90,195)	Charity Main
General Properties and Grand Arcade	The variance is primarily due to the receipt of new rental income following the acquisition of the Orchard Park Local Centre and the Cambridge Road Retail Park, Haverhill. The income was not budgeted to be received until the 2016/17 financial year. The remaining variance is primarily due to the receipt of backdated rental income following the completion of rent reviews and audits and one-off lease premiums.	(316,903)	Dave Prinsep
	Customer and Community Services		
Revenues and Benefits	The variance is primarily due to unspent Homelessness Prevention Funding of £197.6k allocated to Discretionary Housing Payment use (top up funding) for which a carry forward of budget to the 2016/17 financial year was approved at the Strategy & Resources Scrutiny Committee meeting on 21 March 2016 (see Appendix C) and higher than forecast recovery of Housing Benefit Overpayments from claimants no longer claiming benefits - £149k. The remaining variances are due to one-off residual Council Tax Benefit receipts of £15k, underspend on staffing costs of £16k primarily due to vacancies during part of the 2015/16 financial year (N.B. the majority of the vacant posts have now been filled) and a positive variance of £62k across a range of transport, supplies and services and income budget headings.	(440,121)	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.	(46,897)	Paul Boucher
	Support Services		
Accountancy & Support Services	The Accountancy and Support Services variance is primarily due to the Capital Accountant post being vacant until the end of November 2015 and income received in respect of the shared Head of Finance post of £35.5k for which a carry forward of budget to the 2016/17 financial year is requested for the backfill of Finance staff involved in the Financial Management System project (see Appendix C).	(82,140)	Caroline Ryba
Human Resources	The main variance is due to an underspend on staffing costs, including Salary & Pension (£14k) and a Service Level Agreement (now ended £10k). The remaining variance is primarily due to transport and supplies and services underspends across a range of budget headings. (£7.8k)	(31,809)	Deborah Simpson
IT	The variance is primarily due to one-off costs recharged to the ICT Shared Service.	(87,168)	Tony Allen
Admin Buildings (including Facilities Management)	The underspend is primarily due to a service charge refund paid to the Council in respect of a prior year - £17k and an underspend on Facilities Management of £20k due to a member of staff being on paternity leave during the early part of the 2015/16 financial year - £7k and transport and supplies and services underspends across a range of budget headings - £13k.	(36,875)	Trevor Burdon
Support Services	Services recharged to Departments	265,640	-
Other		(93,949)	-
Total		(960,417)	

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

Revenue Budget 2015/16 - Carry Forward Requests

Request to Carry Forward Budgets from 2015/16 into 2016/17

Item	Reason for carry forward request	Amount £	Contact
	Director of Customer and Community Services		
1	Revenues and Benefits Request to carry forward unspent Homelessness Prevention funding of £197,600 to support Discretionary Housing Payments. (N.B. The above-mentioned carry forward was approved at the Strategy & Resources Scrutiny Committee meeting on 21 March 2016).	197,600	Alison Cole
	Director of Business Transformation		
2	Request to carry forward unspent funding of £35,500 from the shared Head of Finance post for the backfill of Finance staff involved in the Financial Management System project.	35,500	Caroline Ryba
	Total Carry Forward Requests for Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee	233,100	

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2015/16 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2015/16 £000	Final Budget 2015/16 £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	40	(127)	127	0	The work to the Northgate offices within Mandela House has been completed. The work to the Revenues and Benefits offices within Mandela House will be carried out at the same time as other works that are planned as part of the recently approved Office Accommodation Strategy. It makes sense to do work in this part of Mandela House at the same time.
SC605	Replacement Building Access Control System	Will Barfield	0	50	38	(12)	12	0	The work to replace the access control system in the Admin Buildings started in the 2015/16 financial year and is due to be completed in June 2016. The budget needs to be carried forward to pay for the remainder of the work including replacing door readers and setting up new ICT systems.
SC579	Office Accommodation Strategy	Frances Barratt	0	86	22	(64)	0	(64)	Scheme completed. The refurbishment of The Guildhall reception and Mandela House training rooms were completed during the 2014/15 financial year. The separation works required to facilitate the letting of the Annexe at The Guildhall have now been completed. Rental income is scheduled to come on stream in the 2017/18 financial year.
SC616	General Fund Property Acquisition for Housing Company	Alan Carter	0	7,400	5,286	(2,114)	2,114	0	Final properties due to be completed and purchased June 2016.

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2015/16 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2015/16 £000	Final Budget 2015/16 £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Rephase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC391	La Mimosa Punting Station	Philip Doggett	0	2	0	(2)	2	0	Final installation to be arranged.
SC606	Garret Hostel Lane Fencing Project	Dave Prinsep	0	22	19	(3)	0	(3)	Scheme completed.
SC604	Replacement Financial Management System	Caroline Ryba	0	81	0	(81)	81	0	Original schedule delayed by the inclusion of Huntingdonshire District Council in the project. With respect to the planned go-live date, we are awaiting detailed planning with the supplier.
Total Projects			0	7,808	5,405	(2,403)	2,336	(67)	
PV554	Development of Land at Clay Farm	Alan Carter	739	1,159	342	(817)	817	0	This is a scheme whereby we contribute 7% of the net costs incurred 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	173	10	4	(6)	6	0	This is a scheme whereby we contribute an average of 7.56% of the Arbury Park Development Collaboration Agreement costs. The variance is due to the expenditure for the 2015/16 financial year being lower than the original estimate supplied by the managing agent.

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2015/16 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2015/16 £000	Final Budget 2015/16 £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Rephase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
PV221b	Lion Yard - Contribution to Works - Phase 2	Philip Doggett	300	40	6	(34)	34	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 2015/16 financial year. The remaining budget for the 2015/16 financial year therefore needs to be re-phased to the 2016/17 financial year.
PV583	Clay Farm Commercial Property Construction Costs	Dave Prinsep	375	100	180	80	(80)	0	Variance of £80k is due to budget profiling differences. The overall timing for the project remains on target.
Total Provisions			1,587	1,309	532	(777)	777	0	
PR023	Admin Buildings Asset Replacement Programme	Will Barfield	0	71	42	(29)	29	0	Budget of £29k needs to be re-phased to the 2016/17 financial year in order to complete the works to Hobson House, which commenced during the 2015/16 financial year.
PR024	Commercial Properties Asset Replacement Programme	Will Barfield	0	27	26	(1)	1	0	Budget of £1k needs to be re-phased to the 2016/17 financial year in order to complete the programmed works which commenced during the 2015/16 financial year.
PR020	ICT Infrastructure Programme	Head of ICT	170	170	70	(100)	100	0	Work on a replacement SAN and machine room is being progressed as part of the ICT shared service. The bulk of the work will occur in the next financial year (2016/17).

Finance & Resources Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2015/16 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2015/16 £000	Final Budget 2015/16 £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Rephase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
PR036	Additional Investment in Commercial Property Portfolio	Dave Prinsep	8,515	9,515	9,446	(69)	0	(69)	Scheme completed. Completion of the acquisition of the Orchard Park Local Centre took place on 26 June 2015 and the completion of the acquisition of the Cambridge Road Retail Park, Haverhill, took place on 12 January 2016. The additional investment costs incurred have been financed from capital receipts. The rate of return on the Orchard Park Local Centre capital investment is 5.7%. The rate of return on the Cambridge Road Retail Park, Haverhill capital investment is 6.2%.
Total Programmes			8,685	9,783	9,584	(199)	130	(69)	
Total for Finance & Resources Portfolio			10,272	18,900	15,521	(3,379)	3,243	(136)	

Changes between original and final budgets may be made 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)