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**BUDGET OUTTURN REPORT**

Committee: Resource and Finance Committee

Date: 19<sup>th</sup> June 2017

Author: Finance Manager

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1. ISSUE

- 1.1 This report provides Members of Committee with details of the final financial position of the Council for the 2016/17 financial year for both revenue and capital expenditure.

2. RECOMMENDATION (S)

- 2.1 Members are requested to note that:

- The final revenue underspend across all the Council's services for the year was £1,224,240, this compared to its approved budget of £12,618,169.
- In addition, additional funding of £492,764 was received, resulting in a total revenue surplus for the year of £1,717,004.
- Capital spending in the year was £4,594,126, an underspend of £4,960,406 compared to the revised budget.
- The Council had reserves of £13,972,805 at 31<sup>st</sup> March 2017.

- 2.2 Members are asked to approve the carry forward of slippage on the capital programme (as detailed in appendix 4) to allow 2016-17 schemes to be completed during 2017-18 and future years.

3. BACKGROUND / OPTIONS

- 3.1 Appendices 1 to 3 detail the overall revenue position for the Council, based on the Committee structure in operation in 2016-17, with then the Corporate Governance and Finance report, consolidating the Committee figures and further detailing the sources of funding for the Council.

- 3.2 As we have now past year end, Members are clearly not in a position to influence spend in the year and therefore the purpose of this report is inform Members of the final position and allow them to review any variances on these budgets. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then the position for the other committees shown in summary.

3.3 The detailed revenue budget position for the other committees – the Regulatory and Support Services Committee and the Commercial Services Committee – are shown in appendices 2 and 3.

3.4 Explanations for the larger variances for all committees are detailed in the table below:

Service	Variance £	Explanation
<b>Corporate Governance and Finance</b>		
Minor Government Grants and Reserves	(303,789)	Movement from reserves approved by Council as part of setting the 2017-18 budget
Interest and Charges	(75,667)	Higher levels of cash balances than anticipated resulted in higher than expected interest returns on investments plus additional income from the loan to ECTC
The Grange – Office Accommodation	(53,924)	Underspend against staff costs and utilities
Economic Development	(65,948)	Additional rental income and reduced utility costs at E-Space North
Corporate Management	61,547	Costs associated with the work to move the Council onto the National Job Evaluation Scheme and our contribution to the set up of the Combined Authority, neither of which were budgeted for at the start of the year
Council Tax Accounting	279,464	The recovery of court costs in relation to Council Tax recovery was overstated in the 2015/16 accounts and so an adjustment was needed to the 2016/17 accounts to rectify this
Housing Benefits	(332,999)	When the final claim for the year was produced, this showed expenditure, and to a lesser amount grant income, had significantly reduced in the final quarter
<b>Regulatory and Support Services</b>		
Building Regulations	(57,291)	Additional fee income
Homelessness	(57,144)	Salary savings plus further savings for the non-use of hotel rooms during the final quarter of the year
Land Charges Admin	(63,464)	A long running national legal case regarding Land Charges has now been resolved. We had made provision for the cost of this case, but as final costs have come in lower than

		expected, the remaining funding has been returned to revenue. This, plus additional income for Land Charges
Planning	(344,287)	Additional income from planning applications
Refuse Recycling	(118,973)	Additional costs in relation to the use of the facilities at the Amey-Cespa site in Waterbeach have not been as high as originally anticipated
IT & Transformation	165,039 & 69,107	It was agreed that costs of £214,000 should be incurred in relation to the Transformation project and these be absorbed within the overall position of the R&SS Committee. Because of their nature, some of these were charged to the IT budget in year
Legal	(69,185)	Underspend on staff costs
<b>Commercial Services</b>		
Paradise Pool	(48,660)	Budgeted funding to pay for possible compensation to the pool operator for non opening of the pool due to structural issues was not required in 2016/17.
Other	(208,066)	Miscellaneous under £50,000
Total	(1,224,240)	

- 3.5 The main variations from the forecast position at the end of December relate to the transfer from reserve of the 2015-16 Cambridgeshire Pilot NNDR amount as agreed by Council as part of the budget report for 2017-18 and a positive change in relation to Housing Benefit payments, which only came to light when the end of year return was produced by ARP.
- 3.6 Salary savings are reported against the service to which they relate. The proactive management of staff costs throughout the year contributed salary savings of £243,120 across the Council.
- 3.7 Spend on Capital projects is detailed in appendix 4; this shows an underspend of £4,960,406 against the revised budget. The main underspends were in relation to the East Cambs Trading Company and the Leisure Centre. In both cases this is not an underspend on the total cost of the project, but instead an underspend on the amount of expenditure incurred in 2016-17 compared to the original budget for the year.
- 3.8 These underspends therefore need to be carried forward to fund the completion of the projects in future years. Appendix 4 details the required carried forward amounts for each capital project and Committee is asked to approve these amounts to be carried forward into 2017-18.

#### 4 ARGUMENTS / CONCLUSIONS

- 4.1 The final net revenue expenditure for the Council was £11,393,929 in 2016/17; this resulting in an underspend of £1,224,240 compared to the Council's approved budget. Then in addition to this, additional funding of £492,764 was received, mostly in relation to Business Rates.
- 4.2 This total underspend of £1,717,004, has been transferred to the "Surplus Savings Reserve" and is therefore available to support spending in future years, reducing the impact of budget reductions in the medium term.

#### 5 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

- 5.1 This whole report relates to the financial position of the Council.
- 5.2 Equality Impact Assessment (INRA) not required.

#### 6 APPENDICES

- 6.1 Appendix 1 – Summary Outturn Report for 2016/17  
Appendix 2 – Regulatory & Support Services Outturn Report 2016/17  
Appendix 3 – Commercial Services Outturn Report 2016/17  
Appendix 4 – Capital Programme Outturn Report 2016/17  
Appendix 5 – Reserves Statement at 31<sup>st</sup> March 2017

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<b><u>Background Documents</u></b>	<b><u>Location</u></b>	<b><u>Contact Officer</u></b>
Budget Monitoring Report Preparation Documents	Room 203 The Grange Ely	Ian Smith Finance Manager (01353) 616470 E-mail: <a href="mailto:ian.smith@eastcambs.gov.uk">ian.smith@eastcambs.gov.uk</a>