

GENERAL FUND PROJECTED OUTTURN REPORT TO 31 MARCH 2018 AS AT 31 DECEMBER 2017

1.0 Purpose of Report

1.1 This report compares the General Fund Revised Budget for the period ending 31 March 2018 with the Projected Outturn forecast for the period, based on meetings with Financial Services staff and the appropriate Business Manager, based on three quarters performance information.

2.0 Background Information

2.1 The Council's Constitution states that the Section 151 Officer shall present to the Policy & Finance Committee, at least twice in each financial year, budgetary control statements showing performance against the approved estimates of revenue expenditure and income. The appropriate Chief Officer will report on any major variances from planned budget performance.

2.2 Where it appears that the amount included under any head of the approved budget is likely to be exceeded or the budgeted amount of income under any head is unlikely to be reached then Business Managers are required to find savings elsewhere in their budget. In circumstances where savings cannot be identified it will be necessary to consult with the Section 151 Officer and ultimately take a report to the Policy & Finance Committee.

3.0 Proposals

3.1 The attached appendices detail anticipated performance against budget for the period to 31 March 2018 for all general Fund service provision, split by committee.

3.2 **Appendix A** comprises a projection of all transactions during the financial year. A significant number of transactions take place 'below the line', i.e. shown in the General Fund account rather than identified to a particular service. This is in line with the CIPFA Code of Practice and includes such things as transfers to and from reserves. **Appendices B to E** shows projected outturn on expenditure and income on provision of services within each Committee.

3.3 Under the Accounting Code of Practice Local Authorities are required to show capital charges for the use of their assets based on the current market value. These amounts are included within the estimates to show the true cost of delivering local services however they are reversed 'below the line' in the overall cost of services therefore not impacting on the Council Tax payer. Variations on 'capital charges' are therefore not an area for concern.

3.4 The introduction of International Financial Reporting Standards (IFRS) for the financial year 2010/2011 has resulted in a change in the way the Council accounts for grants received from third parties. These changes mean that income and expenditure is charged direct to the service accounts and, at the year end, any under spend is transferred to reserves and any overspend is transferred from reserves. The base budget does not include grant funded expenditure or income, although at the year end these are included in the profiled budget and actual figures.

3.5 Support services (e.g. HR, Financial Services, ICT) are charged to individual budget heads at the end of the financial year and are reported here for noting only.

3.6 Capital charges are applied to accounts at the end of the financial year and are reversed 'below the line' so have no impacts on the Council Tax payer. These are reported here for noting only.

4.0 Performance Comments

4.1 The total for service net expenditure shows a projected additional income and underspend on expenditure totalling **(£360,221)** (highlighted in yellow on Appendix A) against the revised budget for the period to 31st March 2018. All managers are very aware of the current financial environment and challenges facing local government in the future and will be closely monitoring budgets to ensure that year end net expenditure is in line with the revised budget for the year. Officers from Financial Services are working with Business Managers to examine where savings can be achieved in the next three months of the financial year, to further improve the projection.

4.2 The main variations from the Revised Budget to 31st March 2018 are itemised below:

4.2.1 Economic Development Committee – Projected surplus - (£60.8k)

- At the Heritage, Culture & Visitor Centre, trading across the year has been mixed, and shortfalls in some income areas have been managed throughout the year by short term expenditure savings and increased income in other areas. With strong performance in particular across box office income and café the business unit overall is currently on target to deliver its budget.
- Additional income anticipated on land charge searches – (£10k)
- Overspend projected on Building Control contract, currently under review - £30k
- Underspend projected on Community Infrastructure Levy employee costs – (£22k)
- Underachievement on Lorry Park Income anticipated, after a reduction of 40 spaces - £38k
- Grounds Maintenance employee costs reduced due to gardener resigning and not being replaced – (£25k)
- Void rates at the industrial units are higher than budgeted resulting in savings of £46.5k

4.2.2 Homes & Communities Committee – Projected surplus – (£153.6k)

- Underspend projected on ICT professional service expenditure – (£19.2k)
- Strategic Housing – staffing underspend – (£16.6k)
- Increased cost of software maintenance - £27.8k
- Payment and Receipts recharges to services underspend – (£33.7k)
- Communications & Customer Services increased staffing costs - £10.8k
- Communications & Customer Services additional income – (£12.9k)
- Customer Services – staffing underspend – (£8.7k)
- Licensing Admin - staffing underspend – (£8.2k)
- Stock purchases for N & S Homes not budgeted for - £13.9k
- CCTV savings on relocation costs – (£31.8k)

- Additional taxi licence fee income from Licensing – (£7k)
- Syrian Resettlement Scheme claims from NCC increased income – (£14.5k)
- Increased ICT staffing costs due to move to Castle House - £38.2k
- Housing Options New Burden Funding – (£26.2k)

4.2.3 Leisure and Environment Committee – Projected surplus – (£138.8k)

- Agreement is yet to be reached on the method for calculating the rent for Newark Livestock Market. Income has been based on provisional sums for a number of years and a backdated adjustment has been made to provide a more realistic level of income
- The Refuse Disposal and Street Sweeping service has a net underspend on salaries due to temporary staff vacancies (£9k)
- The Refuse Disposal and Street Sweeping service has a reduction in income due to the cancellation of the SLA with Newark Town Council and Southwell Town Council £38k
- Environmental Health staffing underspend (£37k)
- Additional income anticipated for the collection of trade, bulky and garden waste – (£70k)
- There are net projected underspends on Gas & Electricity for Brunel Drive Depot and Sewerage Works (£19k)

4.2.4 Policy & Finance Committee – Projected surplus – (£6.9k)

- Reduced Canvassers Salaries within electoral registration – (£11k)
- Additional income was received from Government to cover the transition to IER (individual Electoral Registration) – (£17k)
- Reduced fee relating to the Audit Service and the reduced number of contracted days – (£7k)
- Decrease in bank charges – (£11k)
- Increase in caretaking costs and agency costs to assist with the transition of work places - £27k
- Reduced postage costs – due to transferring post to hybrid mail – (£19k)
- Reduced income from NSH due to the use of hybrid mail - £13k
- Increased hybrid mail costs - £11k
- Vacant posts in Financial Services, Admin Services, Council Tax and Asset Management resulting in staffing underspends – (£99k)
- Reduced income from costs recovered relating to Council Tax – fewer summons issued - £19k
- Higher than anticipated agency staff cost in Asset management - £32k
- Asset Management recharges to Capital and non-General fund reduced due to the vacant post and reduction in time charged externally - £72k

4.3 The Service expenditure variance to revised budget projected at quarter 3 shows an underspend against the revised budget of (£360k). This is a £525k positive change from the figure projected at quarter 2 (an overspend of £165k), broken down as follows:

Employees	£166k
Premises	(£81k)
Transport	£7k
Supplies	(£130k)

Income	(£429k)
Rent Allowances/HB	(£58k)
Total	(£525k)

As can be seen from the above figures, budget managers are now projecting increased income levels compared to that three months ago, however, employee costs are projected to be higher than these forecasted earlier in the year.

- 4.4 Non-Service expenditure is expected to be underspent against the revised budget by (£402k). Revisions to non-Service expenditure relate to changes in estimates for Minimum Revenue Provision (£327k), Investment Interest received £224k, additional grants and contributions received (£275k) and other minor changes (£24k).
- 4.5 The overall projected net surplus on service budgets amounts to **(£360,221)**. However, after applying 'below the line' adjustments and non-service specific expenditure and income to the figures, this would lead to a **£2.673m** increased transfer to reserves compared with the revised budget (Appendix A Line 37). Should this materialise it will not contravene the requirement within the Medium Term Financial Plan agreed at Policy & Finance Committee on 29th June 2017, which stated that the General Fund balance should be maintained at 15% of the net Budget Requirement , which for 2017/18 should be £1.665m.
- 4.6 Of this increase, £1.911m will be appropriated into the Capital Financing Provision reserve, being the New Homes Bonus income, which has previously been used for capital purposes.

5.0 RECOMMENDATION

That the current projection of the Council's net expenditure compared to budget at 31 March 2018 be noted.

Reason for Recommendation

To advise Members of the projected outturn monitored against service budgets for the period ending 31st March 2018, as at 31st Dec 2017.

Background Papers

Performance Monitoring Working Papers

For further information please contact Dean Rothwell on Ext 5478.

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