

REPORT TO	ON
Cabinet	21 June 2018



TITLE	PORTFOLIO	REPORT OF
South Ribble Borough Council Budget Out-turn Report 2017/18	Cabinet Member (Finance)	Deputy Chief Executive (Resources and Transformation)

Is this report confidential?	No
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1. PURPOSE OF THE REPORT

This report has been prepared to notify members of the 2017/18 Budget Outturn position in relation to both Revenue and Capital expenditure. The report has previously been considered by the Governance Committee on 29 May together with the council's core financial statements that were produced as part of the council's draft Statement of Accounts. These are now available on the council's website in accordance with statutory requirements and to meet the earlier statutory deadline of 31 May 2018.

2. RECOMMENDATIONS

That Cabinet:

1. Note the contents of the report and appendices;
2. Note the final out turn position of £0.770m underspend against the original revenue budget of £13.482m and the key variances;
3. Note the final out turn position on the capital budget of £0.597m underspend against an annual budget of £2.774m;
4. Note the financing of the capital programme for 2017/18 and approve the carry forward of £0.402m of capital re-phasing into 2018/19 as outlined in this report;
5. Note the end of year position on reserves as a result of the out turn position and note the contributions to and withdrawals from these reserves.
6. Consider whether the underspend can be utilised to support other key projects or initiatives and note that any recommendations are subject to ratification of Full Council.
7. Agree to the development of a wider investment strategy in light of the level of balances.

3. EXECUTIVE SUMMARY

Revenue Service Budget

- 3.1 The council's end of year accounts have been finalised and are showing an underspending of £0.770m against the original annual budget of £13.482m, representing 5.7%. The final position shows a change of £0.491m against the last monitoring report at the end of December 2017 when it was anticipated that the budget would underspend by £0.279m and of £0.3m budgeted contribution from reserves, only £0.021m would be required. The final

outturn position means that no contribution from reserves is required and that the £0.470m surplus will be transferred to the council's general reserve.

- 1.2 The main reasons for the underspend are set out in Table 1 and includes a reduction in planned expenditure of £0.094m, an increase in income of £0.468m, an increase in net Housing Benefits income of £0.119m and additional funding of £0.089m.
- 1.3 It is important to note that the 2017/18 revenue budget out-turn position is partly impacted upon by one-off occurrences. Their temporary nature should and will be considered in context when assessing their impact on the Council's Medium Term Financial Strategy (MTFS) to ensure that the budget is sustainable in future years.
- 1.4 The original budget for 2017/18 included efficiency targets of £0.435m all of which were achieved during the year.

4. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Excellence and Financial Sustainability	x
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	
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5. BACKGROUND TO THE REPORT

- 5.1 This monitoring report sets out the final position for the council in relation to its 2017/18 revenue and capital budget. The report supports the statutory accounts that are also being presented to the Governance Committee in accordance with statutory requirements. These accounts have to be signed by the Chief Finance Officer by 31 May 2018 which is one month earlier than has previously been required.

6. DETAIL

REVENUE NET EXPENDITURE

- 6.1 In 2017/18, the council set an original budget of £13.482m which included a budgeted contribution from General Reserves of £0.3m in order to set a balanced budget. The monitoring report presented to the Governance Committee in January 2018 showed a projected underspend of £0.279m against the original budget. At that time it was reported that the planned contribution from reserves of £0.3m would not be required and that only £0.021m would be needed in order to achieve a balanced position by the end of the year. The end of year position shows an increase in the underspend to £0.770m which means that in addition to not needing the budgeted contribution to reserves, a further £0.470m will transfer to the general reserve.

- 6.2 The original budget for 2017/18 included efficiency savings of £0.435m. These were essential in order to ensure the council was able to achieve a balanced budget and are monitored throughout the year as failure to achieve them could have a significant impact on future long term planning and financial sustainability. All of the efficiency savings were achieved during the year through the generation of additional income and reduced costs as a result of restructuring and more efficient working, including customer self-service and remote working.
- 6.3 The in-year underspend was made up of a number of variances that are set out in Table 1 below:

Table 1: Summary of Revenue Outturn Variations

Details	Original Budget	Final Outturn	Outturn Variances (Under) / Overspend
	£000	£000	£000
Expenditure			
Employee costs	10,163	10,075	(88)
Premises	1,052	956	(96)
Transport	535	509	(26)
Supplies and Services	6,596	6,778	182
Third Party Payments	338	293	(45)
Transfer Payments	0	(8)	(8)
Capital Charges	1,138	1,125	(13)
Total Expenditure	19,822	19,728	(94)
Total Income	(5,804)	(6,272)	(468)
Housing Benefits (net of subsidy)	(536)	(655)	(119)
TOTAL REVISED BUDGET	13,482	12,801	(681)
Core Funding (Council Tax/ Business Rates/RSG/NHB)	(13,182)	(13,271)	(89)
Revenue Balance	300	(470)	(770)
Contribution to/(from) General Reserve	(300)	470	770
Balance	0	0	0

6.4 Explanations for the key variances are as follows:

6.5 Expenditure

Expenditure Type	Description
Employee Costs <i>Underspend £88k</i>	The £88k underspend is due to a saving in pension deficit contributions which is now paid as a fixed sum at the beginning of the year (£48k) rather than as a percentage of monthly pensionable pay. This change in approach was introduced after the annual budget had been set resulting in an in-year saving. The change has been reflected in the MTFS. Other variations include; staff turnover savings over and above the £100k savings target (£25k), reduced overtime costs budgeted for Forward newspaper delivery (£10k) and training cost savings (£5k).
Premises Costs <i>Underspend £96k</i>	The underspending includes £79k in respect of repairs and maintenance of buildings which is predominantly due to reduced staff resources resulting in a less proactive maintenance regime. Other underspends in premises costs include lower than anticipated rates for empty properties (£43k), an underspend on Grounds Maintenance (£10k) and reduced Property Insurance costs (£22k). These underspends were offset by an overspend of £55k due to an increase in rent for the rented property on Forward Industrial Estate following a rent review. As the increase was backdated there is a one-off charge in 2017/18 and the ongoing annual increase in rental is £9k.
Supplies and Services <i>Overspend £182k</i>	The overspend is mainly as a result of: <ul style="list-style-type: none"> • A one-off increase in the Provision for Bad Debts (£182k) at the end of the year. This has been increased to reflect an increase in outstanding invoices for Housing Benefit and sundry debtors; • Saving in Leisure Services fee (£29k); • Reduction in advertising and publicity costs (£26k) and Place Promotion (£24k); • Lower than anticipated costs of introducing Garden Waste charges in 2018/19 (£19k); • Increase in Professional Planning fees (£49k) in relation to the Cuerden Development site; • The professional valuation of the Council's Assets in order to inform the production of the Statutory Accounts (£28k).
Transport Costs <i>Underspend £26k</i>	The underspend was achieved through a reduction in staff mileage & travel costs (£10k), lower than anticipated expenditure on vehicle hire costs (£9k) and also on fuel (£7k).

Income

6.6 A key element of financial performance for the Council is the out-turn position achieved in respect of its higher value key income streams which are subject to external factors as well as being demand led. Due to the element of risk involved performance is specifically reported

throughout the year and the final position is set out in Appendix A. An explanation for the key variations from the table above are:

Income Type	Description
Investment Property <i>Under Recovery £73k</i>	The under recovery of income is as a result of: 2 units at Momentum being vacant (£15k); property at Station Rd, Bamber Bridge repossessed at the beginning of the year and in need of major refurbishment (£21k); the termination of a lease in September of a property at Clydesdale place (£11k); and the write off of income where rental agreements were terminated (£15k). The write-offs are in respect of income relating to previous years.
Planning Fees <i>Over Recovery £268k</i>	The additional income is as a result of increased activity and some major planning applications.
Building Control Fees <i>Over Recovery £35k</i>	The increase is due to increased activity. The Building (Local Authority) Charges Regulations 1998 gave local authorities the power to set their building control fees and require full cost recovery.
Interest on Investments <i>Over Recovery £110k</i>	The increase is as a result of having higher cash balances than forecast and higher rates being achieved on the re-investment of funds during the year. Comparatives for the previous financial year are set out in the table below. The actual rate of return achieved in 2017/18 of 0.495% which compares favourably with external benchmarks for investment returns.

- 6.7 The total income budget for the council is £5.8m of which £4.4m is recovered from fees and charges as set out in the table above. The remaining budgeted income includes grants and contributions received and costs recharged including business rates collection grant (£124k), City Deal contribution (£527k), fuel cost recharges (£221k) and Shared Services recharge (£304k). There were no variations on these income sources.

Comparison of interest earned 2016/17 and 2017/18			
	Average Balance	Average Rate	Interest Earned
2016/17	£35,683,027	0.575%	£205,078
2017/18	£36,164,564	0.495%	£179,120

Core Funding

- 6.8 Additional core funding of £89k was received including additional New Homes Bonus of £23k.

Core Income Fund Collection

- 6.9 The Council's performance on income collection is a critical factor in respect of its financial matters. As per **Appendix B** there has been little change in the in-year collection statistics for Council Tax, Business Rates and general Sundry Debtor accounts compared to the previous year (2016/17). Performance continues to be strong with a slight increase in the Council Tax Collection Rate (0.07%) and a slight decrease in the Business Rates Collection Rate (0.08%). Sundry debtors' arrears outstanding shows an increase but this is due to several large debts being invoiced towards the end of the financial year for which payment is

expected during 2018/19. It should be noted that prime reason for the reduction in the value of Business Rates collected from 2016/17 to 2017/18 is the impact of the 2017 business rates revaluation and this had been reflected in the 2017/18 budget.

- 6.10 Also set out at Appendix B is a summary position to show the amount of arrears collected in 2017/18 relating to the previous year. Over £1.1m was collected which is similar to the position in 2016/17. Whilst it is difficult to draw conclusions from this due to the fact that the timing of when invoices are raised during a year can have a significant impact, it does demonstrate that the council continues to pursue outstanding debts effectively and the overall level of arrears is not increasing.

Business Rates Retention (BRR)

- 6.11 The current BRR regime has been in existence since 2013/14. The rationale for this scheme is that the local retention of Business Rates income incentivizes Local Authorities to generate additional income by growing the tax base. The scheme does indeed provide a vehicle to generate additional receipts, however, it also transfers the financial risk associated with maintaining and growing the tax base, and the collection of monies due, from Central Government to Local Government.
- 6.12 When the new regime was introduced, South Ribble entered into a pooling arrangement with the wider Lancashire councils. Within the Lancashire pooling arrangements, the Council receives 90% of the Levy funds released from the arrangements (10% are passed to LCC). Outside of a Pooling arrangement only 50% of the Levy would be retained by the Council. The Levy is based on business rate growth over and above the baseline funding level determined by the Government. In 2017/18, the additional levy retained by South Ribble due to being in the Lancashire business rate pool was £1.1m and therefore the pooling arrangement continues to be beneficial to the council. This is reflected in the annual budget.
- 6.13 The total net income from business rates and s31 grant funding in respect of business rates in 2017/18 was £4.6m. The details are set out in Table 2 below:

Table 2: Summary of Business Rates Retention 2017/18

BRR Budget	Budget	Outturn	Variance
	£000	£000	£000
South Ribble Share of business rates income	(13,098)	(13,107)	
Less Tariff paid to Central Government	9,750	9,644	
Plus share of Collection Fund Surplus 2016/17	(251)	(175)	
Less Levy Paid to Lancashire Business Rates Pool	87	124	
Retained Business Rates Income	(3,512)	(3,514)	(2)
Plus: S31 Grant re NNDR Reliefs	(655)	(1,110)	(455)
Total income re Business Rates in 2017/18	(4,167)	(4,624)	(457)
Transfer to Business Rates Retention Reserve			457

- 6.14 The total business rates funding at the end of the year was £0.457m higher than the original budget due to additional s31 grant funding received. S31 grant is a compensatory payment for Central Government changes which resulted in a reduction in income for local authorities. When the budget was being revised in December 2017 there was uncertainty in relation to the basis of the calculation of s31 grant funding for 2017/18 in relation to small business rate relief. The amount of funding received is £0.457m higher than had been budgeted for. The council has a business rates equalisation reserve to manage the risk of changes in business rate income and the additional £0.457m will be transferred to that reserve in line with previous practice.

7 CAPITAL BUDGET OUTTURN

- 7.1 The original capital allocation for 2017/18 was revised during the year from £4.404m to £2.774m as part of the capital programme budget setting process for 2018/19. This reduction of £1.630m was due to capital schemes that had been approved and commenced in 2017/18 and would not be completed until 2018/19 (£1.477m) and in year savings (£0.153m). The carry forward schemes which were re-phased into 2018/19 are:

Carry Forward Schemes from 2017/18 Programme to 2018/19

Scheme	£
Open Spaces Infrastructure Schemes	35,000
Hurst Grange Park Drainage Works	20,000
St Mary's Penwortham – Churchyard Wall Repairs	105,000
Withy Grove Park	40,000
Worden Park – Replacement Conservatory/Greenhouse	142,505,
Worden Park – Toilet Facilities improvements	200,000
McNamara Memorial	5,500
Priory Park	11,000
Lostock Hall Football Facility (s106)	145,000
Walton-le-Dale Community Centre Car Park refurbishment	54,505
	758,510
Vehicle Replacement Programme	718,444
Carry Forward from 2017/18 to 2018/19	1,476,954

- 7.2 Against the revised budget of £2.774m, the council has spent £2.177m equating to 78.5% spend against the budget and an underspend of £597k. The actual expenditure against individual capital budgets is set out in **Appendix C** and the main variations to budget are as set out below:

- Budgeted works started or committed in 2017/18 which have been re-programmed for completion in 2018/19 (£402k)
- Civic Centre works (£51k underspend)
- Farm Yard cottages new roofs - £50k budget removed as works to be undertaken in 2018/19 and funded from 2018/19 capital strategy budget for Existing Build assets
- Wesley Street Mill removal of residual budget (£48k)
- Regeneration projects (£49k underspend)
- Private Sector Improvement Grants – new scheme and take up higher than when the phasing between years was forecast (£26k overspend).

At the request of the Governance Committee, a detailed breakdown of the 2017/18 capital programme is attached at Appendix E.

- 7.3 It is proposed that £0.402m be carried forward into 2018/19 in order that the planned works can be completed. The current capital budget for 2018/19 is £8.151m including £1.477m re-phased from 2017/18 as part of the budget process. Adding the £0.402m carry forward will increase the 2018/19 capital budget to £8.553m. The remaining £0.195m will flow into the capital programme for future years and will form part of the discussions for the 2019/20 capital programme.

7.4 2017/18 Capital Expenditure & Financing

The major areas of capital expenditure and sources of funding in 2017/18 are as follows:-

Capital Expenditure	£'000
Asset management	201
DFG and other housing grants	704
Parks, recreation areas & open spaces	554
Regeneration	371
Vehicles, plant and equipment	61
Information technology and communications	262
Community Grants (Performance Reward Grant funded)	24
Sub-total capital expenditure excluding Leisure	2,177
Leisure Assets	257
Total capital expenditure	2,434

- 7.5 Capital Investment in the Council's Leisure Assets is procured by the Leisure Partner, South Ribble Community Leisure Trust in accordance with an agreed schedule of capital works and asset renewal and repaid via a fixed annual repayment. Therefore it isn't included in the Council's Budgeted Capital Programme and financing, however the annual financing costs of this deferred purchase arrangement are included in the Council's revenue budget forecasts.

Financing	£'000
Capital receipts	174
Fund balances & reserves	669
Government Grants	576
Deferred Purchase (Leisure)	257
Developers' Contributions - Section 106	268
City Deal	261
Other external contributions	174
Borrowing	55
Total financing of capital expenditure	2,434

8. USABLE RESERVES

Revenue Reserves

- 8.1 The Council's accounting policies were approved by Governance Committee on 18th April 2018. The approved accounting policy on reserves will be included in the accounting policies contained in the Statement of Accounts which is due to be approved by the Chief Finance Officer (CFO) before 31st May 2018 and post external audit inspection by the Governance Committee by 31st July 2018.
- 8.2 A full review of the contributions into Reserves and the categorisation of Reserves was completed and implemented during 2017/18 and reflected in the 2018/19 Budget report and the updated Medium Term Financial Strategy.
- 8.3 The following table shows the Council's overall level of revenue reserves as at 31st March 2017 and 31st March 2018, subject to the approval of the Statement of Accounts as drafted.

REVENUE RESERVES	31/03/17 £000	31/03/18 £000	Movement £000
General Fund Balance	4,597	5,357	760
Earmarked and Other Reserves	13,996	13,631	(365)
Total General Fund Reserves	18,593	18,988	395

- 8.4 This shows a General Fund balance of £5.357 million at 31st March 2018. The overall level of reserves has increased by £0.395 million, comprising of an increase in General Reserves of £0.760 million offset by a reduction of £0.365 million in Earmarked Reserves. The increase in general reserves includes the £0.470m surplus reported earlier. In addition to this there has been some consolidation of some previously earmarked reserves into the general reserve of £0.290m. Further detail is provided in Appendix D.

General Fund Balance

- 8.5 The general reserve is needed to deal with unplanned/unforeseen expenditure or losses in income. The General Fund Balance should be viewed in context of the funding uncertainty facing the Council and indeed all councils across the country. As outlined earlier in the report, in setting the revised budget for 2017/18 it was anticipated that a contribution of £0.021m would be made from the general reserve. Taking into account the out-turn position, there will be a contribution to the reserve of £0.470m.

Earmarked and Other Reserves

- 8.6 Earmarked reserves have been established to meet 'known or predicted liabilities' where the impact of the expenditure would otherwise cause a significant variation to the Council's annual expenditure. The reserves at the end of the year reflect some decisions that were made as part of the budget setting process which resulted in the creation of some new reserves and the consolidation of some existing reserves. For earmarked reserves the Committee should take into consideration the specific comments set out below in

considering whether the reserves are appropriate. A summary of each reserve is listed below:

- **Capital Strategy Reserve £3.460M; Repairs and Maintenance Fund £0.5M**

The ICT, Leisure, Asset Management and Public Open Space Commuted sums reserves have been consolidated into the following two reserves:

- 1) Capital Strategy reserve to fund capital expenditure in line with the Council's Corporate Plan priorities, as set out in the approved Capital Strategy for 2018/19 to 2022/23; and
- 2) Repairs and Maintenance Fund. The revenue budget includes an annual provision for the costs of routine repairs and maintenance of the Council's property assets. This new reserve has been created to meet the costs of any major repairs and maintenance or improvement works to the Council's properties which cannot be met from this base budget.

- **Transformation Fund £0.5M**

In November 2017, Council approved the transfer of £0.500m from General Reserves to set up a Transformation Fund. The purpose of this reserve is to provide funding for projects which will generate a payback into the Council's revenue budget through sustainable income generation and/or recurring cost savings. There has been no call on this budget in 2017/18.

- **Business Rates Retention £2.257M**

The equalisation reserve was created in order to meet potential collection fund deficit liabilities commitments, the impact of tax base re-valuation and also unplanned Central Government Levy payments. This reserve should mitigate the potential risk to the Council's MTFs by providing funds to smooth out the inherent fluctuations that will occur as the three year time period characteristic of the system overlays and offsets each other in future years. The £0.190m paid out of the reserve comprises:

- 1) £100k release to revenue in accordance with the 2017/18 approved budget
- 2) £20k budgeted release to fund flood relief costs
- 3) £70k release to match fund the external cost of the business rates rateable value finder support service in 2017/18. As the fee is only payable on additional rateable properties found, the fee is paid from the Council's share of the business rates growth retained as income to the Council

- **City Deal Fund £1.671M**

This reserve is used to fund additional costs in relation to the delivery of City Deal projects and outcomes and has been used to fund City Deal staffing costs and Place Promotion.

- **Borough Council Elections £0.112M**

This reserve is used to meet the costs associated with the Council's elections held once every four years.

- **Building Control Reserve NIL**

The brought forward balance on this reserve related to surpluses generated on the Building Control fee-earning service set aside to support continuing service delivery. The balance has been transferred into the general reserve following the budget review of the Council's reserves.

- Housing Needs Survey **£0.097M**

This reserve is used to meet the costs of carrying out a detailed housing needs survey. A contribution of £20k was made into the reserve in 2017/18 and £10k was released to fund the cost of a Private Sector Housing Survey undertaken during the year.

- Local Development Framework (LDF) **£0.080M**

The purpose of this reserve is to meet the predicted fluctuating expenditure requirements in relation to the LDF. The closing balance on this reserve at 31st March 2018 was £0.080m. This is earmarked to fund any shortfall in funding of the Council's share of costs in relation to the Central Lancashire Local Plan in 2018/19.

- Performance Reward Grant **£0.048M**

As the accountable body, the Council received Performance Reward Grant on behalf of the South Ribble Partnership. The funding is for both capital and revenue projects. The balance in the reserve represents the revenue grant which has been set aside to be spent in future years. The capital element is shown in the balance sheet as a capital grant unapplied.

- Organisational Restructure costs **£0.090M**

Funding from this reserve is taken to revenue to fund any one-off costs in relation to reorganisation and restructure costs. £0.296m was used to fund redundancy costs in 2017/18.

- Borough Investment Account **£3.824M**

To facilitate income generation schemes and create a diverse and self-sustaining income portfolio to enable the Council to bridge the funding gap.

- New Burdens Funding **£NIL**

New Burdens grant income is received from Central Government to off-set additional implementation costs of government new initiatives. Previously any surplus receipts were set aside into an earmarked reserve but following the review of reserves the balance of funding was transferred into General Balances. The balance on the New Burdens Reserve, together with some monies carried forward from 2017/18, has been used to fund the costs of the interim management arrangements that are in place pending the implementation of the council's new management structure.

- My Neighbourhoods **£0.051M**

The balance on the My Neighbourhoods reserve as at the 31st March 2018 is £0.051m and this represents unspent core funding carried forward into 2018/19 to fund My Neighbourhoods expenditure.

- Other Earmarked Reserves **£0.606M** /Apprenticeship Reserve **£0.335M**

The balances on 'Other' earmarked reserves represent amounts carried forward from one financial year to the next, mainly where the timing of spending has been later than planned and it needs to be matched, for example, monies are specifically raised to fund the Sport

Development Team and therefore unspent receipts need to be carried forward into future years in order that the function has continued funding. It also includes funds set aside to ensure the Council can meet any liabilities which may arise.

The opening balance for 'Other' reserves at 1st April 2017 was £1.733m. Of this, £0.335m relates to funding set aside to fund Apprenticeship costs and this has been transferred to a new specific Apprenticeship reserve. A further £0.656m has been transferred into General Balances. In addition, £0.257m has been released to revenue to match expenditure incurred and £0.120m has been added to the reserve in respect of amounts carried forward into 2018/19.

In setting the Medium Term Financial Strategy the Council has acknowledged the longer term demands on certain reserves and accommodated these within its MTFS to address future expenditure pressures and financial sustainability risks facing the Council over the medium term.

- 8.7 Members are asked to note the level of reserves as set out at **Appendix D**. In considering the reserves, members may take a view that the in-year underspend of £0.77m could be utilised differently. To close the accounts and in line with general best practice the underspend has flowed into general reserves. There may however be other options on how this could be used. In making any recommendations, members are reminded that reserves are a one-off resource and cannot therefore be used on recurring expenditure. The Property Investment Strategy later on the agenda proposes an increase to the funding made available for property investment and this may be a consideration. Any decision on the use of reserves would be subject to ratification by Full Council on 21 July 2018.
- 8.8 As an enhancement to the current financial planning, the development of a wider investment strategy is recommended. This would ensure the council is looking to the longer term and using its balances in a way that maximises income or supports core outcomes and deliverables. This longer term strategic approach will also mean that the council is looking at how it can use funding available now to provide greater security and manage financial risks of the future.

Capital Reserves

- 8.9 Reserves held to finance the Capital Programme are set out in the table below together with a forecast of the capital receipts up to 31 March 2021. Capital receipts are used to support the Council's Capital Programme and the figures below have been adjusted to take into consideration the funding of the Capital Programme including the proposed re-phasing of expenditure from 2017/18. Capital Reserves were committed within the 5 year Capital Strategy for 2018/19 to 2022/23 as approved in the 2018/19 Budget and MTFS report.

Capital Reserve	Balance c/f 31 March 2017 £000	Out-turn Balance 31 March 2018 £000	Projected Balance 31 March 2019 £000	Projected Balance 31 March 2020 £000	Projected Balance 31 March 2021 £000
Capital Receipts Reserve	770	596	146	0	0
Earmarked Receipts	448	448	448	448	448

Preserved Right to Buy Receipts	889	889	889	535	35
Total	2,107	1,933	1,483	983	483

9 CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

9.1 This report is for information only and therefore there has been no consultation undertaken.

10 FINANCIAL IMPLICATIONS

10.1 As set out in the report.

11 LEGAL IMPLICATIONS

11.1 Please see comments of the Monitoring Officer below.

12 COMMENTS OF THE STATUTORY FINANCE OFFICER

12.1 The end of year monitoring position is key to the council's approach to financial governance. The final out turn position shows an underspend on revenue, much of which has been generated through additional income and an increase in funding. Where appropriate, the variances in 2017/18 will be incorporated into the medium term financial strategy for 2018/19 and future years. The position on the capital programme shows an underspend of which some is directly related to the planned completion of projects in the next financial year. The approach set out in the report enables these projects to be completed. The approach to reserves manages the risk to the council of managing unplanned expenditure and changes in funding.

13 COMMENTS OF THE MONITORING OFFICER

13.1 This report – along with other reports on the agenda relating to the Statement of Accounts and the Annual Governance Statement – is designed to meet our statutory obligations and comply with advice contained within the relevant Code of Practice (please see above). There are no legal concerns with this report.

14 OTHER IMPLICATIONS:

<ul style="list-style-type: none"> ▶ HR & Organisational Development ▶ ICT / Technology ▶ Property & Asset Management ▶ Risk 	<p><i>The report is for information only and therefore there are no other implications</i></p>
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▶ Equality & Diversity	
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15 BACKGROUND DOCUMENTS

- Regulation 8 of the Accounts and Audit Regulations 2011
- The Local Government and Housing Act 1989, Section 56(5)
- 2017/18 Budget and Medium Term Financial Strategy – Cabinet, 20th February 2017
- Budget Projected Outturn Statement as at 31 December 2017 – Governance, 31st January 2018

16 APPENDICES

APPENDICES

Appendix A	Summary of Key Income (Fees and Charges) Out Turn
Appendix B	Council Tax, Business Rates and Sundry Debtor Collection
Appendix C	Capital Outturn 2017/18
Appendix D	Summary of Revenue Reserves and Balances
Appendix E	Capital Outturn (Detailed) 2017/18

Lisa Kitto
Deputy Chief Executive (Resources and Transformation)

Report Author:	Telephone:	Date:
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Summary of Key Income (Fees and Charges) Outturn Position

Key Income (Fees and Charges) Budgets	Original Budget 2017/18 £000	Actual Outturn 2017/18 £000	Variance (Over) / Under budget £000
Investment Property Rentals	(1,126)	(1,053)	73
Civic Centre Rental	(10)	(7)	3
Worden Craft Units	(15)	(10)	5
Planning Fees	(375)	(643)	(268)
Trade Waste Charges	(477)	(463)	14
Building Control Fees	(158)	(193)	(35)
Interest on Investments	(69)	(179)	(110)
Pest Control Fees	(23)	(24)	(1)
Rats and Mice (new charge)	0	(9)	(9)
Environmental Permits	(19)	(19)	-
Market rents	(135)	(131)	4
Car Parking Charges/Permits	(93)	(107)	(14)
Car Parking PCN fines	(29)	(30)	(1)
Land Charges - charges	(100)	(99)	1
Taxi Licensing Fees	(76)	(74)	2
Licensing - Premises	(63)	(59)	4
Licensing – street traders	(23)	(26)	(3)
Licensing - other	(13)	(14)	(1)
Civic Centre room hire	(10)	(36)	(26)
Community Coaching income	(221)	(228)	(7)
Court summons costs recovered	(228)	(208)	20
Public realm (LCC)	(107)	(123)	(16)
Waste - Cost sharing	(909)	(909)	-
Waste – new bin charges	(75)	(29)	46
Waste - special collections	(32)	(40)	(8)
TOTAL*	(4,386)	(4,713)	(327)
<i>Plus one-off income received:</i>			
Insurance repayment			(36)
Land charges grant			(32)

DWP funding – Right Benefit Initiative	(19)
Expenses recovered	(20)
Sale of vehicles & equipment	(12)
Other minor income variations	(22)
TOTAL VARIATION	(468)

Appendix B

Council Tax, Business Rates and Sundry Debtor Collection

In-Year Collection

The table below sets out the in-year collection statistics for Council Tax and Business Rates compared to 2016/17.

	2016/17 Collection Rate %	2016/17 Amount Collected (£000)	2017/18 Collection Rate %	2017/18 Amount Collected (£000)
Council Tax	97.43	56,448	97.50	58,725
Business Rates	98.30	39,336	98.22	37,379
Sundry Debtors		6,558		7,701

Previous Years Collection and Arrears Information

The following table sets out the amount of arrears collected in 2017/18 that related to previous years. For comparative purposes, the information for 2016/17 is also provided. The table also sets out the level of arrears at the end of 2017/18 and 2016/17.

	2016/17 Previous Years Amount Collected (£000)	2017/18 Previous Years Amount Collected (£000)	Arrears at 31 st March 2017 (£000)	Arrears at 31 st March 2018 (including 2017/18 arrears) (£000)	Change to Arrears (£000)
Council Tax	1,069	983	3,785	3,782	(3)
Business Rates	29	146	1,138	1,222	84
Sundry Debtors			698	1,343	645

The arrears collected figures take account of council tax and business rates that have been refunded following changes to liabilities. The Valuation Office are continuing to reduce council tax bands and rateable values, which results in charges being reduced for previous years and refunds being issued, which then reduces the Previous Years Amount Collected figures.

The increase in the amount of sundry debtors' arrears outstanding at 31st March 2018 was due to several large debts being invoiced late in the financial year. These debts were subsequently collected early in April 2018.

Appendix C

Capital Outturn 2017/18

Description	2017/18 Budget	2017/18 Revised Budget	2017/18 Actual Expenditure	Over/ (Under) spend	Rephased into 2018-19	Over/ (Under) spend
	£000	£000	£000	£000	£000	£000
Shared Services and Corporate Support	337	341	267	(74)	(74)	-
Management of Assets	276	382	200	(182)	(25)	(157)
Neighbourhoods and Streetscene	2,173	661	606	(55)	(52)	(3)
Regeneration, Leisure and Healthy Communities	670	439	375	(64)	(15)	(49)
Strategic Planning and Housing	922	923	705	(218)	(232)	14
Performance Related Grant	26	28	24	(4)	(4)	-
TOTAL	4,404	2,774	2,177	(597)	(402)	(195)

Summary of Revenue Reserves As At 31 March 2018

	Balance 31 March 2017 £'000	Transfers In 2017/18 £'000	Transfers Out 2017/18 £'000	Balance 31 March 2018 £'000	Reallocation between reserves £'000
GENERAL RESERVE	(4,597)	(470)	0	(5,357)	(290)
EARMARKED RESERVES					
Asset Management	(1,494)	(500)	401	0	1,593
ICT Strategy Reserve	(988)	-	267	0	721
Leisure sites repair and maintenance	(160)	-	-	0	160
Public Open Space Funds	(1,535)	(96)	155	0	1,476
Vehicle and Plant replacement	(21)	-	10	0	11
Capital Strategy Reserve	0	-	-	(3,460)	(3,460)
Repairs and Maintenance Fund	0	-	-	(500)	(500)
Transformation Fund	0	-		(500)	(500)
Business Rates Retention	(3,250)	(516)	190	(2,257)	1,319
City Deal Reserve	0	(492)	140	(1,671)	(1,319)
Borough Council Elections	(82)	(30)	-	(112)	
Building Control Reserve	(22)	-	-	0	22
Housing Needs Survey	(87)	(20)	10	(97)	
Local Development Framework	(80)	-	-	(80)	
Performance Reward Grant	(68)	-	20	(48)	
Organisation Restructure Costs	(385)	-	295	(90)	
Borough Investment Account	(3,824)	-	-	(3,824)	
New Burdens Funding Reserve	(222)	(59)	170	0	111
My Neighbourhoods	(45)	(6)	-	(51)	
Apprenticeship Reserve	0	-	-	(335)	(335)
Other Earmarked Reserves	(1,733)	(120)	256	(606)	991
Total Earmarked Reserves	(13,996)	(1,839)	1,914	(13,631)	290
TOTAL	(18,593)	(2,309)	1,914	(18,988)	0

Based on the budgeted assumptions in relation to the use of reserves to fund capital and revenue priorities, the forecast total reserve balances are:

	£'000
Actual March 2018	(18,988)
Forecast March 2019	(14,628)
Forecast March 2020	(11,413)

Capital Outturn 2017/18 (Detailed)

Description	2017/18 Budget	2017/18 Revised Budget	2017/18 Actual Expenditure	Over/ (Under) spend	Rephased into 2018-19	Over/ (Under) spend
	£000	£000	£000	£000	£000	£000

Shared Services & Corporate Support

Business Transformation - Customer Contact	53	53	40	(13)	(13)	-
Capita Revs & Bens	-	-	(4)	(4)	(4)	-
Committee Management System	20	23	23	-	-	-
Electronic Document and Records Management System (EDRMS)	22	22	22	-	-	-
Financial Management Information Systems (FMIS)	9	11	11	-	-	-
IT hardware replacement	40	40	28	(12)	(12)	-
Licencing system (LALPAC)	2	1	1	-	-	-
Performance Management System (InPhase)	40	40	40	-	-	-
SAN server replacement	85	85	82	(3)	(3)	-
SAN hosts replacement	-	-	-	-	-	-
Wi-Fi upgrade	-	48	11	(37)	(37)	-
Business continuity & disaster recovery	60	13	8	(5)	(5)	-
Polling Booths	6	6	6	-	-	-

Management of Assets

Civic centre - Lifts	-	-	1	1	-	1
Civic centre - Toilets refurbishment	50	25	-	(25)	-	(25)
Civic centre - Swipe card security system	31	58	54	(4)	-	(4)
Civic centre - CCTV	10	24	14	(10)	-	(10)
Civic centre - Building works	20	140	124	(16)	-	(16)
Inv Prop Farm Yard cottages - New roofs to 3 & 4 Farm yard cottages	50	50	-	(50)	-	(50)
Inv Prop Middleforth / Bison Place - Redevelopment of units	5	5	-	(5)	-	(5)
Inv Prop Worden Craft Units - Infrastructure upgrade	55	25	-	(25)	(25)	-

Description	2017/18 Budget	2017/18 Revised Budget	2017/18 Actual Expenditure	Over/ (Under) spend	Rephased into 2018-19	Over/ (Under) spend
	£000	£000	£000	£000	£000	£000
Wesley St development	55	55	7	(48)	-	(48)

Neighbourhoods & Streetscene

Open Spaces 2016/17 to 2019/20	132	97	64	(33)	(32)	-
Gregson Green - Drainage Scheme	51	51	32	(19)	(19)	-
Hurst Grange Park	50	5	-	(5)	(5)	-
Moss Side Sports Facilities - Car park extension	103	103	99	(4)	-	(4)
St Mary's, Penwortham - Churchyard wall repairs	77	2	2	-	-	-
Vehicles and Plant replacement programme	1,003	55	55	-	-	-
Whernside Way drainage works	20	16	16	-	-	-
Withy Grove Park	250	210	215	5	5	-
Worden Park - Refurbishment of vinehouse	72	75	75	-	-	-
Worden Park - Replacement conservatory / greenhouse	190	48	48	-	-	-
Worden Park - Toilet facilities	225	-	-	-	-	-

Regeneration, Leisure & Healthy Communities

Feasibility & Surveys - Design and development	20	15	4	(11)	-	(11)
Bamber Bridge railway station	5	5	-	(5)	(5)	-
St Catherine's Park	-	-	1	1	-	1
Cuerden Park visitor centre	3	3	3	-	-	-
Bamber Bridge - Regeneration	207	207	167	(40)	(40)	-
Leyland - Gateway features	99	99	90	(9)	-	(9)
Leyland Loop	18	15	16	1	-	1
Longton Village - Regeneration	18	18	4	(14)	-	(14)
Lostock Hall arts academy trail	8	7	-	(7)	(7)	-
McNamara Memorial	8	2	-	(2)	(2)	-
Priory Park	12	1	-	(1)	(1)	-
Walmer Bridge Improvements	47	40	23	(17)	-	(17)
Lostock Hall Football Facility	150	5	-	(5)	(5)	-

Description	2017/18 Budget	2017/18 Revised Budget	2017/18 Actual Expenditure	Over/ (Under) spend	Rephased into 2018-19	Over/ (Under) spend
	£000	£000	£000	£000	£000	£000
Walton-le-dale Community Centre car park refurbishment	75	21	66	45	45	-

Strategic Planning and Housing

Disabled Facilities Grants	764	764	532	(232)	(232)	-
Empty Properties	47	47	40	(7)	-	(7)
Private Sector home improvement grants	100	100	126	26	-	26
CPO 30 Rhodesway	11	11	6	(5)	-	(5)

Performance Related Grant	26	27	23	(4)	(4)	-
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Total	4,404	2,774	2,177	(597)	(402)	(195)
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