

**REPORT TO:** PEOPLE SCRUTINY COMMITTEE  
**Date of Meeting:** 1 JUNE 2017  
**Report of:** Chief Finance Officer  
**Title:** PEOPLE FINAL ACCOUNTS 2016/17

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Executive

**1. What is the report about?**

This report advises Members of any material differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2017 in respect of People Scrutiny Committee.

An outturn update in respect of the People Capital Programme is also incorporated into this report in order to help provide a comprehensive financial update in respect of the People Scrutiny Committee Budgets.

**2. Recommendations:**

**That Members of People Scrutiny Committee assure themselves that Officers review areas with significant variances and undertake the necessary actions to address the issues that the variances may cause.**

**3. Reasons for the recommendation:**

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of People Services and this is the final report for 2016/17.

**4. What are the resource implications including non financial resources**

The financial resources required to deliver People Services during 2016/17 are set out in the body of this report.

**5. Section 151 Officer comments:**

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of People Scrutiny Committee, as at 31 March 2017, ahead of inclusion in the Council's annual Statement of Accounts.

**6. What are the legal aspects?**

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

**7. Monitoring Officer's comments:**

This report raises no issues for the Monitoring Officer.

**8. Report Details:**

**Revenue Final Accounts to 31 March 2017**

**8.1 Accounting for Support Services**

The 2016/17 Code of Practice on Local Authority Accounting introduced changes in respect of accounting for support services, which ended the requirement to spread support service costs across services as overheads. The intention of this change is to allow local

authorities to report its financial performance in the same way that the authority operates and manages its services; improving transparency and accountability.

Support services are managed as separate functions within the Council, e.g. legal, finance and HR; therefore the opportunity has been taken to retain their costs as discrete functions rather than spread across Council services as overheads. The only exceptions being the statutory requirement to continue charging support service costs to the Housing Revenue Account and to certain services that are required to recover their full costs (e.g. building control).

The impact of this change on the 2016/17 financial outturn reports is that many services are reporting under-spends due to the removal of support service overhead costs and support services are reporting over-spends due to the retention of their costs when compared to the approved budgets, however across the Council the impact is cost neutral. Appendix 1 sets out the financial impact for this Committee.

## 8.2 Key Variations from Budget

The final outturn has been calculated and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets.

The total variance for the year shows a surplus of £996,047 after transfers from reserves, however, £856,130 of this variance is due to changes in the way support services are accounted for, as explained above. The actual surplus attributable directly to People Scrutiny Committee is £139,917 after transfers from reserves, as detailed in Appendix 1.

## 8.3 The significant variations by management unit are:

MU Code	Management Unit	Over / (Underspend) £	Detail
81C2	Advisory Services	(47,514)	<ul style="list-style-type: none"> <li>Savings in the amounts paid to serviced temporary accommodation providers, partially offset by increased payments to B&amp;Bs</li> <li>Income from rents and housing benefits higher than anticipated</li> </ul>
81C3	Affordable Housing Development	(178,288)	<ul style="list-style-type: none"> <li>Work is progressing on the detailed business case for the formation of a new Development Company, but this work will continue into 2017/18. A supplementary budget will be requested in order carry forward any underspend.</li> </ul>
81C4	Private Sector Housing	37,095	<ul style="list-style-type: none"> <li>Redundancy costs arising from the senior management restructure to be funded from the Redundancy Reserve</li> <li>Additional employee costs due to a successful JE appeal</li> <li>Lower than anticipated level of Houses of Multiple Occupation licence fees</li> </ul>

MU Code	Management Unit	Over / (Underspend) £	Detail
81E1	General Fund Housing - Property	(116,762)	<ul style="list-style-type: none"> <li>Low turnover of Private Sector Leased and Extralet properties has resulted in both higher than budgeted rental income and savings in void repair costs. Reactive repair costs were also lower as a result of referrals back to the landlord in accordance with the lease agreements.</li> </ul>
86A1	Revenue Collection/Benefits	284,922	<ul style="list-style-type: none"> <li>Reduced level of invoices resulting from Real Time Information updates and the Fraud and Error Reduction Initiative Scheme</li> <li>Redundancy costs to be funded from the Redundancy Reserve</li> <li>Staff savings due to vacancies during restructure</li> </ul>

## 9. Capital Budget Monitoring to 31 March 2017

To advise members of the financial performance in respect of the 2016/17 People Capital Programme.

### 9.1 Revisions to the People Capital Programme

The 2016/17 Capital Programme is £1,434,540 and was last reported to People Scrutiny Committee on 2 March 2017. Since that meeting the following changes have been made to the programme.

Description	£	Approval/Funding
<b>Capital Programme, as reported to People Scrutiny Committee, 2 March 2017</b>	<b>1,434,540</b>	
Budget Deferred to 2017/18 & Beyond at Quarter 3	(300,000)	Approved by Council 25 April 2017
Disabled Facilities Grants	(94,000)	Underspend repaid to Devon County Council
Disabled Facilities Grants	(120,000)	Devon County Council have allowed ECC to use £120k of the underspent DFG budget to fund Warm Up Grants
Warm Up Grants	120,000	
<b>Revised Capital Programme</b>	<b>1,040,540</b>	

## 9.2 Performance

The current People Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £590,105 in 2016/17 with £445,095 of the programme deferred until 2017/18.

## 9.3 Capital Variances from Budget

No significant variances or issues concerning expenditure have arisen for this committee.

## 9.4 Capital Budgets Deferred to 2017/18

Schemes which have been identified as being wholly or partly deferred to 2017/18 and beyond are:

Scheme	16/17 Budget £	Budget to be Deferred £	Reason
Warm Up Exeter/PLEA Scheme	283,650	124,620	The budget for 16/17 was originally £163,650 but Devon County Council have contributed £120,000 Better Care Funding towards this scheme allowing the unspent budget to be carried forward
Wessex Loan Scheme	112,260	107,818	Take up of loans has been less than predicted. Increased levels of marketing and changes to the means by which enquiries are processed have been introduced to improve loan take-up.
WHIL Empty Properties	189,000	194,000	We are continuing to promote the empty homes loan and we have several applicants that are currently being reviewed by Wessex for suitability for the loan.

## 10. How does the decision contribute to the Council's Corporate Plan?

People Committee contributes to 5 key purposes, as set out in the Corporate Plan:  
Customer access to help me with my housing and financial problem, make it easy for me to pay, provide suitable housing and be a good landlord.

## 11. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

## 12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

The revenue service costs reported to this Committee have helped support the provision of temporary accommodation, housing advice, licensing of houses of multiple occupation, new affordable housing within the City and the administration of housing benefits. All these services have a positive impact on the health and wellbeing of residents, in particular those in housing need.

In terms of capital expenditure, the 2016/17 capital programme has helped facilitate disabled adaptations, energy efficiency measures and provide loans to return properties to a habitable standard. The capital schemes have a positive impact of the health and wellbeing of residents.

**13. Are there any other options?**

No

**DAVE HODGSON**  
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**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

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