

<b>REPORT TO</b>	<b>SCRUTINY COMMITTEE CORPORATE</b>
<b>Date of Meeting:</b>	<b>22 JUNE 2017</b>
<b>Report of:</b>	<b>Chief Finance Officer</b>
<b>Title:</b>	<b>CORPORATE FINAL ACCOUNTS 2016-17</b>

**Is this a Key Decision?**

No

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

Council

**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 Corporate Scrutiny Committee.

**2. Recommendations:**

**That Members of Scrutiny Committee – Corporate note the content of this report in order to be satisfied that prudent steps are being taken to address the key areas of budgetary pressure highlighted in this report.**

**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 Corporate.

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

The financial resources required to deliver Corporate 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 Corporate 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:**

**Corporate Budget Monitoring 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 deficit of £2,099,291 after transfers from reserves, however, £2,900,256 of this variance is due to changes in the way support services are accounted for, as explained above.

The actual surplus attributable directly to Corporate Scrutiny Committee is £800,965 after transfers from reserves, as detailed in Appendix 1.

## 8.3 The significant variations (by management unit) are:

MU Code	Management Unit	Over / (Underspend) – excluding Support Services	Detail
83A1	Property & Estates Services	(£362,364)	<ul style="list-style-type: none"> <li>• Additional income from property portfolio</li> <li>• The contingency budget in respect of the Asset Improvement and Maintenance Fund was not fully spent in year.</li> <li>• Underspend on Lease requirement, a request to carry forward the unspent budget will be made.</li> <li>• Expenditure on pay was less than the budget.</li> <li>• The consultant fees budget in respect of the South Street redevelopment was not spent in year, a request to carry the budget forward will be made.</li> </ul>
83C5	Corporate Property Assets	(£909,294)	<ul style="list-style-type: none"> <li>• The Property Maintenance Fund budget was underspent</li> <li>• A request to carry forward an element of this underspend has been made.</li> <li>• The carry forward is to fund essential priorities in accordance with the Corporate Property Maintenance Strategy that have already been committed in the 2016/17 financial year.</li> </ul>

MU Code	Management Unit	Over / (Underspend) – excluding Support Services	Detail
86A2	Elections & Electoral Registration	60,307	<ul style="list-style-type: none"> <li>There has been an overspend on the intrinsic elements of the Elections and Electoral Registration budgets, with the postages, stationery and printing budgets being exceeded.</li> </ul>
86A3	Corporate	35,600	<ul style="list-style-type: none"> <li>The overspend is mainly due to management fees payable for investments, together with bank charges and legal fees.</li> </ul>
86A6	Grants/Cent Supp/Consultation	£100,020	<ul style="list-style-type: none"> <li>Of the £100,020 overspend, £28,180 is due to be funded from New Homes Bonus grant for Ward Grants, and a carry forward request of £13,450 is made for the underspend on City Grants. The bulk of the remaining overspend is due to consultants' fees in respect of Press &amp; Public Relations and Policy Support.</li> </ul>
86A7	Unapportionable Overheads	£215,300	<ul style="list-style-type: none"> <li>The overspend reflects the superannuation strain payments of £261,900 offset by a greater than anticipated underspend in previous year of £46,600.</li> </ul>
86B8	Procurement	£77,550	<ul style="list-style-type: none"> <li>The overspend relates to Agency staffing.</li> </ul>

**9. How does the decision contribute to the Council's Corporate Plan?**

Corporate budgets contribute to 3 key purposes, as set out in the Corporate Plan; maintain the assets of our city, well run Council and customer access to help me with my housing and financial problem.

**10. What risks are there and how can they be reduced?**

An action plan addressing the key areas of budgetary risks within Corporate will be included if and when they arise.

**11. 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?**

No impact

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

No

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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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