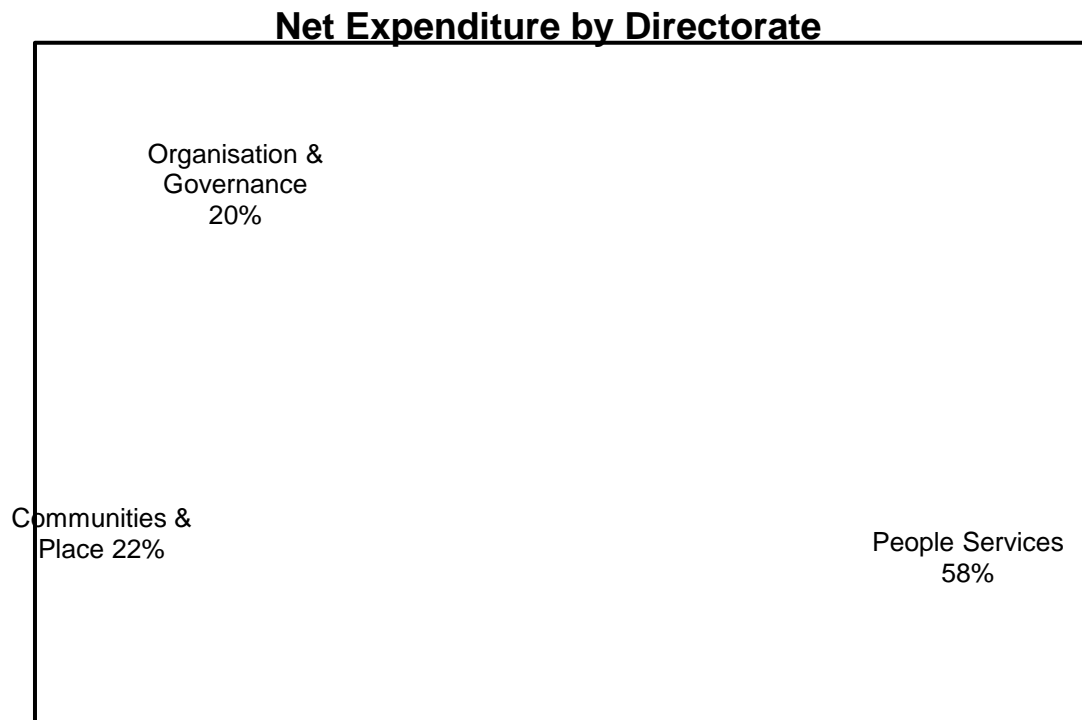


Revenue Outturn 2015/16

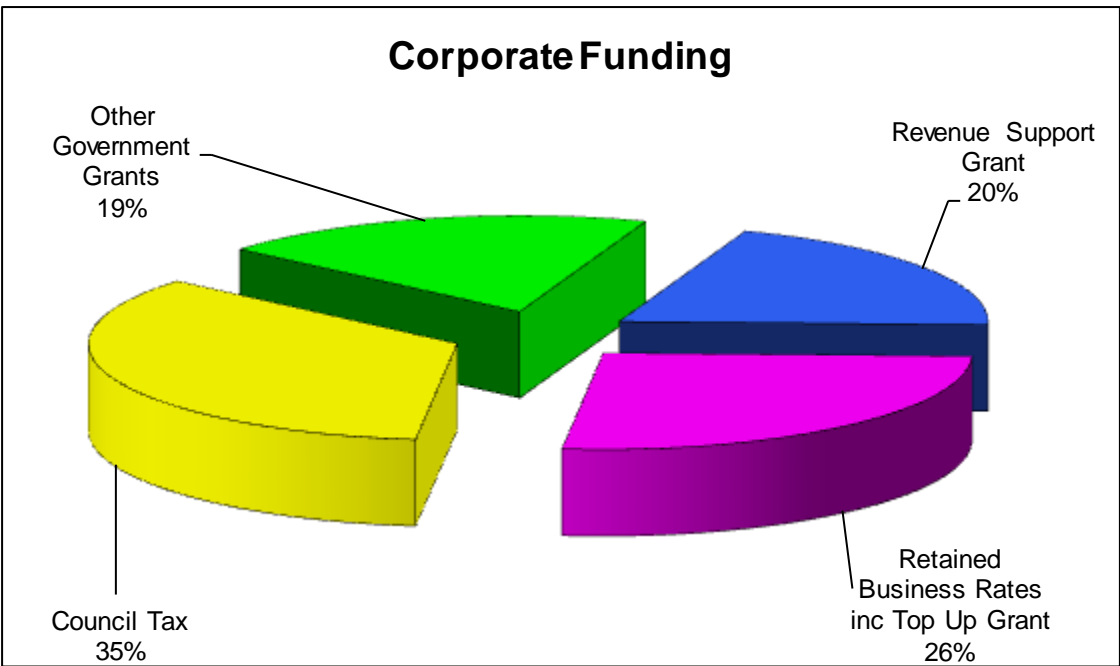
SUMMARY

- 1.1 This report outlines the Council's Revenue Budget final outturn position, subject to audit, for the 2015/16 financial year. It describes the main variances against the Revised Budget for 2015/16 and sets out a number of issues requiring decisions.
- 1.2 The general fund revenue outturn position shows a net underspend.
- 1.3 The report also outlines the final outturn position of the Dedicated Schools Budget, the Housing Revenue Account and the Collection Fund (Council Tax and Business Rates Collection Account).
- 1.4 Summary financial results for the year up to 31 March 2016 are as follows...
 - The overall year end General Fund revenue outturn position is a net underspend of (£2.217m), a 0.99% variance compared to the Council's General Fund revenue budget, excluding the Dedicated Schools Budget and Housing Revenue Account.
 - £0.202m of the overall outturn is to be transferred to the corporate budget risk reserve, after providing £2.015m for carry forward requests as explained in section 5.
 - 96% of the Council's £19.673m savings target for 2015/16 has been delivered as planned; the remaining 4% has been achieved through one-off savings contained within the outturn. Further details are provided in table 4.6 and section 6.
 - The Housing Revenue Account - HRA - shows an outturn net underspend of (£4.566m), as explained in section 8, which increases overall HRA balances to £45.857m at 31 March 2016.
 - The Council's share of the Collection Fund outturn is a surplus of (£1.147m), as detailed in section 9.
 - The Dedicated Schools Grant closed with a surplus of (£2.4m) on the central non-delegated items and individual school balances are £10.464m as detailed in section 10.

- 1.5 During the year the City Council manages and controls spending on services through its General Fund. A summary of the net cost of running each main service area is shown below:



- 1.6 This spending is corporately financed from Council Tax, Business Rates and Government Grants as shown below.



RECOMMENDATION

- 2.1 To note the overall General Fund revenue budget outturn position for 2015/16 (subject to audit) and budget variances at 31 March 2016 as set out in section 4.
- 2.2 To approve the movements in reserves set out in paragraph 4.4
- 2.3 To approve the year-end carry forward request and subsequent use totalling £2.015m, and the treatment of the remaining net saving of £0.202m as detailed in paragraphs 5.2, 5.3 and 5.4.
- 2.4 To note the savings achieved in 2015/16 as summarised in section 4.6.
- 2.5 To approve the Housing Revenue Account outturn net surplus of (£4.566m) as set out in section 8 and Appendix 4.
- 2.6 To note the Council's share of the Collection Fund surplus of (£1.147m) as set out in section 9.
- 2.7 To note the overall Dedicated Schools Budget position for 2015/16 as set out in section 10.
- 2.8 To authorise the Director of Finance (as Section 151 Officer) to adjust the Council's Budget Risk Reserve in the event that the Council's Auditors (Ernst & Young) require any adjustments to the Final Accounts for 2015/16 that alter the overall Council's position.

REASONS FOR RECOMMENDATION

- 3.1 Under the Local Government Act 2003, the Council has a legal obligation to achieve an annual balanced budget position.
- 3.2 The Medium Term Financial Plan - MTFP - sets the funding for the Council and the use of those funds is then monitored throughout the year to ensure delivery of Council priorities. The Outturn report indicates how the Council's resources have been used to support the delivery of budgetary decisions.

SUPPORTING INFORMATION

4. Introduction and General Fund Summary

- 4.1 This report outlines the actual out-turn, subject to audit, compared with the Revenue Budget for the 2015/16 financial year, and the subsequent effect on the Council's level of reserves.
- 4.2 The report is structured into sections:
- Section 4 – Introduction and General Fund Summary
 - Section 5 – Carry Forward Requests
 - Section 6 – Directorate Outturn and Savings Analysis
 - Section 7 – Analysis of Reserves, including School Balances
 - Section 8 – Housing Revenue Account
 - Section 9 – Collection Fund
 - Section 10 – Dedicated Schools Grant
- 4.3 The overall general fund revenue position at the end of the year is a net underspend of (£2.217m), a 0.99% variance from the total net budget, excluding the Dedicated Schools Budget, Housing Revenue Account and Collection Fund. This is summarised with supporting explanations for the main variances in section 6. The variance is within the Council's target of between 0% and -2% net budget variance.
- 4.4 In establishing the Council's final outturn position a number of movements in reserves require approval. Approval is therefore requested for the movements in reserves as set out in the table below.

Directorate	£'000s	Reserve	Description
Organisation & Governance	(320)	Transformation	Transfer to reserve to fund future years projects (Customer Relationship Management and Delivering Differently)
Organisation & Governance	62	Asbestos	Use of reserve to fund interim settlement payment
Organisation & Governance	7	Backdated Vat	Use of Reclaimed VAT reserve
People Services – Adults	(737)	Care Act	Transfer to specific reserve to fund Care Act and Better Care Fund pressures
People Services – Adults	1,164	Public Health	Use of reserve to fund reduction in Public Health Grant funding
People Services	(324)	Public Health	Transfer of ring fenced Public

– Adults			Health Grant to reserve
Communities & Place	87	Business Brokerage	To fund on-going Enterprise 4 Engagement projects
Communities & Place	508	Property Rationalisation	Planned use of property rationalisation reserve
Communities & Place	104	Housing General Fund	Use of Homelessness Grant
Communities & Place	73	Connecting Derby	Funding of compensation claims
Communities & Place	11	Festive Lights	Use of reserve to fund festive lights provision in 2015/16
Directorate Wide	(386)	Budget Risk	Additional in year grant funding received – Better Care Fund through S75 agreement and Education Services Grant revised allocation
TOTAL	249		

4.5 The summary revenue budget variance is shown below.

Directorate	Final Approved Budget £'000s	Actual £'000s	Final Outturn Variance £'000s	Forecast Variance at Quarter 3 £'000s
Peoples Services	123,879	123,002	(877)	(1,561)
Communities and Place	46,331	45,900	(431)	0
Organisation and Governance	43,568	42,659	(909)	0
Total	213,778	211,561	(2,217)	(1,561)
Approved Use of Reserves	11,108	11,108		
Revised Outturn Variance	224,886	222,669	(2,217)	(1,561)

- 4.6 The Council's Revenue budget for 2015/16 included significant savings targets for each directorate in order to support a balanced budget position. The achievement of these savings has been included within the overall budget outturn position.

Directorate	Budget Savings Targets 2015/16 £'000s	Full year effect of savings delivered £'000s	Year End Variance £'000s	Year End Variance %
Peoples Services	2,813	2,357	456	16
Communities and Place	5,614	5,484	130	2
Organisation and Governance	11,246	11,102	144	1
Total	19,673	18,943	730	4

5. Carry Forward Requests

- 5.1 In accordance with the Council's Financial Procedure Rules, there is a general principal that any savings are transferred to the Council's budget risk reserve to support unforeseen future budget pressures. Any specific requests for carry forwards require approval on an individual basis.
- 5.2 There are a number of specific carry forward requests from directorates:

Directorate	Carry Forward Requested £	Supporting Explanation
Communities & Place	300,000	Required to fund insurance valuations
Communities & Place	715,000	Economic Partnerships – time limited to fund initiatives over the next 3 years
Communities & Place	500,000	Top up of the Property Rationalisation reserve to fund programme costs
Organisation & Governance	335,000	Top up of the insurance specific reserve to manage increasing cost of future insurance claims
Organisation & Governance	165,000	Top up the year end adjustments reserve to £0.5m to manage 2015/16 final accounts implications
TOTAL	2,015,000	

- 5.3 The proposed carry forward requests above are required for the following reasons:

- Derby City Council owned properties currently do not have up to date valuations, the Council's insurers require the Council to undertake valuations to

allow the insurers to reflect an accurate insurance cover of the properties, it is thought the additional cost to the Council will be around £0.3m.

- A time limited reserve of £0.715m for economic growth is required to enable Derby City Council to actively engage with partners to promote economic growth in the city, the proposed initiatives include, but are not limited to economic links with China (Hefei), D2 Economic Prosperity Committee, Marketing Derby and Local Enterprise Partnership contribution.
- A further £0.5m is to be set aside in the property rationalisation reserve to continue the rationalising of the Council's property stock to support the MTFP. There are a number of proposals that will require funding to ensure future savings are achieved, these include:
 - Refurbishment of Kedleston Road
 - Decant and recant from Eastmead
 - Potential disposal of key sites such as Middleton House, Beaufort Business Centre and Allestree Hall
 - Review on maximising Council House usage and the necessary costs
 - Feasibility studies on prospective sites for rationalisation
 - Working alongside and supporting current initiative such as the Libraries strategic need assessment, City Centre Masterplan, Council House utilisation review, Markets review and the potential for a new cultural venue.
- An increase of £0.335m in the insurance reserve is required to meet the increased cost of public and private liability claims against the Council and investigate actions to reduce future liability costs.
- The year end adjustments reserve is held to smooth the impact of year end estimates on service budgets. It is prudent to hold a reserve of £0.5m to mitigate the impact of any fluctuations, it is proposed that £0.165m is transferred to this reserve to maintain the reserve at £0.5m.

- 5.4 Approval of the specific carry forward requests would reduce the Council's unallocated outturn surplus to £0.202m. It is proposed to transfer this balance to the corporate budget risk reserve to help manage future budget pressures.
- 5.5 Any use of the budget risk reserve to support 2016/17 pressures will be subject to detailed business cases from Directorates and require Cabinet approval.

6. Directorate Outturn and Savings Analysis

- 6.1 The actual outturn variance shows a (£2.217m) underspend. Which includes the achievement of £18.943m savings against a target of £19.673m.

Peoples Services Directorate

- 6.2 The total year end variance for the Directorate is an underspend of (£0.877m) although there are some significant variances contained within that.

- 6.3 Adults Services have reported a year end underspend of (£2.639m). This is as a result of the additional funding given to address historical and anticipated demands on the service in relation to the Care Act. The demand has not materialised as anticipated due to the demand management strategies currently in place and the postponement of part 2 of the Care Act. This underspend is after the approved transfer of £0.500m into a specific reserve to fund children's services improvements.
- 6.4 Public Health has achieved a saving of (£0.324m) which has been transferred to a specific Public Health reserve for future spend. This underspend is due to the negotiated settlement of prescribing costs for 2014/15 and 2015/16.
- 6.5 The Adults service faces further financial challenges in 2016/17 and beyond as a result of approved MTFP savings of circa £10m. This comes on the back of £23m of savings already delivered in the previous 6 years. Strategies such as the Delivering Differently programme will have an important role to play in identifying areas where the service can innovate to help deliver these and possibly other savings for the Council as a whole.
- 6.6 Children's Services have reported a £1.762m overspend. The most significant pressure within the service, as in previous years, were the costs of agency placements for looked after children with an overspend of £2.6m on a budget of £10.2m. Numbers of looked after children have fallen slightly from 470 children at the end of March 2015 to 460 at March 2016. However, the reliance on the more expensive use of private foster carers has increased with agency placements rising from 195 in March 2015 to 205 in March 2016. This pressure has resulted in £0.456m of unachieved 2015/16 savings within the Directorate; this has been factored into the MTFP process for 2016/17.
- 6.7 To ensure that budget pressures were kept to a minimum the Directorate continued with previous years spending restrictions, only spending within essential areas and scrutinising the recruitment to vacant posts. The impact of social worker vacancies has contributed to the Directorate being unable to make further savings due to the additional cost of agency social worker posts to ensure continuing services to families in need.

Communities and Place Directorate

- 6.8 The Communities and Place outturn position is an underspend of (£0.431m). The main reason for this underspend is the overachievement of income targets in a number of service areas which has only been partially offset by other service pressures.

- 6.9 As a result of new enforcement sites being added across the city throughout the year, parking services have overachieved on fines and fees income targets by (£0.635m). This overachievement has peaked in year as motorists change their driving behaviour. Design and Property services have also overachieved on income targets including exploiting new fee earning opportunities by (£0.097m); this has been included in the MTFP going forwards. Leisure Centres and Parks overspent by £0.381m in 2015/16 this was mainly due to large income pressures as a result of new competition, adverse weather conditions and the closure of sites.
- 6.10 There were also a number of savings on expenditure budgets in particular a reduction in the number of journeys which has led to savings of (£0.238m) on the concessionary fares budget. Savings of CO2 tonnages meant lower than anticipated carbon reduction commitment payments in 2015/16 leading to a saving of (£0.259m).
- 6.11 Despite the overall underspend and savings made in service areas there are still a number of significant pressures across the Directorate. Waste disposal faces pressures of £0.228m due to the costs on disposal of additional waste tonnages and a backdated NNDR payment. There are also pressures in Markets of £0.270m due to site security and cleaning charges alongside the underachievement of income targets.
- 6.12 It was anticipated that permanent savings of £0.130m would be achieved by handing over the running of the athletics facility to the athletics club or another interested organisation to maintain and manage. Discussions took place with the athletics club and its members but this did not finalise in the club taking over the management of the stadium.

Organisation and Governance Directorate

- 6.13 The Organisation and Governance Directorate total year end variance is an underspend of (£0.909m).
- 6.14 Corporate budgets have reported a year end underspend of (£0.611m). This is mainly due to a saving in the treasury management budget of (£0.970m), following a review of the debt model and changes to asset lives effectively spreading the cost of borrowing over a longer period to give a saving against budget in 2015/16. In addition investment interest earned was higher than anticipated. There is also a one off unachievement of senior management savings of £0.140m. On a permanent basis this savings has been overachieved but a full year effect has not been realised in 2015/16 resulting in a one off pressure.
- 6.15 Resources have reported a year end underspend of (£0.323m). Underspends in areas have been used to offset pressures throughout the year and minimise any planned use of reserves. The main variances are outlined below:

- 6.16 Finance have an underspend of (£0.323m) mainly due to a one off favourable housing benefit subsidy settlement primarily because of income due to housing benefit overpayment recovery (£0.612m) offset by pressures including one off delays in redundancy exits £0.079m, unachievable anticipated savings within the temporary agency contract review £0.082m and a reduction in court income of £0.074m.
- 6.17 Governance have a pressure of £0.737m which is mainly a result of an insurance pressure of £0.513m due to increased premiums and claims, one off delays in redundancy exits £0.065m and increased counsel fees of £0.150m due to staff vacancies and sickness.
- 6.18 Digital Services have an underspend of (£0.373m) due to a refund on an e-services settlement of (£0.500m) and other minor variations.
- 6.19 Strategic Services and Organisational Development have an underspend of (£0.363m). This is due to net staffing underspends mainly vacancies (£0.105m), delays in maintenance works to the Council House (£0.070m) and vacant property supplies and services underspends prior to sale (£0.208m).

Contingencies

- 6.14 The Council has a policy that any unused contingency budgets are transferred to earmarked reserves at the end of the financial year. The contingency budgets transferred to reserves are detailed in Appendix 3.

7. Analysis of Reserves, including School Balances and DSG

- 7.1 The Council's main revenue reserve for general purposes is the General Fund Balance. This is set aside to support the management of risks in the Revenue Budget and could be used for any purpose if required. The General Fund Balance represents the minimum level of reserves that the Council should hold.
- 7.2 In January 2016, the Council calculated its target range for the General Fund Balance as being between £7.101m and £10.940m. This target level was set by the Director of Finance after consideration of the Council's strategic and operational risks. At 31 March 2016 the General Fund Balance stands at £7.143m and is therefore within the recommended target range.
- 7.3 The Council also holds a number of revenue earmarked reserves to fund specific projects included within the Council's budget and priorities, such as the Council's regeneration fund programme and waste strategy. As at 31 March 2016 revenue earmarked reserves held by the Council total £93.785m. A detailed review of all revenue earmarked reserves is carried out on an annual basis as part of the Medium Term Financial Strategy planning process. This aims to identify any earmarked reserves which could be redistributed to better support the Council's budget plans. Further details of the Council's revenue earmarked reserves are provided at Appendix 2.

- 7.4 Included within corporate earmarked reserves is a budget risk reserve of £11.910m at 31 March 2016. The Budget Risk Reserve is held to support future budget planning risks and general unforeseen in-year budget pressures. Given the uncertain financial position going forward it is prudent to have a level of reserve sufficient to help address future risks.
- 7.5 Each individual Council-controlled school in Derby has its own financial reserve, collectively known as 'School Balances'. Schools balances are delegated directly to schools and are not available to the Council for general use. The use of any surplus balances is defined within the local Scheme for Funding Schools.
- 7.6 School balances as at 31 March 2016 are £10.464m (£7.448m in 2014/15).
- 7.7 Non delegated DSG balances are currently £6.431m of which £3.3m has been earmarked for supporting schools as agreed by School's Forum, the remainder is to be retained and used for the purposes defined within the Schools funding regulations, with approval from the Schools.

8. Housing Revenue Account

- 8.1 The Housing Revenue Account includes only income and expenditure relating to the City's council housing stock. It does not include Local Authority expenditure on other Housing services e.g. support for Registered Social Landlords or Housing Benefit Payments. The purpose of the HRA is to separately identify the services that council tenants pay for through their rents as opposed to their Council Tax. It includes expenditure on Management and Maintenance of Council Housing and how these costs are met by Rents, Charges, Grants and other income.
- 8.2 The HRA shows an outturn surplus of (£4.566m) which increases HRA balances, including the Major Repairs Reserve, from £41.291m to £45.857m for 2015/16. The increase is mainly due to increased rental and service charge income and lower than anticipated contribution to the bad debt provision. A summary and supporting explanation of the key variances are provided at Appendix 4. The reserve is managed annually as part of the 30 year HRA business plan.

9. Collection Fund

- 9.1 The Collection Fund is a separate account that the Council has a statutory duty to maintain outside of the General Fund. The Collection Fund Statement shows the transactions of the billing authority in relation to collection of taxes for Council Tax and Non Domestic Rates and the redistribution to its preceptors.
- 9.2 The Collection Fund is intended to break-even but is dependent largely on the robustness of the estimates and recovery levels of the amount of Council Tax and Non Domestic Rates collected. It involves forecasting the income due from all properties including the effect of exemptions and discounts across the City's. Surpluses and deficits declared on the collection fund are apportioned to the relevant precepting bodies in subsequent years.

Council Tax

- 9.3 The actual surplus on Council Tax at the end of 2015/16 was £2.213m. The primary cause of the surplus is higher than anticipated billing. Since the Budget and Council Tax for 2016/17 is set, the balance will be included in the 2017/18 budget process. An estimate of the Collection Fund balance as at the end of 2016/17 will be revised in the light of this surplus and all other circumstances just prior to setting the Council Tax and budget for the next financial year. Any estimated variation at that time will then be recovered during the next financial year.
- 9.4 The City Council administers the collection of Council Tax on behalf of the preceptors, Derbyshire Police and Crime Commissioner and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current surplus is as follows:

Derby City Council	(£1.837m)	(83.0%)
Derbyshire Police and Crime Commissioner	(£0.268m)	(12.1%)
Derbyshire Fire and Rescue	(£0.108m)	(4.9%)
	<u>(£2.213m)</u>	

Non Domestic Rates

- 9.5 The Council collects Non Domestic Rates - NDR - for its local area. NDR is based on the individual rateable property values set by the Valuation Office Agency - VOA - multiplied by a national multiplier set by Central Government.
- 9.6 The actual deficit on NDR at the end of 2015/16 was £1.409m. This was mainly due to the need to increase the appeals provision.
- 9.7 The City Council administers the collection of NDR on behalf of the preceptors, Central Government and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current deficit is as follows:

Derby City Council	£0.690m	49.0%
Central Government	£0.705m	50.0%
Derbyshire Fire and Rescue	<u>£0.014m</u>	1.0%
	£1.409m	

- 9.8 The net surplus of £1.147m (£1.837m - £0.690m) that relates to the City Council will be transferred from the collection fund from 2016/17 and planned into future financial forecasts accordingly.

10. Dedicated Schools Grant – DSG

- 10.1 In 2015/16 Derby City Council received a DSG allocation of £205.292m. This grant is a ring fenced grant used specifically for school related and educational services which are clearly defined by the Schools Funding Regulations. £183m was delegated to schools and other early years providers with the remainder used to support other educational expenditure particularly special educational needs places not in the maintained sector and special educational needs support services.

- 10.2 The non-delegated element of the DSG net underspend was reported as £2m as at quarter 3, the final position was broadly inline with that forecast at £2.4m. The in year savings were due to contingencies not being needed as previous years, in both early years and high needs and additional funding in year not recouped by the Department of Educations. Underspends within the central element of the DSG are carried forward to the next financial year. Schools Forum will consider any plans for the use of these reserves before approval is sought from Council Cabinet.
- 10.3 DSG reserves are relatively small in Derby as the principle has always been to delegate as much funding to schools as possible, this was reflected in the 4% growth in per pupil funding factors as part of the 2016/2017 budget issued to schools despite the grant the Council receives to fund their schools being maintained at a cash flat position.
- 10.4 The DSG underspent by £2.4 million in the 2015/16 financial year and this had been anticipated and planned for. At the close of the financial year the DSG balances were £6.8 million, £3.4 million has been committed to fund a number of projects including a special educational needs locality funding project and additional support in schools to improve educational attainment and standards. The balance of the reserves are held to provide a contingency against the DSG in current and future years and are kept at a prudent 1.5%.
- 10.5 Any net savings or pressures within the Individual Schools Budget –ISB- delegated directly to schools are carried forward to the next financial year by the individual school.
- 10.6 In line with the Local Management of Schools the net outturn variance on Individual School Budgets have been transferred to School balances which has a year end balance of £10.464m.

OTHER OPTIONS CONSIDERED

- 11.1 No other options considered as the Council has a statutory obligation to achieve a balanced budget position.

This report has been approved by the following officers:

Legal officer	Not Applicable
Financial officer	Toni Nash, Head of Finance
Human Resources officer	Not Applicable
Estates/Property officer	Not Applicable
Service Director(s)	Not Applicable

Other(s)	Not Applicable
For more information contact: Background papers: List of appendices:	Mark Nash – Group Accountant 01332 643364 mark.nash@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Statement of Reserves Appendix 3 – Corporate Projects and Contingency Budgets Appendix 4 - HRA

IMPLICATIONS

Financial and Value for Money

- 1.1 As detailed in the report.

Legal

- 2.1 Under Section 28 of the Local Government Act 2003 the Council must review its performance against budget.

Personnel

- 3.1 None directly arising.

IT

- 4.1 None directly arising.

Equalities Impact

- 5.1 None directly arising.

Health and Safety

- 6.1 None directly arising.

Environmental Sustainability

- 7.1 None directly arising.

Property and Asset Management

- 8.1 None directly arising.

Risk Management

- 9.1 None directly arising.

Corporate objectives and priorities for change

- 10.1 None directly arising.

Appendix 2

Statement of Reserves

	Opening Balance at 01/04/2015	Net Movement in 2015/16	Balance at 31/03/2016
	£000	£000	£000
General Fund			
Unallocated General Fund Balance	(7,143)	0	(7,143)
Balances held by schools	(7,448)	(3,016)	(10,464)
TOTAL	(14,591)	(3,016)	(17,607)
Revenue Earmarked Reserves			
Budget Risk Reserve	(20,540)	8,730	(11,810)
Regeneration Reserve	(1,541)	(2,182)	(3,723)
Accommodation Strategy Reserve	(33)	4	(29)
Waste Strategy Corporate Reserve	(1,049)	0	(1,049)
Job Evaluation Reserve	(9,435)	6,027	(3,408)
MTFP Specific Reserve	0	(10,144)	(10,144)
Building Schools For The Future Reserve	(938)	0	(938)
Transformation Corporate Reserve	(682)	126	(556)
Older Peoples Strategy Corporate Reserve	(1,586)	1,285	(301)
Partnership Reserves	(305)	52	(253)
PFI Reserves	(19,774)	(2,190)	(21,964)
Asbestos Reserve	(1,263)	62	(1,201)
Trading Services Reserve	(485)	(620)	(1,105)
Delivering Differently Reserve	0	(5,000)	(5,000)
Priority Families Reserve	(937)	0	(937)
ICT Reserve	0	(2,600)	(2,600)
Connecting Derby Compensation Claims Reserve	(278)	73	(205)
Multi Use Sports Arena Reserve	(508)	0	(508)
Economic Partnership Reserve	0	(715)	(715)
Assembly Rooms Reserve	0	(3,408)	(3,408)
DSG Non Delegated Reserve	(4,983)	(1,448)	(6,431)
Other Service Reserves	(8,715)	(2,252)	(10,967)
Other Corporate Reserves	(10,723)	4,180	(6,543)
TOTAL	(83,775)	(10,020)	(93,795)
Housing Revenue Account (Ringfenced)			
Housing Revenue Account	(33,706)	(8,478)	(42,184)
Major Repairs Reserve	(6,799)	3,912	(2,887)
Other Earmarked HRA Reserves	(786)	0	(786)
TOTAL	(41,291)	(4,566)	(45,857)

* After adjustment to reflect carry forward requests and use of reserves included in this report

Appendix 3

Cross-Directorate Contingencies	Transferred to/(from) Reserves £'000s	Reserve
Exit Cost Contingency Job Evaluation Contingency	(235) 26	Exit Cost Job Evaluation
TOTAL	(209)	

Housing Revenue Account - HRA

The outturn position for 2015/2016 shows cumulative resources of £46.007 million, an increase of £4.716 million on the previous year's position. The table below shows the variations at outturn.

	£000
Estimated Outturn in 2015/2016 - February 2015 HRABP	(2,052)
Variations at outturn:	
Increase in rents and service charges	(3,618)
Reduced interest earned on HRA reserves	58
Increase in Feed in Tariff Income	(15)
Reduced Repairs and Maintenance	(649)
Reduced expenditure Estates Pride	(301)
Increased Supervision and Management	465
Reduced provision for bad debts	(1,276)
Reduced depreciation charge	(660)
Reduced capital financing charges	(430)
NET SURPLUS 2015/2016	(8,478)
Net Movement in HRA reserves	3,912
Total increase in HRA resources	(4,566)
Total reserves B/fwd from 2014/2015	(41,291)
Total Reserves 31 March 2016	(45,857)
Of which:	
Major Repairs reserve	(2,887)
HRA Earmarked reserves	(786)
General reserves including contingency	(42,184)
Total Reserves 31 March 2015	(45,857)

The Housing Revenue Account – HRA – shows an outturn surplus of £8.478 million which together with net movement in other reserves of £3.912m increases overall HRA balances by £4.566m to £45.857 million for the year.

General Balances £42,184,000

The general balance on the HRA at 31 March 2016 was £42.184m. In addition to this there are £3.673m of earmarked reserves giving total HRA resources of £45.857m. The increase in general balances was mainly due to increased rental and service charge income and lower than anticipated contribution to the bad debt

provision. The net reduction in other HRA balances is a direct result of capital expenditure being funded from these reserves.

Rents and Service Charges (£3,618,000)

Rents and Service charges are higher than anticipated due to better performance on void levels and properties moving to target rent after being re-let following a void period.

Interest earned on HRA balances £58,000

Lower interest rates than anticipated on HRA balances has resulted in lower levels of interest earned.

Feed in Tariff Income (£15,000)

Additional income from Solar Panel feed in tariff scheme.

Repairs and Maintenance (£649,000)

Lower than anticipated expenditure on the Repairs and Maintenance.

Supervision and Management £465,000

Actual expenditure on the furniture scheme was higher than budgeted. The cost of the furniture scheme is recovered through service charge income.

Estates Pride (£301,000)

Lower than anticipated expenditure on the Estates Pride programme.

Provision for bad debts (£1,276,000)

Better performance on rent collection and delayed implementation of Universal Credit has resulted in a lower than anticipated bad debt provision.

Depreciation Charges (£660,000)

Lower than anticipated charges for depreciation to HRA.

Capital financing costs (£430,000)

Lower than anticipated borrowing costs have resulted in a saving to the HRA.