

FORM 1

NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER

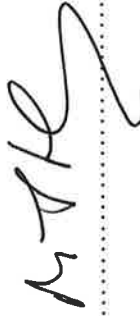
Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, Marcus Hart, as Strong Leader, delegate the decision to receive the provisional outturn position in relation to the Final Accounts for 2013/14, as detailed in the Forward Plan to the Cabinet Member detailed below:

Cabinet Member for Resources & Transformation, Councillor Nathan Desmond

Dated: 19th June 2014

Signed:



Marcus Hart
Leader of the Council

FORM 2

NOTICE OF DECISION OF CABINET MEMBER

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me / by the Leader (delete as appropriate), I have made the following decision:

Subject	Decision	Reason for decision	Date for Decision to be taken
<p>To receive the provisional outturn position re Final Accounts 2013/14</p>	<p>That the Cabinet note that as detailed in the attached report:- Following the creation of the additional earmarked reserves detailed below, savings compared to the revised budget of £241,600 have been generated from the 2013/14 surplus. That £200,000 from the 2013/14 savings has been used to create an earmarked reserve for Business Rate Funding shortfalls. That £250,000 from the 2013/14 savings has been used to create an earmarked reserve for a contingency for potential future costs in relation to the Future Leisure Project. That £150,000 from the 2013/14 savings has been used to create an earmarked reserve for an Asset Management/Property Reserve to provide a contingent fund for property related initiatives in accordance with the Council's corporate objectives. That the Cabinet recommend to Council: That the 2013/14 Right to Buy Receipts (RTB) from Community Housing Group of £205,750 be allocated to Discretionary Facilities Grants (DFGs) in the 2014/15 Capital Programme, as detailed in paragraph 4.11 of the report</p>	<p>To inform Members of the provisional outturn position in relation to the Final Accounts for 2013/14 and note that the improved level of resultant reserves will be reconsidered in accordance with the Council's Financial Strategy, as part of the budget process for 2014 onwards. To recommend to Council the allocation of the 2013/14 Right to Buy receipts.</p>	<p>19th June 2014</p>

I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.

FORM 2

Dated: 19th June 2014


.....

Signed:

Councillor: ... Nathan Desmond
Cabinet Member



WYRE FOREST DISTRICT COUNCIL

STRONG LEADER CABINET REPORT

19th JUNE 2014

REPORT ON FINAL ACCOUNTS 2013/14

OPEN ITEM	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN PRIORITY:	Delivering Together, with Less
DIRECTOR:	Chief Financial Officer
CONTACT OFFICER:	Tracey Southall Ext. 2100 tracey.southall@wyreforestdc.gov.uk
APPENDIX 1	Appendix 1 - Explanation of Major Variations on Revised 2013/14 Budget

1. PURPOSE OF REPORT

- 1.1 To receive the provisional outturn position in relation to the Final Accounts for 2013/14.

2. RECOMMENDATION

The Cabinet is asked to NOTE that as detailed in Appendix 1:-

- 2.1 Following the creation of the additional earmarked reserves detailed below, savings compared to the revised budget of £241,600 have been generated from the 2013/14 surplus.
- 2.2 That £200,000 from the 2013/14 savings has been used to create an earmarked reserve for Business Rate Funding shortfalls, further detail is provided in paragraphs 4.2 and 4.9.
- 2.3 That £250,000 from the 2013/14 savings has been used to create an earmarked reserve for a contingency for potential future costs in relation to the Future Leisure Project.
- 2.4 That £150,000 from the 2013/14 savings has been used to create an earmarked reserve for an Asset Management/Property Reserve to provide a contingent fund for property related initiatives in accordance with the Council's corporate objectives.

The Cabinet is asked to RECOMMEND to Council:

- 2.5 That the 2013/14 Right to Buy Receipts (RTB) from Community Housing Group of £205,750 be allocated to Discretionary Facilities Grants (DFGs) in the 2014/15 Capital Programme, as detailed in paragraph 4.11.

3. BACKGROUND

- 3.1 The Accounts and Audit (England) Regulations 2011 have been incorporated into the Council's Financial Regulations. These regulations require that the Council's Statement of Accounts be produced and approved by the Chief Financial Officer on or before 30th June, 2014.
- 3.2 The Audit Committee will be considering and endorsing the full Statement of Accounts on 30th June 2014, and a full copy of the Statement of Accounts will be made available on the Council's Intranet for Members' perusal.
- 3.3 The Statement is then subject to audit. The Council's external auditor; Grant Thornton has until 30th September 2014 to complete the audit, after which the Statement will be published.
- 3.4 Should it be necessary for Grant Thornton to agree technical changes with the Chief Financial Officer while the accounts are subject to audit, these will be made under delegated powers. All Members of the Council will be provided with a published copy of the Statement.
- 3.5 Members may wish to note that the Council's Accounts will be made available for public inspection as required by the Accounts and Audit (England) Regulations 2011, between 16th July 2014 and 12th August 2014. Grant Thornton will be available on the 13th August 2014, at the Accountancy Section, Wyre Forest House, if any local government elector for the area has any questions on the Accounts that they wish to raise with them. Appointments for any meetings with the Auditors must be made in advance, in writing.
- 3.6 The provisional revenue outturn position has identified savings of £241,600 (subject to audit and after the creation of the earmarked reserves for the Leisure Future Contingency, Business Rates and Asset Management/Property Reserve) compared to the Revised Budget allowing only £34,310 to be taken from General Reserves rather than the planned £275,910. Appendix 1 summarises major variations from the Revised Budget for Members' information.

4. KEY ISSUES

- 4.1 These remain challenging times for the Council as we come to grips with an environment where funds have reduced significantly following the Spending Round 2013, exacerbated by the Local Government Resource Review, including the Localism of Council Tax Benefit and Business Rates Retention Scheme. The Financial Strategy 2014/17 approved by Council in February 2014, provides a stable financial platform to move forward. For the coming year, Council approved a 1.94% increase in Council Tax and in each of the following two years the same increase has been assumed, along with a 13.41% reduction in Government Grant in 2014/15, 15.38% reduction in 2015/16 and 9.87% in 2016/17. It likely the austerity measures will continue into the future.
- 4.2 This has been the first complete year of the Business Rates Retention Scheme and a number of factors including the failures of both Sealine and Lawrence's businesses have contributed to this Council's results. We have fallen short of our Baseline target of £2.484m by £131,000. Although membership of the Worcestershire Business Rates Pool has mitigated this funding shortfall by £82,000 there was insufficient in the Risk Reserve to meet the full shortfall. We also received late notification of additional

government grant (previously top-sliced to fund capitalisation distribution) of around £19,000 so the net funding shortfall, taking this into account, is £29,900.

- 4.3 The Council has made further welcome progress in relation to the recovery of the Icelandic investments during 2013/14. The successful sale of the Landsbanki investment in late January 2014, leaves just £985k outstanding for the remaining two investments. Further dividend payments are expected during 2014/15 and beyond.
- 4.4 In addition, the impairment position for our remaining two investments has improved generating a saving of £28k in this year's accounts.
- 4.5 Included within Appendix 1 is the identification of the significant variances against the Revised Budget for 2013/14. These variances include:
- i) Pay, General Administration and Miscellaneous savings of £341k
These relate to various accounts across the whole of the Council which are then reallocated to front line services. It is clear that reductions have been made in expenditure across the Authority as spending decisions continue to be scrutinised closely.
 - ii) Benefit Payments, positive variance of £131k
The Council has been successful in the recovery of more overpayments than had been expected generating an extra £131k.
 - iii) Property-related savings- positive variance of £135k
The Council manages the building maintenance position extremely carefully and has achieved significant savings in the last year.
 - iv) Savings in relation to the Elections function of £30k
The Contingency built into the budget for by-elections and ethical investigations was not required and any future expenditure can be met from reserves.
 - v) Additional costs of an increase in the Bad Debt Provision of £140k
Due, to greater difficulty in collecting debts to the Council the value of the bad debt provision has been increased. These charges relate largely to Housing Benefit debt.
 - vi) Additional External Interest income received of £16k, reversal of Icelandic impairment of £28k, and saving in minimum revenue provision of £40k
This additional interest on investments has resulted from slightly longer durations and robust treasury management of funds. The reversal of impairment from the Icelandic investments is due to an improvement in the predictions for final recovery. The saving in minimum revenue provision is a saving based on our approved asset life policy.
 - vii) Reduced net expenditure from Car Parking, Civil Enforcement and Street Furniture of £96k
This has been achieved by careful management of the running costs of car parking whilst income has been maintained very close to budget forecasts. The street furniture budget has also been carefully managed.
 - viii) Parks and Green Spaces and other Grounds Maintenance reduced costs of £70k.
Due in part to reduced premises and equipment repairs also a reduction in the use of external contractors.

- ix) Additional Cemetery Income and lower repairs and maintenance totalling £24k
The extra sale of plots at the old cemetery and reduced repairs and maintenance has resulted in this saving.
- x) Planning Fee Additional income – positive variance of £62k
This increase in income is due to the slight upturn in the local economy and the knock-on effect on the applications for building development.
- xi) Planning cost savings – positive variance of £51k
This savings relates to reduced costs of repairs and maintenance of industrial estates, and regulatory services.
- xii) Corporate Costs – Additional Costs £50k
The increased cost relates to an ear marked reserve to cover the potential for an increase in future insurance costs; it is a contingent sum
- xiii) Additional earmarked reserves new for this year of £600k
The variance analysis includes expenditure to create three significant new earmarked reserves as detailed in paragraph 4.9 below.

- 4.6 It is clear that the future financial position for the Council will continue to be challenging, in the aftermath of the Comprehensive Spending Review 2013, which resulted in further funding reductions, and follows fundamental changes to the way Central Government provides funding for local authorities. The reduced level of funding for the Council in the future is being mitigated by a raft of transformational reviews being implemented as part of the Wyre Forest Forward programme.
- 4.7 The draft position for 2013/14 demonstrates that through prudent financial management, additional resources of £600,000 were made available to fund additional earmarked reserves as set out in paragraph 4.9. For information, the net contribution to earmarked reserves for the year was £559k.
- 4.8 The transformation fund set up in 2011/12 for one-off implementation costs to support the Wyre Forest Forward programme has been extremely successful in delivering the change programme. £261k remains from this fund at the end of 2013/14, with £61k being uncommitted. This has been supplemented by an additional £200k from the 2014/15 budget to help fund the challenging savings programme moving forward
- 4.9 Cabinet is asked to note the creation of three significant earmarked reserves from the surplus in 2013/14. The first is £150,000 for an Asset Management/Property Reserve to ensure the Council can make best use of the Council's Property Portfolio as part of the Wyre Forest Forward Transformation Programme as this may require some spend to save investment to deliver corporate objectives . The second is £250,000 for the Leisure Future Project Contingency to help mitigate risk during the delivery phase of this highly complex initiative. The final reserve of £200,000, is in relation to the potential deterioration of future Business Rates compared to our Baseline position, this is necessary as we were below baseline this year and the Worcestershire Pool was unable to fully meet the resultant funding shortfall from the Risk Reserve.
- 4.10 It should also be noted that, the Working Balance remains at £1m to reflect the significant financial risks faced by this Council as a result of the fundamental changes to the Government Funding Regime in 2013/14, further austerity measures expected and also the impending Welfare Reform changes.

- 4.11 Council on the 26th February 2014, approved that the first £338,000 of RTB receipts in 2014/15 be allocated to Disabled Facilities Grants to a maximum Capital Budget of £800,000. This was based on a Capital Budget of £683k, for 2013/14 of which £669k has been spent leaving £14k to be taken forward to 2014/15 making a total budget of £476k for 2014/15. We have received a capital receipt of £205,750 in respect of RTB sales from the Community Housing Group in 2013/14. In view of the service need to be certain about funding levels so plans can be progressed to fulfil the need for DFGs, it is proposed that the £205,750 be allocated to top-up this capital budget for 2014/15 to £681k. When further RTB funding is confirmed for 2014/15 up to £119k of this will be allocated to DFG's to a maximum £800k as per Council approval.

5. FINANCIAL IMPLICATIONS

- 5.1 The positive variance of £841,600 compared to the Revised Budget, reducing to £241,600, following the creation of additional significant earmarked reserves, resulting in the reduced use of General Reserves of £34,310 is welcomed. The resultant reserves will be reconsidered in accordance with the Council's Finance Strategy, as part of the budget process for 2014 onwards. This is greater than reported at Quarter 3 budget monitoring. However, a number of events and decisions in the last quarter coupled with year end transactions has led to the increase in the savings. This saving represents around 1.5% of total gross revenue expenditure of £55m.
- 5.2 The allocation of the £205,750 RTB receipts to the DFG capital budget takes the total available for 2014/15 (taking into account slippage from 2013/14) to £681k. Further allocations up to the £800k maximum will be made as further receipts become known for 2014/15.
- 5.3 These remain extremely challenging times for this Council given the changed landscape of the Government's funding regime, with 2013/14 being the first full year of these changes when the forecast impact of decisions during the last budget process can be measured. The saving on outturn is welcomed and has been utilised to earmark funds to meet potential liabilities and also to increase General Balances compared to forecast, to mitigate the potential future impact of funding volatility.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 None.

7. RISK MANAGEMENT

- 7.1 The principal risk to the Council is non-achievement of the Accounts and Audit (England) Regulations 2011 deadline, in respect of production and approval of the Statement of Accounts before 30th June 2014, and qualification of the Accounts by the Council's External Auditors.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

9. CONCLUSION

- 9.1 This report details the outturn position as at 31st March 2014 and provides information on the creation of further significant earmarked reserves.

10. CONSULTEES

- 10.1 CLT/Cabinet

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit (England) Regulations 2011
Financial Strategy 2014/17

PROVISIONAL OUTTURN
MAJOR VARIATIONS BETWEEN REVISED BUDGET
AND ACTUAL NET EXPENDITURE/FUNDING FOR 2013/14

Total Revised Budget 2013/14	12,560,830
Sub Total	12,560,830
Actual Net Expenditure	12,289,330
SAVINGS COMPARED TO 2013/14 REVISED BUDGET	(271,500)
Reduction in Funding from Business Rates net of Grant Increase	29,900
OVERALL SAVING COMPARED TO REVISED BUDGET INCLUDING FUNDING	(241,600)

<u>Description of Estimated Major Variances</u>	<u>Extra Costs/ Reduced Income £</u>	<u>Savings/ Additional Income £</u>
Chief Executive		
1. Elections Savings		(30,000)
2. Benefits additional recovery of overpayments		(131,000)
3. Admin Building & Industrial Estates - Running Costs		(45,000)
4. Release of ear-marked reserves - Benefits and Accountancy		(20,000)
Community Well Being and Environment		
1. Leisure Centres - maintenance of buildings, grounds and plant replacement		(73,510)
2. Cemetery - reduced expenditure on repairs and additional income from forward sale of plots		(24,000)
3. Waste - direct transport saving		(18,000)
4. Public Conveniences savings on repairs and maintenance		(16,000)
5. Parking and Civil Enforcement - net saving		(76,000)
6. Street Furniture and equipment		(20,310)
7. Sports Pitches, grounds maintenance and equipment		(45,000)
8. Parks and Green Spaces		(25,000)
Economic Prosperity and Place		
1. Development Control Income		(62,230)
2. Planning Policy Release of ear marked reserve		(11,000)
3. Regulatory Services Refund Received for 2013/14 and additional income		(29,850)
4. Industrial Estates Income		(55,000)
5. Creation of ear- marked reserve for GBSLEP project contribution	45,000	
Capital Account		
1. Interest on investments		(16,000)
2. Minimum Revenue Provision reduction		(40,000)
3. Impairment Improvement on Icelandic Investments		(28,000)
Corporate Variations		
1. Pay Costs (including Agency)		(72,700)
2. Savings in Administrative Expenses across all service areas		(239,110)
3. Reserve for Business Rates	200,000	
4. Asset Management/Property Reserve	150,000	
4. Increase in Bad Debt Provision	140,000	
5. Insurance - Creation of ear-marked reserve	50,000	
6. Future Leisure Contingency	250,000	
7.		
Funding Reduction due to decreased Business Rates not covered by Pool Risk Reserve*	29,900	
8. Miscellaneous Savings		(28,790)
	864,900	(1,106,500)
REDUCED NET EXPENDITURE ON YEAR 2013/14		(241,600)

*We have fallen short of our Baseline target of £2.484m by £131,000. Although membership of the Worcestershire Business Rates Pool has mitigated this funding shortfall by £82,000 there was insufficient in the Risk Reserve to meet the full shortfall. Additional Government Grant of £19,000 was received to offset against this shortfall.