

CABINET

20 June 2017

Title: Revenue and Capital Final Outturn 2016/17	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Director: Kathy Freeman, Finance Director	
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	
Summary	
<p>The Cabinet received a provisional outturn report at its last meeting in May. This report now provides the final outturn position (subject to audit). Since there have been only a few small changes since the last report only summary information has been provided in most instances.</p>	
<p>Following transfers from reserves and carry forwards the final outturn variance is confirmed as an overspend of £4.853m. This is £0.087m less than the provisional outturn reported in May as a result of some further minor corrections and adjustments but does not materially change the position. The final position of the unearmarked General Fund reserve after this overspend and transfers between reserves is £19.3m as at 31 March 2017. Although a reduction from the opening level, this is still well above the minimum target balance of £15m.</p>	
<p>The Cabinet approved a number of requests for carry forwards and transfers to and from reserves in May. There are a small number of additional requests listed in appendix B that Cabinet are asked to approve.</p>	
<p>The final position on the HRA is an outturn surplus of £2.186m of which £0.266m will be used as additional contribution to the capital programme and £1.920 will be transferred to the HRA reserve.</p>	
<p>The final position on the Dedicated Schools Grant is £5.773m deficit most of which relates to Schools Balances. There has been an overall fall in the level of reserves held by schools.</p>	
<p>The Capital Programme outturn is confirmed to be £173.070m against a programme budget of £184.662m. The difference is mostly the result of slippage rather than underspending and the spend will be reprofiled into the 2017/18 financial year.</p>	
<p>Cabinet are asked to approve the capital carry forwards and reprofiling as set out at Appendix C.</p>	

Recommendation(s)

The Cabinet is recommended to:

- (i) Note the outturn position for 2016/17 of the Council's General Fund revenue budget and Housing Revenue Account as at 31 March 2017, as detailed in section 2 and Appendix A of the report;
- (ii) Approve the requests for carry forwards and transfers to and from reserves as set out in Appendix B of the report;
- (iii) Note the outturn for the Dedicated Schools Grant at 31 March 2017 as detailed in section 3 of the report;
- (iv) Note the outturn position for 2016/17 of the Council's capital budget at 31 March 2017, as detailed in section 4 of the report;
- (v) Approve the requests for capital carry forwards and the reprofiling of the 2017/18 Capital Programme as set out in section 4 and Appendix C of the report; and
- (vi) Note the position of the Council's General Fund and other reserves at 31 March 2017, as set out in Appendix D of the report.

Reason(s)

As a matter of good financial practice, the Cabinet should be informed about the Council's spending performance and its financial position. This will assist the Cabinet in holding officers to account and in making future financial decisions.

1 Introduction and Background

- 1.1 This report provides a summary of the outturn for the Council's General Fund, Housing Revenue Account, Dedicated Schools Grant and Capital positions.

2 Overall Outturn Position on the General Fund and Housing Revenue Account

- 2.1 The Council's outturn position for 2016/17 is an overspend of £4.853m against the approved budget. This is £0.087m less than previously reported. A small IT bug had caused some transactions to be posted twice – this has now been remedied by the application of a software patch to the ledger system. The revised department outturn figures are shown in Appendix A.
- 2.2 The final position on the HRA is an outturn surplus of £2.186m of which £0.266m will be used as additional contribution to the capital programme and £1.920 will be transferred to the HRA reserve. This is the same figure as previously reported.
- 2.3 Cabinet approved a number of carry forwards and transfers to and from reserves in May. Since that report was prepared a few more requests have been received. These requests are set out in Appendix B and the Cabinet is asked to approve them.

3. Dedicated Schools Grant

3.1 The final outturn for the DSG and schools showed an additional revenue contribution to the DSG reserves of £0.233m and fall in maintained school's balances of £6.006m resulting in a net outturn of £5.773m.

Table One: DSG Summary

	Gross Budget	Actual	Variance
	£ (000)	£ (000)	£ (000)
DSG Income	-208,407	-208,407	0
Draw Down from DSG Reserve	-6,101	-6,101	0
TOTAL INCOME	-214,508	-214,508	0
Early Years Block	18,166	16,526	-1,640
High Needs Block	29,110	30,472	1,362
Schools Block - Central Services	2,119	1,719	-400
Schools Block - Growth and SFFD	2,500	2,946	446
TOTAL NON-SCHOOLS	51,896	51,663	-233
Schools Delegated Budgets	162,613	168,619	6,006
TOTAL DSG	214,508	220,282	5,773
Transfer to DSG Reserve			-233
Change in Schools Balances			6,006
TOTAL movement in DSG Balances			5,773

3.2 Total **grant income** for 2016-17 was £214.508m. This includes the in-year allocation of £207.976m and final allocation of £0.431m for 2015-16 for the Early Years Block. In addition, resources were drawn down from the DSG reserve for Early Years Block of £1.307m and the High Needs Block of £4.794m. These were planned draw downs in order to invest in the development of services and in particular the SEND strategy.

3.3 There is an underspend of £0.233m on total DSG Non-Schools **Expenditure**. The

Early Years Block underspend was the result of a fall in anticipated numbers in settings for 2,3 and 4 year olds. The High Needs Block continued to experience increasing demand for funding in-year as the number of stated pupils continued to grow. There were underspends on Admissions and other centrally retained items totalling £0.400m. The Growth Fund overspent by £0.554m reflecting the high rate of expansion of schools in order to meet demand.

- 3.4 Maintained schools' balances fell by £6.006m with 32 schools reducing their balances. Where schools have healthy balances this is not necessarily a bad thing as funding should be put to use to support the education of current students but, in some cases, it may be an early sign of financial strain as schools experienced cost pressures from unfunded increases in pension and national insurance costs. This position will be monitored by the Finance department and by the Financial Monitoring subgroup of the Schools Forum.

4. Capital Programme 2016/17

- 4.1 The Capital Programme provisional outturn is £173.070m against a programme budget of £184.662m. This is unchanged from the previous report.

Table 4: Capital Programme and Flexible Use of Receipts

	Revised 2016/17 Budget	Actuals	Variance
	£000	£000	£000
General Fund Capital Programme	122,003	115,679	(6,324)
Housing Revenue Account	62,659	57,391	(5,268)
TOTAL Capital Programme	184,662	173,070	(11,592)

- 4.2 The variances on the programme are largely the result of slippage. The Cabinet are therefore asked to approve the reprofiling set out in Appendix C in order to allow the projects and programmes listed to continue.
- 4.3 This includes a net £5.5m on Regeneration and General Fund Housing programmes, £1.6m on Environmental schemes and £3.2m on Culture and Sport. The Education programme requires about £3m funding to be carried forward but this is offset by £8m of expenditure ahead of scheduling so the net movement between years is £5.1m into 2016/17.
- 4.4 The HRA programme had slippage of around £5.2m. £0.3m is requested to be carried forward against the original scheme with the balance returned to the HRA capital pot for redistribution in future years.
- 4.5 The net impact of the reprofiling together with new additions and some minor adjustments between schemes is shown in Appendix C. Cabinet are asked to approve this revised capital programme.

5. Financial Implications

Implications completed by: Kathy Freeman, Finance Director

- 5.1 This report details the financial position of the Council.

6. Legal Implications

Implications completed by: Fiona Taylor, Director of Law and Governance

- 6.1 Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

Public Background Papers Used in the Preparation of the Report:

- Oracle monitoring reports

List of Appendices

- **Appendix A** – Final Revenue Outturn
- **Appendix B** – Further requests for transfers to and from reserves
- **Appendix C** – Requests for capital carry forwards and reprofiling
- **Appendix D** – Earmarked Reserves as at 31 March 2017