

2016/17 Revenue Budget Outturn Report

Cabinet Member(s): David Hall – Cabinet Member for Resources and Economic Development

Division and Local Member: All

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	Seen by:	Name	Date
Report Sign off	County Solicitor	Honor Clarke	08.06.2017
	Monitoring Officer	Julian Gale	08.06.2017
	Corporate Finance	Lizzie Watkin	08.06.2017
	Human Resources	Chris Squire	08.06.2017
	Senior Manager	Kevin Nacey	08.06.2017
	Cabinet Member	David Hall	08.06.2017
Forward Plan Reference:	FP/17/04/06		
Summary:	The report outlines the Council's Revenue Budget final outturn position for the 2016/17 financial year. It also sets out a number of consequent issues requiring decisions.		
Recommendations:	<p>The Cabinet is asked to:</p> <p>Note the contents of this report and the outturn position for the year and approve:</p> <ol style="list-style-type: none"> 1. Carry forward requests of £1.248m to be used against future commitments (Section 4); 2. Specific requests to write off overspends to the General Reserves totalling £15.033m and £0.179m (Section 2, Table 2 and appendices) and the future use of the reserves (Section 5, Table 4 and 5). <p>Note the transfer back to General Reserves of £6.915m from underspends (Section 2, Table 2 and Section 5, Table 5);</p> <p>Note the treatment of the £19.527m Schools Budget balance, as approved by the Schools Forum (Section 3);</p> <p>In addition, the Cabinet is asked to note the Aged Debt Analysis as shown within Section 6.</p>		
Reasons for recommendations	To inform members of the financial outturn position relating to the financial year 2016/17 and to confirm funding for delayed commitments that will now crystallise in 2017/18.		

Links to Priorities and Impact on Service Plans:	The Outturn report indicates how the Council's resources have been used to support the delivery of budgetary decisions. The Medium Term Financial Plan (MTFP) sets the funding for the County Plan and the use of those funds is then monitored throughout the year to ensure delivery of Council objectives and actions.
Consultations Undertaken:	Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the Appendices.
Financial Implications:	A deficit on the Revenue Budget will impact on the Council's General Balances. The Council's financial position will be constantly reviewed to ensure its continued financial health.
Legal Implications:	There are no implications arising directly from this paper.
HR Implications:	There are no implications arising directly from this paper.
Risk Implications:	<p>If the recommendations are approved, it will temporarily take the Council's General Balances below acceptable ranges given the size of the budget and taking into account the annual financial risk assessment. However, the level of reserves will be replenished in year by the collection fund surplus of around £5m.</p> <p>Key services such as Children's Social Care, Adults Social Care and Learning Disabilities services have had to manage considerable increases in demand. The risk is that this trend will continue for at least part of the 17/18 financial year. We need to be prepared to divert resources to support these areas of spend. The availability and use of reserves is critical in being able to manage spikes in demand and costs incurred. This must be balanced against the risk of other services coming under financial pressure if carry forward requests are not approved.</p>
Other Implications	There are no other implications arising directly from this paper.
Scrutiny Recommendation	Not Applicable

1. Background

1.1 This report outlines the actual expenditure (or 'Outturn') compared with the Revenue Budget for the 2016/17 financial year, and the consequent effect on the Council's levels of reserves.

1.2 The sections in this report highlight the under or overspend at Service level within the appendices. In addition, specific requests are made where services require:

- Carry forward of underspends to meet future commitments, through ring-fenced grant conditions, pooled budget arrangements with partners or as a result of contractual requirements (Section 4);
- Transfer to and from existing Earmarked reserves and transfer of funds to replenish General Reserves (Section 5).

The report also contains information on the Individual Schools and Early Years providers balances (Section 3) and current debt position by service area (Section 6).

2. Summary Outturn 2016/17 – Revenue Budgets

2.1 The Authority's outturn shows an overspend of £7.049m (Table 1 below) when compared to the Revenue Budget. This represents 2.26% of budget.

This year again the presumption is that any savings will be returned to General Balances and any specific requests for carry forwards would be approved on an individual basis.

In order to meet future commitments, services have put forward a number of requests to carry forward some underspends together with the draw down of cumulative sums from previous years held within Cumulative Service Carry Forward Reserves. These requests totalling £1.248m are much lower than in previous years and are summarised in Section 4 and details within Appendices A to F.

2.2 Table 1 below summarises the outturn positions at Service level. Column 9 of this table shows the final Local Authority variance and the services requested treatment of these variances are detailed in Table 2. More detailed information on the variances at Service level and for Trading Units and the requests made by those services is provided within **Appendices A to F** and these should be read alongside Table 1 and 2. The following sections of this report provide comment on the headline issues.

Table 1 – Summary Outturn Position

Service	Total budget approvals	2016/17 Actual Outturn	Gross Variance Under (-) / Overspend		Transfers Earmarked Reserves	Under (-)/ Overspend	Schools Variance / Use of Capital Receipts flexibilities	Local Authority Variance Underspend (-) / Overspend
(Col 1)	(Col 2)	(Col 3)	(Col 4)	(Col 5)	(Col 6)	(Col 7)	(Col 8)	(Col 9)
	£m	£m	£m	%	£m	£m	£m	£m
Adults and Health - Operations	93.544	102.948	9.404	10.1%	(0.253)	9.151		9.151
Children and Families - Operations	54.786	58.452	3.666	6.7%		3.666		3.666
Learning Disabilities - Operations	28.402	28.638	0.236	0.8%		0.236		0.236
Somerset Waste Partnership	27.008	26.379	(0.629)	-2.3%		(0.629)		(0.629)
Adults and Health – Commissioner	16.391	17.004	0.613	3.7%	(0.860)	(0.247)		(0.247)
Children & Learning Commissioning Central	22.341	26.820	4.479	20.0%	(4.275)	0.204		0.204
Highways	12.072	17.778	5.706	47.3%	(6.637)	(0.931)		(0.931)
Public Health	1.239	0.716	(0.523)	-42.2%	0.523	0		0
ECI Other Service Budget Areas	26.428	23.343	(3.085)	-11.7%	0.343	(2.742)		(2.742)
KEY SERVICES SPEND	282.210	302.077	19.867	6.6%	(11.159)	8.708	0	8.708
Corporate and Support Services	31.386	35.412	4.026	12.8%	(1.806)	2.220	(2.388)	(0.168)
Non-service items (inc Debt Charges)	(24.431)	(20.622)	3.809	3.5%	(4.671)	(0.862)		(0.862)
Trading Units	0	(0.397)	(0.397)	0.0%	0.397	0		0
SUPPORT SERVICES & CORPORATE SPENDING	6.956	14.394	7.438	106.9%	(6.081)	1.358	(2.388)	(1.030)
Individual Schools Budget (ISB) and Early Years Providers	23.111	3.839	(19.272)	-83.4	(0.255)	(19.527)	19.527	0
SCC TOTAL SPENDING	312.276	320.310	8.034	2.6%	(17.495)	(9.461)	17.139	7.678
Funding & Non Specific Grants <i>in year movement</i>						(0.629)		(0.629)
NET POSITION AFTER FUNDING						(10.090)	17.139	7.049

Table 2 – Under/Overspend funding

Service	Net Variance Under (-) / Overspend	Carry forward Requested	Write-off to General Reserves Requested	Off-target – funded by General Reserves	Return to General Reserves
	£m	£m	£m	£m	£m
Adults and Health - Operations	9.151		9.151		
Children and Families - Operations	3.666	(0.040)	3.706		
Learning Disabilities - Operations	0.236		0.236		
Somerset Waste Partnership	(0.629)	(0.010)			(0.619)
Adults and Health - Commissioner	(0.247)				(0.247)
Children and Learning - Commissioning Central	0.204	(0.826)	1.030		
Highways	(0.931)	(0.134)			(0.797)
Public Health	0				
ECI Other Service Budget Areas	(2.742)	(0.075)			(2.667)
KEY SERVICES	8.708	(1.085)	14.123	0	(4.330)
Corporate and Support Services	(0.168)	(0.163)	0.910	0.179	(1.094)
Non-service items (inc Debt Charges)	(0.862)				(0.862)
Trading Units	0				
SUPPORT SERVICES & CORPORATE	(1.030)	(0.163)	0.910	0.179	(1.956)
Individual Schools Budget (ISB) and Early Years Providers	0				
SCC TOTAL	7.678	(1.248)	15.033	0.179	(6.286)
Funding Variance	(0.629)				(0.629)
Including Funding Variance	7.049	(1.248)	15.033	0.179	(6.915)

3. Individual Schools and Early Years Providers: £19.527 Revenue Balance

- 3.1. Delegated Schools and Early Years budgets have a total balance of £19.527m. A full report on school balances will be considered by the Schools Forum in May. Copies of this report can be made available on request.

4. Items Requiring Decisions: Carry Forward Requests

- 4.1 As mentioned in Section 2 above, service underspends are generally returned to general reserves at year end. However, services are able to make requests for the carry-forward of unspent sums where there are future commitments, ring-fenced grant conditions or pooled budget arrangements with partners. These requests total £1.248m and are summarised in Table 3 below:

4.2 Table 3 – Carry Forward Requests (from savings in 2016/17 and previous years)

Directorate / Service	Carry Forward Request	Explanation
	£m	
Children and Families Operations	0.040	Youth Justice Board partnership funding – see Appendix A
Somerset Waste Partnership	0.010	Implementation of cashless payment system – see Appendix C
Children and Learning Central Commissioning	0.826	Troubled Families grant funding and Early Years and SEND monies – see Appendix A
Highways	0.134	Various Highways programmed works – see Appendix C
ECI Services	0.075	Carryforwards for programmed works – see Appendix C
Corporate and Support Services	0.163	Invest to Save scheme and additional support for Fostering and Adoption campaigns – see Appendix D
OVERALL TOTAL	1.248	

- 4.3 Further explanations of the above commitments for carry-forward are included within the Services Appendices A to D where they are shown as text surrounded by a border.

**5. Items Requiring Decisions:
Revenue Reserves – transfer and planned future use**

5.1 Table 4 – Planned Use of Revenue Reserves

	Cumulative Service Carry Forward Reserves	Other Earmarked Reserves	Total Reserves
	£m	£m	£m
Cumulative Balance as at 31 March 2016	10.545	15.176	25.721
Transfers	(0.010)	0.010	0
Commitments:- 2017/18 and beyond (Centrally Managed Schools' Balances)	19.886		19.886
Carryforward requests:- 2017/18 and beyond (Services)	1.248	20.398	21.646
Managed Overspend rolled forward into 2017/18 - Schools	(0.359)	(3.235)	(3.594)
Managed Overspend to be recovered in future years		(2.501)	(2.501)
Requests for write-off	(15.033)		(15.033)
Return Residual Balance to General Reserves	4.813	0.504	5.317
Total	10.545	15.176	25.721

5.2 The General Reserves balance before outturn movements stood at £20.015m. In year movements (Table 5) below shows the intended movement in General Reserves as a result of outturn and forecast position for 2017/18.

Table 5 – General Reserve Movements

General Reserves	£m
Opening Balance 2016/17	16.209
Quarter 2 transfer from Earmarked Reserves	3.806
Balance before 2016/17 Outturn	20.015
Funding Surplus	0.629
Off Target Write Off	(0.179)
Returns to General Reserves	6.286
Service Write Off Requests	(15.033)
Forecast Balance 2016/17 Outturn	11.718
Collection Fund Surplus 2017/18 (minimum)	5.000
Forecast Balance end of year 2017/18	16.718

6. Aged debt analysis

31 March 2016 £m	Age of Debt	31 March 2017 £m
0.670	Not Overdue	0.745
5.779	0-30 days	6.771
1.040	1-3 months	0.922
1.101	3-12 months	1.805
0.540	Over 12 months	0.502
9.130	Total	10.746
(0.141)	Unassigned Cash	(0.163)
8.989		10.583

6.1 Services' total outstanding debt relating to external income on the Accounts Receivable system stood at £10.583m (less unassigned cash) on 31 March 2017 (compared to £8.989m on 31 March 2016, an increase of £1.594m). However, £8.438m of current debt is not due or less than 3 months old. Table 6 shows an analysis by Service.

6.2 Table 6 – Aged debt analysis by Service

Service	Not o/du	0-30 days	1-3 mths	3-12 mths	12+ mths	Total	Un-asgnd Cash	Total (Net)
	£m	£m	£m	£m	£m	£m	£m	£m
Adults & Health Comm.	0.000	0.315	0.000	0.122	0.005	0.442	(0.001)	0.441
Adults & Health Ops	0.088	1.654	0.352	0.433	0.211	2.738	(0.113)	2.625
Commercial & Business	0.030	0.847	0.020	0.119	0.080	1.096	(0.006)	1.089
Customers & Communities	0.000	0.119	0.007	0.000	0.000	0.126	(0.000)	0.126
Children & Family Ops	0.015	0.184	0.039	0.288	0.010	0.536	(0.005)	0.530
ECI Comm.	0.004	0.006	0.001	0.000	0.001	0.012	(0.000)	0.012
ECI Ops	0.348	2.172	0.315	0.094	0.144	3.073	(0.000)	3.073
Schools & Early Years	0.039	0.019	0.004	0.008	0.011	0.082	(0.005)	0.077
Finance & Performance	0.014	0.533	0.039	0.487	0.008	1.080	(0.003)	1.078
Children & Learning Comm.	0.079	0.263	0.069	0.185	0.004	0.601	(0.015)	0.586
LD Ops	0.119	0.078	0.018	0.059	0.029	0.303	(0.006)	0.297
SSE	0.008	0.518	0.056	0.011	0.000	0.594	(0.008)	0.585
Public Health	0.000	0.063	0.001	0.000	0.000	0.064	(0.000)	0.064
Total £'000	0.745	6.771	0.922	1.805	0.502	10.746	(0.163)	10.583
Total %	6.93	63.01	8.58	16.80	4.67	100.00		

7. Consultations undertaken

Information and explanations have been sought from directorates on individual aspects of this report and their comments are contained in the Appendices.

8. Financial, Legal, HR and Risk Implications

Financial implications are dealt with in the body of this report, and where decisions are required. There are no other direct implications arising from this paper.

9. Background papers

- Cabinet Report – 6 February 2017 - Budget Monitoring reports Quarter 3

2016/17 – Item 10 (Revenue)

- County Council – 15 February 2017 – Item 7, Paper B – MTFP Report
- Annexes A and B – Services' Use of Reserves (available upon request)

Note:

For sight of individual background papers please contact the report author(s):
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