

2017/18 Revenue Budget Outturn Report – Annex A

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	Cabinet Member	Mandy Chilcott	
	Opposition Spokesperson	Simon Coles	
	Relevant Scrutiny Chairman	Tony Locke Leigh Redman Hazel Prior-Sankey	
Forward Plan Reference:			
Summary:	The report outlines the Council's Revenue Budget final outturn position for the 2017/18 financial year. It also sets out a number of consequent issues requiring decisions.		
Recommendations:	<p>To 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 £0.999m to be used against future commitments (Section 4); 2. Specific requests to write off overspends to the General Reserves totalling £12.660m (Section 2, Table 2 and appendices) and the future use of the reserves (Section 5, Table 4 and 5). <p>To note the transfer back to General Reserves of £9.480m from underspends (Section 2, Table 2 and Section 5, Table 4);</p> <p>To note the treatment of the £17.416m 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 2017/18 and to confirm funding for delayed		

	commitments that will now crystallise in 2018/19.
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. However, the pressing need to address overspending in Children's Services will need services to consider some temporary, and wherever possible permanent, measures to be taken. These measures will include a headcount reduction as the most secure way of making the savings required.
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 balance of the collection fund surplus of around £2m.</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. This trend will continue for the 18/19 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.</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 2017/18 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 2017/18 – Revenue Budgets

2.1 The Authority's outturn shows an overspend of £2.180m (Table 1 below) when compared to the Revenue Budget. This represents 0.70% of budget. In itself this is a significant achievement given the pressures on budgets and the known specific pressure within Children's Social Care. The majority therefore of Council services have either stayed within budget or delivered an underspend. However, the large variance in one area is clearly a key concern and the Peer Review work highlighted what is a number one priority for the Council in addressing the current and future budgets for Children's Social Care. The Council as a whole is focussed on identifying, with the Local Government Association's assistance, the appropriate level of budget for the service at the same time as analysing where we can reduce costs safely.

This year again the presumption is that any underspends 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 small 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 carryforward requests totalling £0.999m are much lower than in previous years and are summarised in Section 4 and details within Appendices A to G.

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 G** 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	2017/18 Actual Outturn	Gross Variance Under (-) / Overspend		Transfers Earmarked Reserves inc. Schools	Under (-)/ Overspend	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	78.218	73.233	(4.985)	(6.4)		(4.985)		(4.985)
Children and Families - Operations	53.332	60.579	7.247	13.6		7.247		7.247
Learning Disabilities - Operations	47.669	58.173	10.504	22.0	(4.910)	5.594	(1.920)	3.674
Adults and Health – Commissioner	7.829	7.854	0.025	0.3	(0.033)	(0.008)		(0.008)
Children & Learning Commissioning Central	21.380	26.176	4.796	22.4	(2.323)	2.473		2.473
Public Health	1.098	0.145	(0.953)	(86.8)	(0.009)	(0.962)		(0.962)
ECI Services	62.758	60.669	(2.089)	(3.3)	0.458	(1.631)		(1.631)
KEY SERVICES SPEND	272.284	286.829	14.545	5.3	(6.817)	7.728	(1.920)	5.808
Corporate and Support Services	26.684	30.622	3.938	14.8	(0.609)	3.329	(2.082)	1.247
Non-service items (inc Debt Charges)	(6.788)	(9.287)	(2.500)	(36.8)	(1.475)	(3.975)		(3.975)
Trading Units	0	(0.217)	(0.217)	0	0.217	0		0
SUPPORT SERVICES & CORPORATE SPENDING	19.897	21.118	1.221	6.1	(1.867)	(0.646)	(2.082)	(2.728)
Individual Schools Budget (ISB) and Early Years Providers	19.591	1.014	(18.577)	(94.8)	18.577	0		0
SCC TOTAL SPENDING	311.772	308.961	(2.811)	(0.9)	9.893	7.082	(4.002)	3.080
Funding surplus						(0.900)		(0.900)
NET POSITION AFTER FUNDING						6.182	(4.002)	2.180

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Table 2 – Under/Overspend funding

Service	Net Variance Under (-) / Overspend	Transfers	Carry forward Requested	Write-off to General Reserves Requested	Off-target – funded by General Reserves	Return to General Reserves
	£m	£m	£m	£m	£m	£m
Adults and Health – Operations	(4.985)	3.674				1.311
Children and Families – Operations	7.247		0.030	(7.277)		
Learning Disabilities – Operations	3.674	(3.674)				
Adults and Health – Commissioner	(0.008)					0.008
Children and Learning - Commissioning Central	2.473		0.528	(3.001)		
Public Health	(0.962)					0.962
ECI Services	(1.631)		0.246			1.385
KEY SERVICES	5.808	0	0.804	(10.278)	0	3.666
Corporate and Support Services	1.247		0.195	(2.380)	(0.002)	0.939
Non-service items (inc Debt Charges)	(3.975)					3.975
Trading Units	0					
SUPPORT SERVICES & CORPORATE	(2.728)	0	0.195	(2.380)	(0.002)	4.914
Individual Schools Budget (ISB) and Early Years Providers	0					
SCC TOTAL	3.080	0	0.999	(12.658)	(0.002)	8.580
Funding surplus	(0.900)					0.900
Including Funding surplus	2.180	0	0.999	(12.658)	(0.002)	9.480

3. Individual Schools and Early Years Providers: £17.416m Revenue Balance

- 3.1. Delegated Schools and Early Years budgets have a total balance of £17.416m. 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 £0.999m and are summarised in Table 3 below:

4.2 Table 3 – Carry Forward Requests (from savings in 2017/18 and previous years)

Directorate / Service	Carry Forward Request	Explanation
	£m	
Children and Families Operations	0.030	Youth Justice Board partnership funding – see Appendix A
Children and Learning Central Commissioning	0.528	West Somerset Opportunities Fund and Early Years – see Appendix A – this is included for completeness. An earlier decision was taken to ensure this funding is earmarked for the WSOF.
Somerset Waste Partnership	0.246	Recycle More roll-out costs – see App C
Corporate and Support Services	0.195	Invest to Save scheme, Staffing support to SEND Business Intelligence and Preparation for Employment grant – see Appendix D
OVERALL TOTAL	0.999	

- 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** The General Reserves balance before outturn movements stood at £15.364m. Table 5 below shows the intended movement in General Reserves as a result of outturn and forecast position for 2018/19.

Table 4 – General Reserve Movements

General Reserves	£m
Opening Balance 2017/18	10.441
Collection Fund Surplus for 2016/17, received in 17/18 financial year	4.871
Minor in-year adjustments approved by Chief Finance Officer	0.051
Balance before 2017/18 Outturn	15.364
Earmarked reserves transfer - see table 5	0.042
Funding Surplus - see tables 1 and 2	0.900
Returns to General Reserves - see table 2	8.580
Write Off Requests - see table 2	(12.660)
Forecast Balance 2017/18 Outturn	12.226
2018/19 Base Budget contribution to General Reserve – see note 1 below	2.000
Collection Fund Surplus 2017/18 - received in 2018/19	1.916
Forecast Balance end of year 2018/19	16.142

Note 1 - As part of 2018/19 budget setting a contribution of £2m was agreed to increase this reserve. This is in the base budget so that the reserve is increased by £2m each year from this year onwards.

The General Reserve balance following the 2017/18 outturn requests above (and detailed within table 2) is below the acceptable range (£15m) that we consider suitable for the level of risk and volatility within the budgets of the authority. During the year the balance of the Collection Fund Surplus and the £2m contribution from the base budget will take the level back above the minimum acceptable level.

- 5.2** The balance of Earmarked Reserves stands at £6.277m and the planned use of those reserves is shown in the table on the next page.

Table 5 – Earmarked Revenue Reserves

Earmarked Revenue Reserves	£m
Cumulative Balance as at 31 March 2018	6.277
Commitments:- 2018/19 and beyond (Centrally Managed Schools' Balances)	0.733
Earmarked Reserve Commitments:- 2018/19 and beyond (Services)	20.360
Managed Overspend to be recovered in future years (Schools)	(5.674)
Managed Overspend to be recovered in future years (Services)	(9.184)
Return Residual Balance to General Reserves	0.042
Total	6.277

6. Aged debt analysis

31 March 2017 £m	Age of Debt	31 March 2018 £m
0.745	Not Overdue	0.583
6.771	0-30 days	8.040
0.922	1-3 months	0.648
1.805	3-12 months	0.614
0.502	Over 12 months	0.762
10.746	Total	10.647
(0.163)	Unassigned Cash	0
10.583		10.647

- 6.1** Services' total outstanding debt relating to external income on the Accounts Receivable system stood at £10.647m on 31 March 2018 (compared to £10.583m on 31 March 2017, an increase of £0.064m). However, £9.271m of current debt is not due or less than 3 months old which means that £1.376m is over 3 months old (12.92% of total debt). Table 6 shows an analysis by Service.

6.2 Table 6 – Aged debt analysis by Service

Service	Not o/due	0-30 days	1-3 mths	3-12 mths	12+ mths	Total
	£m	£m	£m	£m	£m	£m
Adults & Health Comm.	0.000	0.178	0.000	0.030	0.004	0.212
Adults & Health Ops	0.097	1.105	0.335	0.304	0.233	2.074
Commercial & Business	0.022	0.951	0.033	0.061	0.046	1.113
Customers & Communities	0.000	0.001	0.000	0.000	0.000	0.001
Children & Family Ops	0.001	0.245	0.009	0.064	0.170	0.489
ECI Comm.	0.002	0.000	0.000	0.007	0.000	0.009
ECI Ops	0.318	4.199	0.216	0.106	0.247	5.086
Schools & Early Years	0.032	0.014	0.002	0.004	0.007	0.059
Finance & Performance	0.006	0.382	0.001	0.001	0.009	0.399
Children & Learning Comm.	0.088	0.426	0.005	0.020	0.025	0.564
LD Ops	0.011	0.000	0.010	0.005	0.021	0.047
SSE	0.006	0.511	0.037	0.012	0.000	0.566
Public Health	0.000	0.028	0.000	0.000	0.000	0.028
Total £'000	0.583	8.040	0.648	0.614	0.762	10.647
Total %	5.48	75.51	6.09	5.77	7.16	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 – 12 February 2018 - Quarter 3 2017/18 Revenue Budget Monitoring report – Item 13
- County Council – 21 February 2018 – 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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