

Wiltshire Council

Cabinet

11 June 2019

Subject: **Revenue and Capital Outturn 2018/19 and Statement of Accounts**

Cabinet Member: **Cllr Philip Whitehead – Finance**

Key Decision: **No**

Executive Summary

This report advises members of the final (unaudited) revenue and capital budget monitoring year end positions as at 31 March 2019 for the financial year 2018/19 together with the resulting reserves positions.

The forecasts indicate a year end general fund underspend of £0.357 million. This is 0.1% of the Council's net budget and is an improvement of £1.515 million on the period 9 forecast of an overspend of £1.158 million. An additional top up to reserves of £1.800 million leaves the General Fund Reserve at £15.100 million, a net increase of £2.157 million in the year.

The majority of service expenditure is in line with budget profiles and forecasts. Directors and Heads of Service worked to bring Services that identified large variances during the year back into a balance. In particular, Adults and Childrens services experienced significant demand pressures in year.

The report includes commentary on the Dedicated Schools Grant (DSG). This is coming under increased pressure in Wiltshire as it is across the country. The outturn is a £4.183 million overspend.

This report also details changes to the capital budget made since the 2018/19 budget was set on 20 February 2018 and reflects the forecast year end position of the 2018/19 capital spend against budget as at Period 9 (as at 31 December 2018).

Proposal

Cabinet are asked to note:

- a) the outturn for the General Revenue Fund, subject to external audit, of a General Fund underspend of £0.357 million and an additional financial stability top up to reserves of £1.800 million

- b) an HRA underspend of £2.119 million and a planned contribution to finance the capital programme of £6.503 million. This gives an overall draw from HRA revenue reserve of £4.384 million.
- c) transfers to the General Revenue Fund and Earmarked reserves, as set out in Sections 67-72 of the report, and return to HRA reserves.
- d) The position of the 2018/19 capital programme as at Outturn (31 March 2019).
- e) the unaudited Statement of Accounts for 2018/19.

Cabinet area asked to approve:

- f) The budget virements in revenue and capital programme, per appendices B & F.

Reason for Proposal

To inform effective decision making and ensure a sound financial control environment.

To inform Cabinet of the position of the 2018/19 outturn capital programme, including highlighting any budget changes.

Becky Hellard, Interim Director – Finance and Procurement

Wiltshire Council

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Cabinet Member: **Cllr Philip Whitehead – Finance**

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Purpose of Report

1. To advise Members of the (unaudited) General Revenue Fund and Housing Revenue Account outturn positions for financial year 2018/19, as well as the position for the Collection Fund and Reserves
2. To inform Members of the year end 2018/19 capital programme, including budget virement.
3. To provide Cabinet with oversight of the unaudited Statement of Accounts, including the narrative report.

Background

4. The Council approved the 2018/19 budget at its meeting on 20 February 2018 for the sum of £327.746 million. The report focuses on variations from approved budget. Comprehensive appendices showing the individual service headings are included in Appendix C. More details on any revisions to the original base budgets in year are also included in the report.

Revenue Summary

5. The final outturn position is as follows:

Summary Position	Revised Budget	Outturn position for year	Variance for year	Variance reported at period 9	Movement since period 9
	£ m	£ m	£ m	£ m	£ m
General Fund Total	327.746	327.389	(0.357)	1.158	(1.515)
Dedicated Schools Grant (DSG) *	180.474	184.657	4.183	2.307	1.876
Housing Revenue Account	(0.245)	(2.364)	(2.119)	(0.500)	(1.619)

*High Needs Block

6. The final unaudited outturn position on the general revenue fund is an underspend of £0.357 million, this is after contributions to and withdrawals from earmarked reserves as set out below. This represents an improvement of £1.515 million on the budget monitoring position reported to Members for period 9 and better than the breakeven forecast reported by the Section 151 Officer to Council in February 2019. The reasons for the changes are set out in the following section of this report.
7. The outturn shows an improvement on figures in the medium term financial plan, which will be updated to reflect this during the budget setting process for future years. As part of year end closedown, it is proposed that an additional top up to reserves of £1.800 million is made to the General Fund Reserve. This leaves the General Fund Reserve at £15.100 million, a net increase of £2.157 million in the year.
8. The final unaudited outturn position on the HRA is an underspend of £2.119 million. Additionally, there was a planned draw of £6.503 million from reserves to support the HRA new build programme. This results in an overall draw from reserves of £4.384 million.
9. The Statement of Accounts is also appended to this report as appendix H.
10. There have been a number of budget movements during 2018/19. These are due to budget virements (transfers) relating to factors such as structural changes or allocation of funding for the pay award. A full breakdown is shown in appendix A.

The overall net budget remains the same as agreed by Full Council in February 2018.

11. In accordance with the scheme of delegation those budget transfers amounting to more than £0.250 million need to be reported to and approved by Members. These are summarised by service area in Appendix C. Commentary on the larger variances are given in the following sections.
12. The breakdown of the projected year end position by services is set out as follows

Summary Position	2018/19 Budget £ m	Outturn position for year £ m	Variance for year £ m	Variance reported at period 9 £ m	Movement since period 9 £ m
Adult Care & Public Health Service	146.561	147.903	1.342	2.511	(1.169)
Children & Education Service	76.957	80.244	3.287	1.424	1.863
Growth, Investment & Place Service	103.456	106.847	3.391	4.265	(0.874)
Corporate	0.772	(7.605)	(8.377)	(7.042)	(1.335)
General Fund Total	327.746	327.389	(0.357)	1.158	(1.515)

General Fund Monitoring Details

13. Overall the outturn identifies a net year end underspend of £0.357 million. Below are the details of the services and comments on the main forecast variances.
14. A summary of the Service Area movements from period 9 monitoring are set out in Appendix D. As with reports during the year, this report focuses on service areas with large variances at year end.

ADULT SOCIAL CARE, PUBLIC HEALTH & PROTECTION AND LEGAL & DEMOCRATIC SERVICES

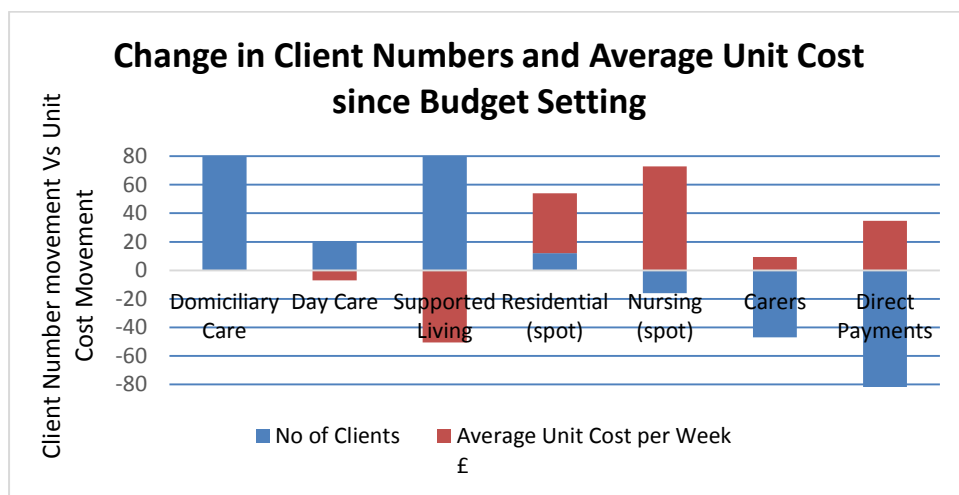
Summary Position	2018/19 Budget	Outturn position for year	Variance for year	Variance reported at period 9	Movement since period 9
	£ m	£ m	£ m	£ m	£ m
Adults 18+	52.789	51.935	(0.854)	(0.387)	(0.467)
Mental Health	16.388	16.685	0.297	(0.104)	0.401
Learning Disabilities	47.196	49.690	2.494	4.713	(2.219)
Adults Commissioning	25.017	23.796	(1.221)	(1.795)	0.574
Total Adults	141.390	142.106	0.716	2.427	(1.711)
Public Health Grant	(0.024)	(0.024)	0.000	(0.343)	0.343
Other Public Health & Public Protection	1.129	1.539	0.410	0.277	0.133
Total Public Health & Protection	1.105	1.515	0.410	(0.066)	0.476
Legal & Democratic	4.066	4.282	0.216	0.150	0.066
Adult Care & Public Health Service Total	146.561	147.903	1.342	2.511	(1.169)

15. Adult Social Care budgets year end position was an overspend of £0.716 million, an improvement of £1.711 million since period 9 projections. The position of the key service areas is set out below.

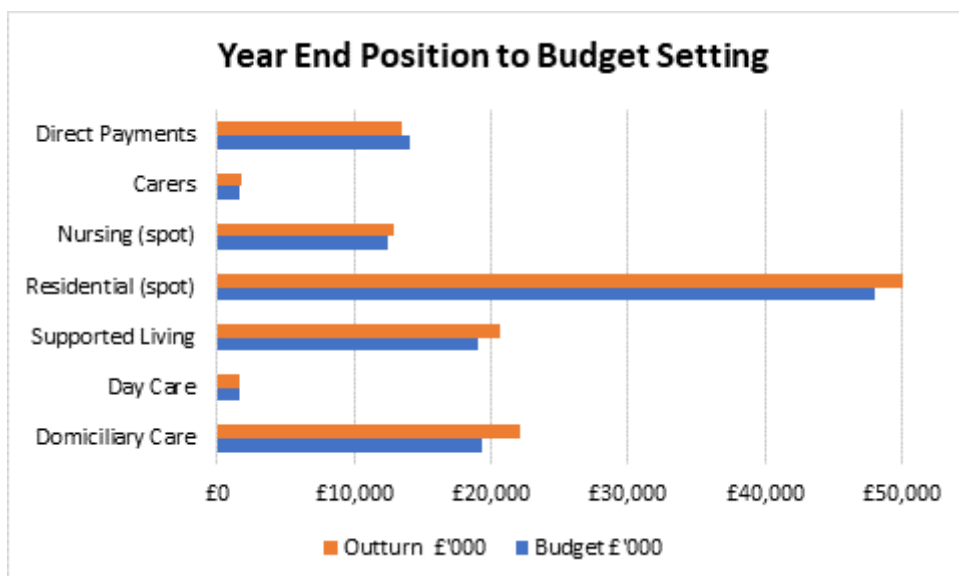
16. Adults 18+ underspent by £0.854 million in 2018/19, which was an improvement from period 9 of £0.467 million. This is due to a combination of cash savings made by the new reablement service and delays in getting staff into posts in hard to recruit to areas, such as Salisbury. Whilst the service is underspending on reablement and staff costs due to the implementation of the transformation programme Phase 1, this is partially mitigating forecast overspends on placements.

17. The improvement in the last quarter of the financial year was due to a reduction in placement costs due to our new approach to reablement.

18. Mental Health is showing a year end overspend of £0.297 million, which shows an increase from period 9 which had a projected underspend forecast of (£0.104 million). This is due to increased demand and care packages.
19. The Learning Disabilities year end position was £2.494 million, which was an improvement of £2.219 million from the period 9 estimate. This was due to data cleansing on Carefirst and a consequent reduction in packages recorded on Carefirst (rather than a reduction in care).
20. The year end overspend position for Learning Disabilities of £2.494 million is due to:
- £1.000 million undeliverable savings from the Care Fund Calculator Programme.
 - £0.684 million additional staffing costs to cover vacancies within the in-house provider services.
 - 2 ordinary residency cases transferring to the council from other local authorities, with a backdated charge of £0.436 million, which are one-off and will not be recurring in 2019/20.
21. Adults' Commissioning year end position was a £1.221 million underspend and relates to early delivery of 2019/20 savings in Supported Housing, Telecare and block residential placements. This underspend had reduced by £0.574 million from period 9 due to additional expenditure relating to winter pressures.
22. The main underlying pressure across Adult Social Care relate to placements and the movement in both activity and unit cost. The table below shows the effect of these factors to explain this by care group.



The impact of the above movements identifies an ongoing budgetary pressure identified by care groups as per the below table:



23. Analysing the changes at the end of the financial year, the council spent £123.385 million supporting 4,725 different packages of care.

Care Type	Year End Position		
	No of Clients	Costs £'000	Average Unit Cost per Week £
Domiciliary Care	1,478	£22,048	£287
Day Care	299	£1,571	£101
Supported Living	579	£20,638	£685
Shared Lives	23	£448	£375
Residential (spot)	825	£50,529	£1,178
Nursing (spot)	283	£12,872	£875
Carers	527	£1,742	£64
Direct Payments	711	£13,537	£366
Total	4,725	£123,385	£502

Public Protection

24. Public Protection over spent by £0.410 million, which relates to the 2018/19 savings target assigned to commercialisation of the service, which were not achieved.

CHILDREN & EDUCATION, COMMUNITIES & COMMUNICATION AND HUMAN RESOURCES SERVICES

Summary Position	2018/19 Budget £ m	Outturn position for year £ m	Variance for year £ m	Variance reported at period 9 £ m	Movement since period 9 £ m
Childrens Commissioning	4.781	4.742	(0.039)	(0.619)	0.580
Childrens Social Care	40.947	40.756	(0.191)	(0.367)	0.176
0-25 Service: Disabled Children & Adults	24.333	25.273	0.940	0.817	0.123
Early Help	(0.050)	0.020	0.070	0.083	(0.013)
School Effectiveness	1.380	1.537	0.157	0.065	0.092
Funding Schools	(3.278)	(1.978)	1.300	0.000	1.300
Children & Education Totals	68.113	70.350	2.237	(0.021)	2.258
Communications	1.614	1.527	(0.087)	(0.062)	(0.025)
Libraries, Heritage & Arts	4.012	5.349	1.337	1.262	0.075
Leisure	(0.173)	(0.043)	0.130	0.245	(0.115)
Human Resources & Org Development	3.391	3.061	(0.330)	0.000	(0.330)
Children & Education Service Totals	76.957	80.244	3.287	1.424	1.863

Childrens Commissioning

25. The Troubled Families Programme is supporting families with multiple and complex problems; changing lives and services for the better. The Council is in receipt of payment by results monies which reflect the success of the Wiltshire Troubled Families model in driving a focus on outcomes for families. Due to the late nature of this income, underspent grant has been rolled forward for use against the programme in 2019/20.

Children & Young People with Social Care Needs

26. The table below shows an increase in numbers of children and young people with social care need across all types of case held by social workers. Additional growth for demography and inflation was added to the placement budgets to reflect the anticipated upward trend particularly in relation to unaccompanied asylum-seeking children. Although the placement budgets continue to be under pressure, they are closely monitored and within overall budget.

	Child Protection Plans	Children in Need	Children Looked After	Total
Number as at Budget Setting	340	1,975	425	2,740
Number as at 31 March 2019	406	2,096	468	2,970
Movement	66	121	43	230
% Change	19%	6%	10%	8%

27. The table above shows a significant increase in workload, particularly for children with protection plans. Parental/adult needs have been increasing including drug and alcohol misuse, mental health and domestic abuse. Also safeguarding issues related to Child Sexual Exploitation, County Lines, FGM and Honour Based Violence have increased demand. As a result of these pressures, in June 2018 Cabinet approved part year investment of £0.900 million in additional social care posts. A recruitment campaign is ongoing to recruit to these posts and agency staff are being contracted in the interim.

28. There was a £0.191 million underspend from the approved budget which comprises an underspend on placements and social work staff. The Council is committed to keeping caseloads of social workers at acceptable levels however recruitment has been challenging due to the national shortage of experienced social workers.

0-25 Service: Disabled Children & Adults

29. The 0-25 SEND Service is currently projected to overspend by £0.940 million. This relates to the statutory provision of home to school transport for pupils with SEND. All children with an EHCP under 16 years are entitled to free transport to school.

30. The number of children with education, health and care plans (EHCP) and statements at the time of setting the budget was 2,956. Additional growth representing demography and inflation was added to the budget to reflect the anticipated upward trend. The number of children with EHCP plans and statements at the end of March was 3,449. Most children require specialised or additional educational support, some medical, some social care and some more require support across more than one of these.

31. Of the 3,449 children with an EHCP statement, the budget plan was for 231 children to have support from the SEN social care placement budgets. The table below shows the different types and cost of care settings:

Care Type	At Budget Setting			Period 12 Expenditure			Variance	
	No of Clients	Costs £m	Weekly Cost £	No of Clients	Costs £m	Weekly Cost £	No of Clients	Costs £m
Independent Fostering Agencies	9	0.665	202.30	11	0.532	132.46	2	(0.133)
Residential Homes	16	1.850	323.11	15	1.795	320.77	(1)	(0.055)
Residential School	21	1.924	251.02	20	1.762	247.78	(1)	(0.162)
Supported Living	26	1.595	170.89	19	1.254	185.29	(7)	(0.341)
Direct Payments	12	0.489	115.06	14	0.471	94.97	2	(0.018)
Respite	0	0.000	0	0	0	0	0	0
Care Packages and Personal Budgets	147	0.735	96.01	157	0.983	120.51	10	0.248
Total	231	7.258		236	6.797		5	(0.461)

Early Help

32. The extension of the Outdoor Education Centres (Oxenwood) has impacted negatively on their trading position leading to reduced income levels and as during this period of uncertainty schools have made alternative arrangements for 2018/19 which has had a negative impact of £0.083 million on income targets.

Funding Schools

33. A specific provision of £1.300 million has been set up as part of a partnership approach with schools to respond to the pressure on the high needs budget which supports pupils with SEND aged 0-25 years.

Libraries, Heritage & Arts

34. Libraries, Heritage & Arts outturn has a net overspend of £1.337 million. This is largely due to a delay in actioning 2018/19 savings proposals totalling £1.100 million and there are £0.237 million historic pressures.

35. 2018/19 restructure savings, including a reduction in Heads of Service, totalling £0.500 million have now been actioned but due to the delay only delivered part year savings in 2018/19. The savings will be delivered in full in 2019/20.

36. The 2018/19 £0.200 million approved saving to review and fund area board youth activity from Public Health grant was not taken forward, this has been rebased as part of 2019/20 budget setting process.

37. The service has historic Income targets to manage regarding City Hall and Libraries, these targets remain as a pressure for 2019/20. The historical income targets will be managed as part of the financial plan that is being developed.

Human Resources & Organisational Development

38. Human Resources & Organisational Development is reporting a underspend variance of (£0.330 million). This is primarily due to:

- deferral of expenditure relating to IT development pending the outcome of the review of SAP
- a move towards increased in house delivery of training ahead of using external providers (this budget will be realigned to provide additional staffing resource for in house training)
- a focussed effort to avoid costs and to deliver an underspend as a contribution to the council's overall budget position

GROWTH, INVESTMENT & PLACE, CORPORATE SERVICES AND FINANCE & PROCUREMENT SERVICE

Summary Position	2018/19 Budget £ m	Outturn position for year £ m	Variance for year £ m	Variance reported at period 9 £ m	Movement since period 9 £ m
Economic Development & Planning	2.591	2.837	0.246	0.250	(0.004)
Highways	18.176	17.895	(0.281)	0.000	(0.281)
Transport	17.203	17.203	0.000	0.000	0.000
Car Parking	(6.832)	(6.458)	0.374	0.280	0.094
Waste & Environment	36.337	40.436	4.099	3.965	0.134
Housing Services	3.920	3.508	(0.412)	(0.055)	(0.357)
Strategic Asset & Facilities Management	11.611	10.971	(0.640)	(0.175)	(0.465)
Growth, Investment & Place Totals	83.006	86.392	3.386	4.265	(0.879)
Corporate Services	5.267	4.874	(0.393)	0.000	(0.393)
Information Services	8.268	9.180	0.912	0.000	0.912
Finance & Procurement	7.615	6.691	(0.924)	0.000	(0.924)
Revenues & Benefits - Subsidy	(0.700)	(0.290)	0.410	0.000	0.410
Growth, Investment & Place Service Totals	103.456	106.847	3.391	4.265	(0.874)

Economic Development & Planning

39. Economic Development & Planning has a net overspend of £0.246 million this is largely due to underachievement on income. This is across Development Control, Building Control and Land Charges and is the net position after accounting for vacancies that were held to mitigate the impact. Major planning applications were down by 22% in 2018/19, 158 major applications in 2018 compared to 202 in 2017 (period April to March). Applications have not been this low since 2013/14.

40. The service also had an establishment savings target in 2018/19, a restructure has not been progressed, however, partial savings have been found in a review of establishment costs and deletion of some vacant posts and the remainder managed by one off savings from both income from the Enterprise Network and by managing remaining vacancies. The outstanding savings will need to be resolved for 2019/20.

Highways and Transport

41. Highways has a net underspend of £0.281 million. Highways have managed a number of pressures in year including the Winter service from one off savings and efficiencies, the majority of these have been resolved for 2019/20 as part of Budget Setting. The net position after adjusting for the known pressures and efficiencies are largely due to overachievement of Highways Development Control income and managing vacancies.

Car Parking

42. Car parking has a net overspend of £0.374 million, this is in part due to a delay in the implementation of parking consultation proposals and the removal of Sunday car parking charges.

Waste

43. Waste has a net overspend of £4.099 million, this is after the release of the reserve identified for Waste of £1.250 million that was set aside as part of 2017/18 outturn.

44. The majority of this overspend was due to the significant delay in the Councils Contractor obtaining planning permission for construction of a Materials Recovery Facility (MRF) to sort dry recyclable materials. As a consequence, the contract for sorting dry recyclable materials (Lot 1) and the contract for collection of waste and recycling (Lot 5), which commenced on 30 July 2018, could not be delivered as originally intended.

45. An interim service was put in place to enable the collection and recycling of additional plastic materials from the blue lidded bin. However, this required the use of additional vehicles and employment of additional staff as the collection of dry recyclable materials continued to be based on separate collection of materials from the black box.

46. In addition, a number of savings proposals for 2018/19 around the new contract were not achieved. This was due to a combination of the delay in implementing the service changes referred to above and the availability of sufficient resource in the Waste and IT teams, given ongoing work on implementing new systems for management of the waste contracts.

47. Landfill tax was £0.598 million above budget. In 2018/19 the budget was reduced to reflect a forecast reduction in tonnes of waste to landfill as a result of the cessation of collection of commercial waste and other 2018/19 savings initiatives.

These savings proposals have been implemented but the anticipated reduction in tonnes has not been seen.

48. The Waste Budget has been rebased for 2019/20 based on the forecast contract models and tonnage expectations.

Housing

49. Housing Services year end position was a net underspend of £0.412 million as a result of new ways of funding rent deposits through Discretionary Housing Payments (DHP) and use of grant funding, this has been factored into 2019/20 budget setting.

Strategic Asset & Facilities Management

50. SA&FM has a net underspend of £0.640 million this is due to a series of one off events and income.

51. One off unbudgeted income was received in year in relation to the settlement of a long-standing claim against an energy supplier, back-dated income from rent reviews in the commercial estate and an in year NNDR rebate.

52. One off savings were achieved as a result of Pewsey Campus opening mid-year and from the part-year closure of Bourne Hill.

Corporate Services

53. Corporate Services has a net underspend of £0.393 million, after management action. A Head of Service restructure was undertaken, vacancies have been held where possible and posts charged to grants and capital programmes. Customer Services made use of fixed term contracts and temporary posts to manage peaks and troughs.

Information Services

54. Information Services has a year end net overspend of £0.912 million, however this is not due to the service overspending in year. After 2019/20 budget setting the Microsoft licences costs were confirmed with a significant increase for 2019/20 . As part of outturn £0.800 million has been set aside in an ear marked reserve to cover this increase.

Finance & Procurement

55. Finance & Procurement has a year end underspend variance of (£0.924 million), of which the majority (£0.888 million) relates to:

- (£0.322 million) overachievement against budget of court fees recovered in respect of council tax/business rates recovery

- (£0.236 million) overachievement against budget for government grants received that were announced in year as one off grants in respect of universal credit administration and new burdens
- (£0.330 million) of staffing vacancies within Accountancy, Procurement, Revenues & Benefits and Accounts Payable

Revenues & Benefits - Subsidy

56. Revenues & Benefits – Subsidy is reporting a variance of £0.410 million. This variance predominantly relates to underachieved housing benefit overpayment recovery, as a result of less debt being raised due to the continued shift towards universal credit.

57. Due to the unpredictability and complexity of forecasting the outturn for housing benefit overpayment recoveries within the Revenues & Benefits element of Subsidy, the Finance & Procurement and Revenues & Benefits elements of Subsidy lines were reported on a combined net position against Finance & Procurement throughout 2018/19 but have been shown separately in this report for clarity. The overall net variance of (£0.514 million) is an improvement on the reported period 9 forecast of breakeven /due to an improvement on the Revenues & Benefits elements of Subsidy which only became apparent after completion of both the housing benefit subsidy year end claim and the housing benefit overpayment reconciliation. It should be noted, that the gross budget for this line is £91.751 million, so this is a minor percentage variance.

CORPORATE EXPENDITURE

Summary Position	2018/19 Budget £ m	Outturn position for year £ m	Variance for year £ m	Variance reported at period 9 £ m	Movement since period 9 £ m
Corporate Directors	1.054	1.030	(0.024)	0.000	(0.024)
Members	2.226	2.162	(0.064)	0.000	(0.064)
Movement on Reserves	(4.146)	(3.244)	0.902	0.000	0.902
Capital Financing	22.809	19.311	(3.498)	0.000	(3.498)
Restructure & Contingency	(2.018)	1.413	3.431	1.358	2.073
General Government Grants	(25.981)	(34.720)	(8.739)	(7.900)	(0.839)
Corporate Levies	6.828	6.443	(0.385)	(0.500)	0.115
Corporate Totals	(0.772)	(7.605)	(8.377)	(7.042)	(1.335)

Movement on Reserves

58. Movement on Reserves is reporting a variance of £0.902 million. This line had previously been reported as online throughout 2018/19 budget monitoring but at year end there was a variance as following a review of the overall outturn position it has been determined not to make the budgeted £0.900 million draw from General Fund Reserves, as approved at 2018/19 budget setting, in order to add financial resilience by increasing General Fund reserves.

Capital Financing

59. Capital Financing has a year end variance of (£3.498 million). This had previously been reported as online throughout 2018/19 budget monitoring, due to a planned movement of any underspend up to £3.000 million, to the Capital Financing Reserve following the 2017/18 review of capital financing (specifically the Minimum Revenue Provision (MRP)), which saved up to £6.000 million per annum. The deposits into this reserve were originally required for 2 years (2017/18 and 2018/19), to help fund future capital investment. As part of budget setting in February 2019/20 a full review of capital financing was undertaken and the base budget realigned. Therefore, it is recommended that this previously planned roll forward is no longer undertaken, as future funding is now included in the Medium Term Financial Strategy (MTFS). This therefore allows for the full underspend of £3.498 million on Capital Financing to be moved to the General Fund to further increase overall financial resilience.

Restructure & Contingency

60. Restructure & Contingency has a year end overspend variance of £3.431 million. This primarily relates to £1.555 million of corporate saving targets agreed as part of the 2018/19 budget setting that have not been achieved in year as well as a deficit of £1.088 million on the corporate redundancy budget due to service restructuring in year. The remaining variance of £0.788 million is made up of various other corporate items such as contributions to provisions. The movement from the forecast reported in the period 9 report is in respect of the increased spend on the corporate redundancy budget. The unachieved corporate savings of £1.555 million were removed in budget setting 2019/20.

General Government Grants

61. General Government Grants has a year end variance of (£8.739 million). This variance mainly relates to government grants received in respect of compensation for the requirement to award specific business rate reliefs. In prior years, these grants were used at year end to mitigate spending pressures and support the earmarked reserve for forecast losses in business rates. For 2018/19 the whole amount is being used to support overall revenue budget forecasts and this has been built into the 2019/20 budget.

62. The General Government Grants base budget was rebased by £7.200 million in the period 4 report to members, in respect of business rates. In prior years, this was used at year end to mitigate spending pressures and support the earmarked reserve for forecast losses in business rates. For 2018/19 and future years the whole amount is being used to support revenue budget forecasts.

Corporate Levies

63. Corporate Levies has a year end underspend variance of (£0.385 million). This is mainly due to a combination of lower than budgeted gross cost in terms of purchasing and surrendering Carbon Reduction Commitment (CRC) trading allowances for the year, together with additional business rates income of £0.174 million for renewable energy schemes.

DEDICATED SCHOOLS GRANT

64. The Education and Skills Funding Agency (ESFA) provides funding for schools to local authorities via the Dedicated Schools Grant (DSG). This grant is ringfenced and is separate to the local authority budget, any underspend or overspend is ringfenced. At the end of 2017/18, the positive balance for the ESFA element of the DSG reserve was £0.846m.

65. Many local authorities are now incurring deficit on their overall DSG account largely because of overspending on their high needs block. High needs funding block is for children and young people with special educational needs or disabilities who need extra support at school, college or alternative provision settings.

66. In December 2018, Damien Hinds, Secretary of State for Education acknowledged these pressures and awarded Wiltshire an additional allocation of £1.128m for 2018/19 financial year.
67. Following new placements for the new academic year and taking into account the additional funding above, the overspend of DSG spend on the high needs block for 2018/19 was an overspend of £4.794 million. This is largely attributable to spend rising in line with increased numbers of children in Wiltshire with an EHCP statement exceeding the amount of DSG available for high needs. Approval will be sought from Schools Forum to use the DSG reserve to partially fund the high needs overspend in 2018/19.
68. A task and finish group; the High Needs Block Working Group was set up in September 2018 to identify contributory factors and to make proposals to reduce the cost pressure on the high needs block. Proposed mitigations of the group are currently being taken forward as actions. The overall overspend of £4.183 million will be carried forward into the DSG reserve. In order to mitigate the size of this deficit, when reserve levels were reviewed at year end, £1.300 million was transferred from Funding Schools. This will lead to a deficit DSG reserve of £2.073 million.

69. Schools Forum, through the High Needs Block Working Group are working with external consultants to establish a sustainable means of servicing high needs moving forward. Schools Forum have agreed to transfer 0.8% / £2.200 million from Funding Schools to High Needs Block for 2019/20 financial year.

Summary Position	2018/19 Budget	Provisional Outturn	Projected Variance	Variance reported at period 9	Movement since period 9
	£ m	£ m	£ m	£ m	£ m
Schools Funding	111.948	111.818	(0.130)	(0.080)	(0.050)
High Needs Block	39.255	44.049	4.794	3.331	1.463
FTE ECHP Pupils	2,767	3,449		682	(25% increase)
Early Years Block	26.756	26.395	(0.360)	(0.818)	0.458
FTE EY Pupils	5,360	5,301	(59)	(122)	63
Central Schools Block	2.515	2.394	(0.121)	(0.126)	0.005
TOTAL DSG	180.473	182.906	4.183	2.307	1.876

HOUSING REVENUE ACCOUNT SUMMARY

70. HRA has a year end underspend variance of £2.119 million. As previously reported, continuing savings have been delivered in the repairs and maintenance budget, in particular, responsive repairs over recent years. This follows investment in capitalised repairs works and the substitution of responsive repairs with more efficient planned works. The expansion of the in house DLO provision and reduction in external contractors is underway and is in part reflected in this year

end underspend. This has now been factored into budget setting and the 30 year service business model.

71. Additionally there is a planned contribution to finance the capital programme by an amount of £6.503 million. This gives an overall draw from HRA revenue reserve of £4.384 million.

Collection Fund

72. The Council is reporting a net surplus on the council tax collection fund of £3.973 million which is an improvement of £0.573 million against the official collection fund estimate declaration of £3.400 million made in January 2019. The declared surplus of £3.400 million is shared between the 3 major precepting authorities (Wiltshire Council, The Office for the Police & Crime Commissioner for Wiltshire & Swindon and Dorset and Wiltshire Fire & Rescue Service) in proportion to their precept. The share for Wiltshire Council is therefore £2.881 million and this was built into the 2019/20 budget. The additional surplus of £0.573 million will be included in the January 2020 official collection fund estimate declaration.

Statement of Accounts (unaudited)

73. The Council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015 and the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts present the overall financial position of the Council for 2018/19, reflecting the outturn position above.
74. The following table shows the technical adjustments between the Management Accounts, which are reported to members quarterly and Technical Accounts, which comply to a single set of standards for public and private sector bodies. As local authorities are funded from local and national taxation there are a number of technical adjustments which do not impact on the General Fund balance.
75. The Technical adjustments are examined further in note 13 to the Statement of Accounts and reflect changes for pensions, depreciation and other factors such as PFI transactions that do not impact on council tax funding.
76. The draft accounts were signed by the Chief Finance Officer on 31 May 2019, in line with the statutory deadline.
77. The draft Statement of Accounts is then subject to audit by the Council's appointed auditors (Deloitte) before the final set is brought to the Audit Committee for final approval. This adoption process ensures that there is external independent scrutiny of the figures in the Statement of Accounts before they are brought to the Audit Committee. Under the constitution, in Wiltshire the Statement of Accounts are adopted by the Audit Committee.
78. The Statement of Accounts will be taken to the Audit Committee on 24 July 2019. This is ahead of the revised Statutory Deadline of 31 July.

79. The draft Statement of Accounts is attached as appendix H. During the audit there was a delay in obtaining the final external valuation figures for County Farms. Therefore the final statement will be updated to reflect the final valuations.

CAPITAL SUMMARY

80. The original budget for 2018/19 was approved by Council during budget setting on 20 February 2018. Since that date there have been a number of changes to the budget for 2018/19, largely due to reprogramming of budget from 2017/18 and to 2019/20; but also, to reflect additional funding being available. The changes to the budget since it was last amended in the Budget setting report are summarised in the table below, a fuller breakdown of the changes made at a scheme by scheme level is attached as Appendix E.

Breakdown of Budget Amendments from Period 9 Budget to Outturn Budget (as at 31 March 2019)

Movements in Capital Programme	£m	Further information
Capital Programme Budget Period 9	134.582	Appendix E
Amendments to Capital Programme 2018/19 Since Period 9:		
Additional Budgets added to Programme	6.340	Appendix E & F
Grant Amendments	0.000	Appendix E
Reduced Budgets	(0.147)	Appendix E
Budgets Reprogrammed from 2018/19 to 2019/20	(7.608)	Appendix E & F
Capital Programme Budget Outturn	133.167	

81. The budget additions shown above largely reflect increases in funding being available and brought into the programme under the Chief Financial Officer delegated authority. They comprise of the flexible use of capital receipts for transformation programmes, additional grants from Central Government and Section 106 contributions and other contributions used to finance capital spend within the capital programme. Further information on the budget movements at an individual scheme level is shown in Appendix E

82. The budgets that have been reprogrammed into 2019/20 are shown in further detail in Appendices E and F.

Summary of Capital Position as at 31 March 2019

83. The final budget for the year 2018/19 is £133.167 million. Actual spend on schemes as at 31 March 2019 was £106.288 million. A full breakdown of these figures is attached in Appendix E. This represents a net underspend for the 2018/19 financial year of £26.879 million. This compares to a net underspend in 2017/18 of £35.065 million and this is due to more robust financial management in the year.
84. The final position of the capital programme includes £0.138 million of overspent schemes and £0.003 million of underspent schemes.
85. A total of £26.832 million has been reprogrammed from 2018/19 into 2019/20 as part of this report to match planned expenditure.
86. The reprogramming of capital budgets is reflected in the outturn position of the revenue budget for capital financing.

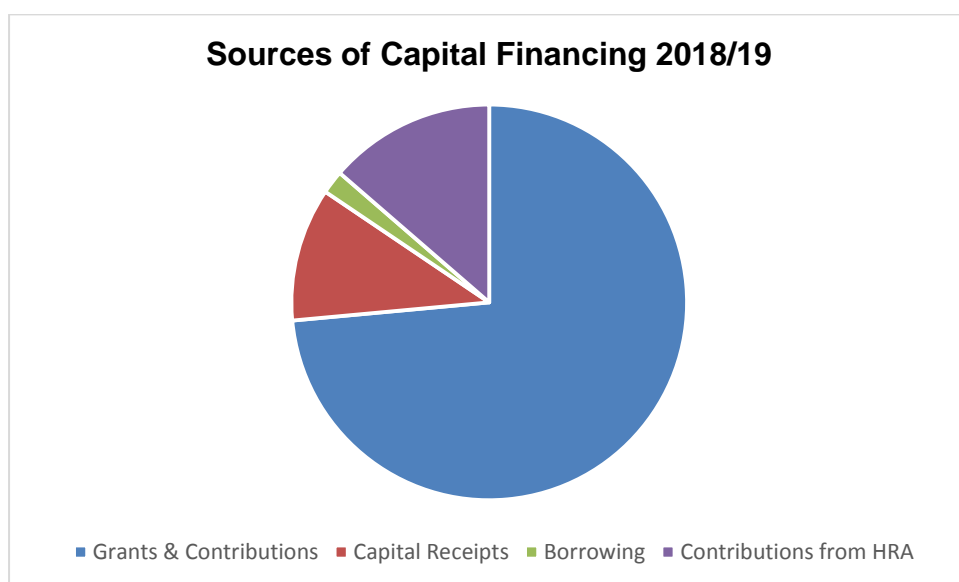
Summary of Significant Capital Variances

87. **Boscombe Down.** The delivery of a new road at Boscombe Down to support important inward investment opportunities and the economic development of the area is linked to a wider programme of work being undertaken by the Council's local partners. This programme is subject to on-going commercial negotiations and the strategic decision-making processes of third parties. Timescales for the delivery of the necessary infrastructure to support this have informed the on-going programme of work which have in turn informed the spend profile.
88. **Salisbury Central Car Park & Maltings.** Negotiations are continuing with the site owners on the redevelopment of the Maltings, with an application now submitted for the first phase of development that includes a relocated library and a new 86 bed hotel. The spend of grant monies is linked to the next phase of development that will include major works to the Market Walk area. These works can only proceed once the library has relocated. Plans are being developed for this next phase and are expected to be the subject of a planning application later in 2019.
89. **Council House Build Programme (CHBP).** The underspending on the CHBP follows a delay to the start on site for Southview Phase 2 which was approximately 6 months behind the anticipated programme. It was originally hoped to start on site in August/September 2018 but did not actually formally start until the end of January 2019. Unspent sums are needed in 2019/20 to enable committed spend to be completed. For all the other schemes within Phase 1 of the CHBP, it is hoped to be able to report a saving of over £1.000 million compared to the budget approved by Cabinet. However, this requires confirmation of all committed costs including retentions being released and the settling of final accounts. It is hoped to be able to declare a final figure later in 2019/20 once all of these have been resolved. It should be noted that the vast majority of these funds are from the HRA and should be reinvested into the HRA Business Plan.

90. **Social Care Infrastructure & Strategy.** This relates to a proportion of unspent grant in relation to housing that it has not been possible to spend in year, the remaining grant is being reprogrammed into 2019/20.
91. **HRA – Refurbishment of Council Stock.** For the capitalised maintenance projects there is re-programming of unspent budget into 2019/20 as the works are continue to be programmed to be completed.
92. **Facilities Management Works.** The FM capital maintenance programme for 2018/19 suffered delays due to project management resource being diverted to the major refurbishment of Bourne Hill and the replacement of cooling and heating systems at County Hall. The full budget has been committed as works will now be completed in 2019/20.
93. **Bridges.** There was a significant programme of bridge maintenance and renewal during 2018/19. However, there were a number of culverts and smaller structures in need of attention, which it was not possible to progress as originally intended due to the lead in time and resources needed for this type work. It is proposed that these schemes should be carried out in 2019/20, these will form part of a rolling programme to be continued in future years in order to improve these assets.
94. **Pothole Fund Grant.** The majority of the funding for 2018/19 was spent within the year. A programme of patching and repairs was undertaken in the last quarter of 2018/19 and will be continuing in April 2019, this funding is reprofiled to 2019/20 to enable this work to be completed.
95. **Microsoft Cloud Navigator.** This programme's start date was delayed from July 2018 to October 2018 which has resulted in the need to re-programme £2.294 million of the budget from 2018/19 to 2019/20.
96. **Wiltshire Online.** Phase 1 is now complete with an established underspend being reviewed for reinvestment. Phase 2 work nears completion with final payments expected in 2019/20.
97. **Health & Wellbeing Centres – Live Schemes.** Projects have been slower to advance to the build stage than expected; it is anticipated that construction will now commence in 2019/20.
98. **Basic Need.** School extension schemes are at varying stages across the County with six multi-million pound projects in the build phase. Reprogramming of £6.866 million has taken place in months 10-12 with a further £3.840 million of budget required to be reprogrammed into 2019/20. This reprogramming reflects the timing of the various milestone payments and planned completion dates across all the schemes.
99. **Schools Maintenance & Modernisation.** Final reprogramming of £1.412 million budget is needed from 2018/19 into 2019/20 for these schemes. The majority of this relates to a large roofing scheme at Westbury Matravers which will now commence in 2019/20.

Capital Financing

100. The Council has financed £106.288 million of capital expenditure in 2018/19. In terms of financing, the Council prioritises utilisation of capital grants, contributions and capital receipts in order to minimise the need for borrowing. Where there is a requirement for borrowing, the Council will internally borrow in the first instance in order to avoid external interest payments. The following chart summarises the sources of capital financing in 2018/19.



RESERVES

101. The tables below shows the year end outturn position on the General Fund balance held by the Council.

102. As there is an overall improvement in the outturn position from that reported at period 9, subject to audit, this means that the year end balance on the General Fund reserve is slightly improved against the forecast to Council in February 2019.

103. The movements on the General Fund reserve has been reflected in the figures in this report.

General Fund Reserve	£ million
Balance as at 1 April 2018	(12.943)
Underspend for year 2018/2019	(0.357)
Additional top up to General Fund Reserves	(1.800)
General Fund Balance 31 March 2019	(15.100)

104. In addition to General Fund Reserve, the Council also has a number of ringfenced earmarked reserves. These are held for specific reasons. Earmarked Reserves are reviewed annually as part of year end closedown process.

105. A full listing of earmarked reserve movements during the year including the carried forward balances is included as Appendix G. These movements are all included in the outturn figures and associated appendices.

Overall Conclusions

106. 2018/19 was a challenging year in the financial terms. A combination of an ambitious savings target, senior officers having to focus on the incidents at Salisbury and Amesbury, significant demand pressures in the Adults and Childrens services and complications with the waste contract have led to some budgets not being overspent. However, there was additional income from Business Rates grant.

107. Regular budget monitoring with budget managers and the Corporate Leadership Team has led to an overall small underspend of £0.357 million, which is a positive outcome.

Implications

108. This report informs Members' decision making.

Overview & Scrutiny Engagement

109. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position.

Safeguarding Implications

110. Safeguarding remains a key priority for the Council and this report reflects the additional investment support the ongoing spend in looked after children and safeguarding.

Public Health Implications

111. None have been identified as arising directly from this report.

Procurement Implications

112. None have been identified as arising directly from this report.

Equalities and diversity impact of the proposals

113. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

114. None have been identified as arising directly from this report.

Risks Assessment

115. During the year, the Council has faced significant service financial pressures. Actions to manage these pressures have been previously agreed and work has been undertaken to manage the financial position.

116. The Council has identified in its corporate risk register various elements which have been covered in previous budget monitoring reports, most notably the impact the current economic climate has on the Council's finances.

117. The capital budget for 2018/19, as detailed in this report, has been revised to £133.167 million. Within any capital programme there are a number of potential risks such as from cost overruns or lower than expected levels of capital receipts. Such issues will be highlighted, as soon as they establish themselves, through the quarterly reporting process. Members may wish to bear in mind that the capital programme has been set for a five year period and therefore risks will be appraised over that period.

Financial implications

118. This is the subject of the report.

Legal Implications

119. None have been identified as arising directly from this report.

Proposals

120. Cabinet are asked to note:

- a) the outturn for the General Revenue Fund and HRA, subject to external audit, of a General Fund underspend of £0.357 million and additional top up deposit of £1.800 million
- b) an HRA underspend of £2.119 million and a planned contribution to finance the capital programme of £6.503 million. This gives an overall draw from HRA revenue reserve of £4.384 million.
- c) transfers to the General Revenue Fund and Earmarked reserves, as set out in Sections 67-72 of the report, and return to HRA reserves.
- d) The position of the 2018/19 capital programme as at Outturn (31 March 2019).
- e) the unaudited Statement of Accounts for 2018/19.

Cabinet area asked to approve:

- f) The budget virements in revenue and capital programme, per appendices B & F.

Reasons for Proposals

121. To inform effective decision making and ensure a sound financial control environment.

Background Papers and Consultation

None

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Appendices:

Appendix A: Revenue Budget Movements 2018/19
Appendix B: Major Virements between Service Areas from Original budget
Appendix C: Revenue Budget Monitoring Statements
Appendix D: Outturn Variance Movements
Appendix E: 2018/19 Capital Programme Budget Movements and final spend
Appendix F: Delegated authority for budget movements
Appendix G: Movement on Earmarked Reserves 2018/19
Appendix H: Statement of Accounts 2018/19 (unaudited)