

Wiltshire Council

Cabinet

12 June 2018

Subject: Revenue and Capital Outturn 2017/18 and Statement of Accounts

Cabinet Member: Cllr Philip Whitehead - Cabinet Member for Finance, Procurement, ICT and Operational Assets

Key Decision: No

Executive Summary

This report is to advise Cabinet of the final (unaudited) General Revenue Fund (GRF), Housing Revenue Account (HRA), and Capital outturn positions as at 31 March 2018 for the financial year 2017/18 together with the resulting reserves position.

The General Fund is reporting an unaudited expenditure of £310.941 million against budget of £311.351 million, which results in an underspend of £0.410 million; this is after transfers to earmarked reserves (paragraph 43 of this report). This is an improvement from the forecast position at period 9, although is in line with the projections of the Section 151 Officer. Overall this outturn means that reserves are in line with requirements.

The Housing Revenue Account was originally projected to return £0.592 million to HRA reserves. The final unaudited outturn position is an underspend of £0.951 million. Additionally, there was a planned draw of £6.762 million from reserves to help support the HRA new build programme. This results in an overall draw from reserves of £5.219 million.

The current Capital programme budget for 2017/18 is £144.097 million. Actual spend on schemes as at 31 March 2018 was £109.098 million. This represents a net variance of £34.999 million

The Council is required to produce an Annual Statement of Accounts. The national reporting requirements set out that the Accounts are prepared in accordance with 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 made to the Comprehensive Income and Expenditure Account to ensure that consistency. These adjustments mean there is a different reporting position from the outturn. A reconciliation statement, the Expenditure Funding Analysis (EFA) ties this to the Outturn report.

Proposal

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 £0.410 million and an HRA underspend of £0.951 million and planned draw from reserve of £6.762 million. This gives an overall draw from HRA reserves of £5.811 million.
- b) transfers to the General Revenue Fund and Earmarked reserves, as set out in Sections 38-43 of the report, and return to HRA reserves.
- c) the unaudited Statement of Accounts for 2017/18.

Cabinet are asked to approve:

- d) The position of the 2017/18 capital programme at Outturn (31 March 2018) including highlighted budget changes.

Reasons for Proposals

As part of its role in ensuring sound financial management and financial soundness, Cabinet are required to assess and note the final revenue outturns for 2017/18 and assess any impact on the longer term financial standing of the Council.

Ian Duncan
Interim Director, Finance / Chief Finance Officer

Wiltshire Council

Cabinet

12 June 2018

Subject: Revenue and Capital Outturns 2017/18 and Statement of Accounts

Cabinet Member: Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, ICT and Operational Assets

Key Decision: No

PURPOSE OF REPORT

1. To advise Cabinet of the (unaudited) General Revenue Fund and Housing Revenue Account outturn positions for financial year 2017/18, as well as the position for the Collection Fund and Reserves.
2. To provide Cabinet with oversight of the unaudited Statement of Accounts, including the narrative report.

SUMMARY

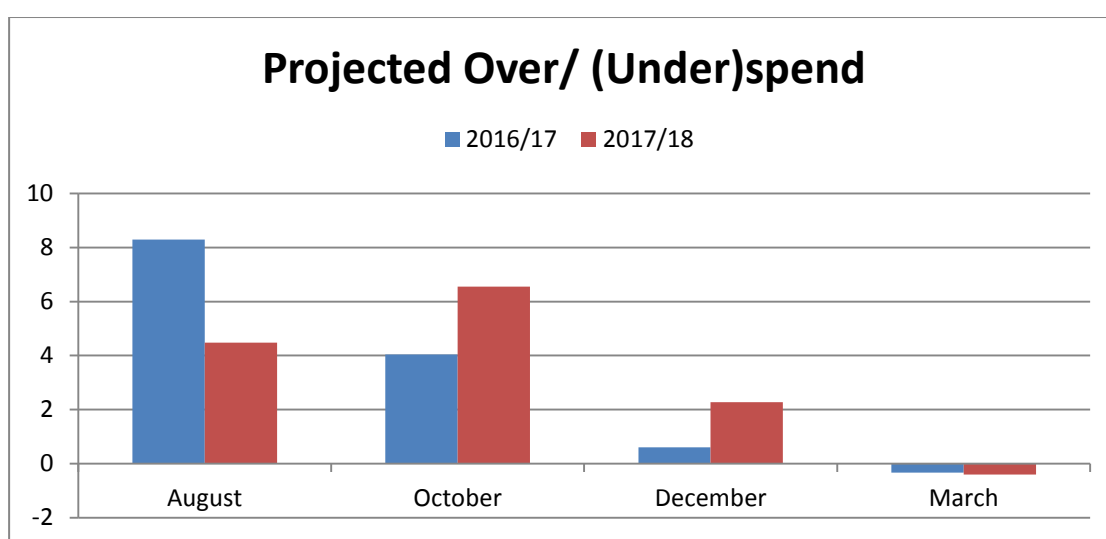
3. The final outturn position is as follows:

	Revised Budget £ million	Outturn Position for Year £ million	Overspend/ (Underspend) for Year £ million	Overspend/ (Underspend) reported at period 9 £ million	Movement since period 9 £ million
General Fund Total	311.351	310.941	(0.410)	2.276	(2.686)
Housing Revenue Account (before capital drawdown)	(0.592)	(1.543)	(0.951)	0.000	(0.951)

4. The final unaudited outturn position on the general revenue fund is an underspend of £0.410 million, this is after the various contributions to reserves as set out below. This represents an improvement of £2.686 million on the budget monitoring position reported to Members for period 9, although is in line with the forecast reported by the Section 151 Officer to Council in February 2018. The reasons for the changes are set out in the following section of this report.
5. The HRA was originally projected to return £0.592 million to HRA reserves. The final unaudited outturn position on the HRA is an underspend of £0.951 million. Additionally, there was a planned draw of £6.762 million from reserves to support

the HRA new build programme. This results in an overall draw from reserves of £5.219 million.

6. The outturn is summarised by service area in Appendix C. Commentary on the larger variances are given in the following sections.
7. The graph below shows how the forecast outturn position has changed between budget monitoring reports to Cabinet during the year, compared to last year. The graph shows a clear improvement in the position towards the end of the financial year. This trend is similar to previous years, where potential overspends have been flagged in monitoring reports, and managerial action has been taken to bring figures back in line by the end of the year.



8. 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 2019/20. The General Fund Reserve stands at £12.944 million; after allowing for planned withdrawal in 2019/20 this is in line with the minimum requirement set by the Council in February.
9. The Statement of Accounts is also appended to this report as appendix I.

Statement of Accounts (unaudited)

10. 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 2017/18 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 reflecting the outturn position above.

11. 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. This identifies £86.495 million of technical adjustments:

	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expensive Statement £000
General Fund Services			
ASC Operations - Access & Reablement	52,024	1,664	53,688
Learning Disability & Mental Health	65,189	868	66,057
Public Health & Protection	1,739	1,557	3,296
Commissioning	20,497	230	20,727
Family & Children Services	57,759	2,835	60,594
Education & Skills	714	17,122	17,836
Economic Development & Planning	2,542	12,075	14,617
Highways & Transport	29,469	9,678	39,147
Waste & Environment	36,599	1,441	38,040
Housing & Commercial Development	15,370	13,567	28,937
Communities & Communications	6,720	6,757	13,477
Corporate Services & Digital	14,823	2,002	16,825
Finance	5,290	800	6,090
Legal & Democratic	5,144	478	5,622
Human Resources & Org Development	3,483	405	3,888
Corporate Directors	3,049	66	3,115
Corporate	(9,470)	14,453	4,983
Net Cost of Service General Fund	310,941	85,998	396,939

12. The Technical adjustments are then 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:

General Fund Services	Adjustments for Capital Purposes (Note 13a) £000	Net change for the Pension Adjustments (Note 13b) £000	Other Differences (Note 13c) £000	Total Adjustments £000
ASC Operations - Access & Reablement	646	1,016	2	1,664
Learning Disability & Mental Health	203	654	11	868
Public Health & Protection	1,029	516	12	1,557
Commissioning	0	232	(2)	230
Family & Children Services	233	2,601	1	2,835
Education & Skills	16,084	1,966	(928)	17,122
Economic Development & Planning	11,284	788	3	12,075
Highways & Transport	8,996	677	5	9,678
Waste & Environment	804	644	(7)	1,441
Housing & Commercial Development	14,825	436	(1,694)	13,567
Communities & Communications	5,622	1,156	(21)	6,757
Corporate Services & Digital	991	985	26	2,002
Finance	0	803	(3)	800
Legal & Democratic	5	487	(14)	478
Human Resources & Org Development	35	372	(2)	405
Corporate Directors	0	65	1	66
Corporate	3	376	14,074	14,453
Net Cost of Service	60,760	13,774	11,464	85,998

13. The draft accounts were signed by the Chief Finance Officer on 31 May 2018, in line with the statutory deadline.
14. The draft Statement of Accounts is then subject to audit by the Council's appointed auditors (KPMG) 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.
15. The Statement of Accounts will be taken to the Audit Committee on 24 July 2018. This is ahead of the revised Statutory Deadline of 31 July.
16. The draft Statement of Accounts is attached as appendix I.

GENERAL FUND MONITORING DETAILS

17. The overall outturn position by service areas is set out in Appendix C.
18. 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 Operations and Commissioning - net £0.261 million overspend; 0.2% of revised net budget

19. The overall service level outturn for Adult Care Services (older people, learning disabilities, mental health and commissioning) shows a balance of under and overspends. Overall the total net budget for these services is reporting a small overspend of £0.261 million or 0.2%. This is an increase of the overspend (£0.133 million) forecast previously. A full budget re-alignment has been undertaken for the start of the financial year 2018/19 to rebase and realign the budget to projected activity so that services have the correct budget to run their service.

Children's Commissioning £0.604 million underspend; (11.9%) of revised net budget

20. The main reason for the underspend is a one off adjustment from the previous year in relation to Children's Centres (£0.350 million) and an increase in the payment by results element of Troubled Families Grant over the budgeted amount (£0.098 million), both of these are one off items.

Children's Social Care £1.038 million underspend; (2.7%) of revised net budget

21. There have been vacancies in the new Support & Safeguarding Service amounting to £0.682 million. Non-social work vacancies were held in the early part of the financial year prior to the implementation of the new structure. Since October recruitment to all new posts and the continual social worker recruitment and this level of underspend is not expected to continue into 2018/19. Use of agency staff, which has been a pressure in previous years, has been significantly reduced in 2017/18 and attempts to recruit agency staff to cover social work vacancies has been a regional challenge.

0-25 Service: Disabled Children & Adults £1.600 million overspend; 8.8% of revised net budget

22. This is consistent with the position that has been reported throughout the year. Pressures arise from increased cost of packages of care for children and young people with disabilities and from the cost of home to school transport for pupils with special educational needs. These pressures have been recognised in the 2018/19 budget.

Environmental Services £0.812 million overspend; 20.7% of revised net budget

23. Income from Markets was previously forecast to be £0.100 million under, which has been addressed as part of 2018/19 budget setting process. Outturn did not meet this projection and was £0.168 million underachieved as market traders struggle to compete. We continue to monitor income closely in 2018/19. Ultimately, we would seek to transfer markets to Town Councils.
24. Fleet outturn was £0.734 million over budget and is put down to the cost of maintaining ageing waste collection vehicles and other fleet vehicles. A total of 75 new vehicles have been purchased under the new waste collection contract so the fleet service should benefit from reducing maintenance costs as a consequence. A review of this budget will be undertaken during the year.

Libraries, Arts, Heritage & Culture £1.098 million net overspend; 26.4% of revised net budget

25. Arts, Heritage & Culture is overspent due to a combination of historic savings targets, the most significant being:
 - £0.240 million relates to Salisbury City Hall, an historic savings target that relates to additional income. Plans are in development to improve income generation, including redecorating the atrium space; the provision of new bleacher seating (health and safety requirement); review of potential ancillary sales; review of third party advertising and; room hire opportunities. This should enable the service to deliver this in 2018/19.
 - £0.075 million relates to 2017/18 saving proposal to review the provision of the Melksham Lunch Club. This has been undertaken and will be achieved as part of the delivery of the final phase of the campus programme.
 - £0.300 million relates to corporate saving on establishment and a change in capitalisation. A restructure has been costed and proposed that delivers the full year's savings but due to timings this could not be delivered 2017/18. This saving will be delivered for future years.
 - £0.200 million relates to historic communities savings, which has been addressed as part of 2018/19 budget setting process.

Corporate £2.983 million net underspend; (46.0%) of revised net budget

26. Corporate as a whole is reporting a underspend of £2.616 million. This is a change of £0.788 million reported at Period 9. The main reasons for the variance are:
 - Final spend on financing capital expenditure in 2017/18 was £17.655 million against a budget of £23.999 million; an underspend of £6.344 million, of which £3.275 million has been used to create an earmarked capital financing reserve. This leaves an underspend of £3.069 million on Capital Financing. This underspend is due to the review of the Minimum Revenue Provision (MRP)

(money set aside for the repayment of debt) in 2017/18, as approved in February 2018.

- Restructure & Contingency shows an “overspend” of £4.077 million. The main areas of year end variance relates to three transfers to earmarked reserves: £1.4 million to the enabling fund; £1.3 million waste; and £0.5 million for development of the Local Plan. The remaining overspend is sundry corporate costs.
- General Government Grants shows an underspend of £1.645 million, This is due to additional government grant received in year, partially offset by an additional contribution to the Enabling Fund earmarked reserve.
- Corporate levies at outturn show an underspend of £2.353 million. This is mainly due to additional £2.054 million solar farm income which was received through business rates at the end of the year, including back dating. Under the Business Rates Retention Scheme, the Council is able to retain all business rates received in respect of renewal energy schemes.

HOUSING REVENUE ACCOUNT

27. The HRA is underspent by £0.951 million before the revenue contribution of £6.762 million to capital for the Council’s new build programme. This gives an overall draw from reserves of £5.811 million.
28. This improved position is a result of efficiencies identified during the year in relation to structures, removing duplication and improving processes.
29. There was also a significant decrease in the volume of responsive repairs as a result of the investment undertaken in last two years in planned cyclical repairs and maintenance.

CAPITAL OUTTURN

30. The original budget for 2017/18 was presented to the Council as part of the budget meeting on 21 February 2017. Since that date there have been a number of changes to the budget for 2017/18, largely due to reprogramming of budget to 2018/19 and also to reflect additional funding being available. The changes to the budget since it was last amended in the Period 9 monitoring report are summarised in the table that follows, a fuller breakdown of the changes made at a scheme by scheme level is attached as Appendix E.

Summary of Budget Amendments from Period 9 Budget to outturn Budget (as at 31 March 2018)

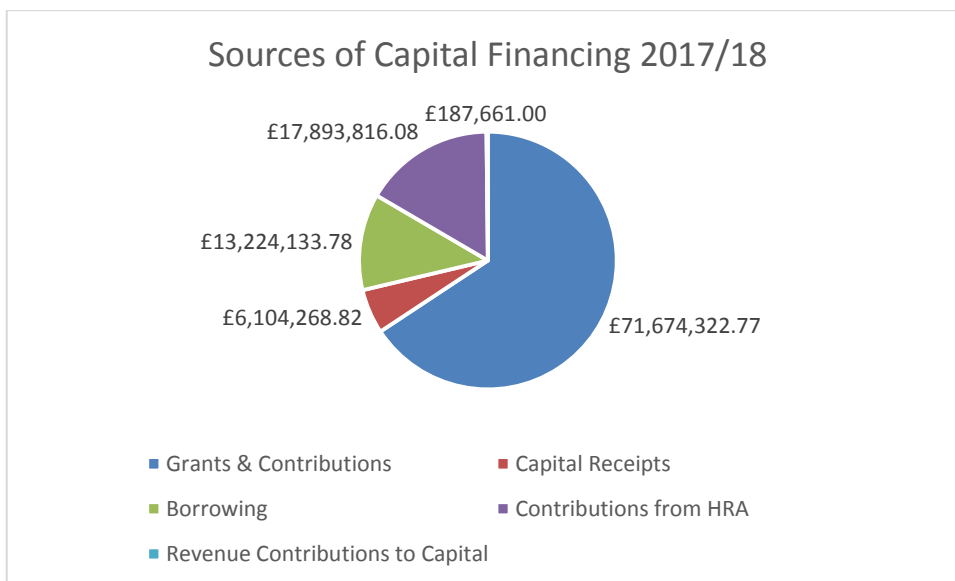
Capital Budget Movements	£m	Further information
Budget Period 9 2017/18	136.941	Appendix E

Additional Budgets added to Programme	7.816	Appendix E
Budgets Reprogrammed from 2017/18 to 2018/19	(0.660)	Appendix E & F
Final Budget 2017/18	144.097	

31. 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 largely comprise additional grants from Central Government, 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 and in further detail in Appendix F.
32. The budgets that have been reprogrammed into 2018/19 are shown in further detail in Appendices E and F, with the higher value amounts also explained in the narrative for schemes in Appendix G.

Summary of Capital Position as at 31 March 2018

33. The current budget for the year 2017/18 is £144.097 million. Actual spend on schemes as at 31 March 2018 was £109.098 million. A full breakdown of these figures is attached in Appendix E. This represents a net underspend for the 2017/18 financial year of £34.999 million.
34. The final position of the capital programme includes £0.131 million of overspent schemes and £0.084 million of underspent schemes.
35. A total of £0.660 million has been reprogrammed from 2017/18 into 2018/19 as part of this report to match planned expenditure.
36. The reprogramming of capital budgets is reflected in the outturn position of the revenue budget for capital financing
37. The Council has financed £109.084 million of capital expenditure in 2017/18. When 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 2017/18. Further information on the financing of the capital programme along with updates on the capital receipts received during 2017/18 are summarised in Appendix G.



Reserves

38. The tables below shows the year end outturn position on the general revenue fund balance and estimated earmarked reserves held by the Council.
39. 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 Revenue Fund reserves is slightly improved against the forecast to Council in February 2018.
40. The movements on the general revenue fund reserve has been reflected in the figures in this report.

General Fund Reserve	£ million
Balance as at 1 April 2017	(12.534)
Underspend for year 2017/2018	(0.410)
General Fund Balance 31 March 2018	(12.944)

41. There is a planned draw of £0.9 million draw on general fund reserves as approved at 2018/19 budget setting. This would leave general fund reserves at a forecast of £12 million at 31 March 2019.
42. In addition to General Revenue Fund Reserves, the Council also has a number of ringfenced earmarked reserves. These are held for specific reasons. Earmarked Reserves are reviewed regularly as part of closedown process.
43. A full listing of earmarked reserve movements during the year including the carried forward balances is included as Appendix H. These movements are all included in the outturn figures and associated appendices.

Safeguarding Implications

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

Public Health Implications

45. None have been identified as arising directly from this report. A return has been submitted to Government confirming that the Public Health grant was fully discharged on expenditure relating to Public Health.

Corporate Procurement Implications

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

Equalities Impact of the Proposal

47. No equality and diversity issues have been identified or arising from this report.

Environmental and Climate Change Considerations

48. Wiltshire Council is now included in the Carbon Reduction Commitment (CRC); the UK's mandatory climate change and energy saving scheme. The objectives of the scheme are to improve energy efficiency and reduce carbon dioxide emissions. It is calculated that 79% of the Council's carbon footprint comes from energy use in buildings. Capital schemes therefore have the potential to greatly increase or decrease carbon emissions, for example schemes making council buildings more energy efficient will reduce the Council's carbon footprint. There are no direct impacts of this report, however there are a number of schemes in the capital programme that are planned to enable energy efficiency benefits for the council.

Legal Implications

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

Risk Assessment

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

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

52. The capital budget for 2017/18, as detailed in this report, has been revised to £144.097 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 four years and therefore risks will be appraised over the whole period.

Financial Implications

53. These have been examined and are implicit throughout the report.

Proposals

54. 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 £0.410 million and an HRA underspend of £0.951 million and planned draw from reserve of £6.762 million. This gives an overall draw from HRA reserves of £5.811 million.
- b) transfers to the General Revenue Fund and Earmarked reserves, as set out in Sections 38-43 of the report, and return to HRA reserves.
- c) the unaudited Statement of Accounts for 2017/18.

Cabinet area asked to approve:

- d) The position of the 2017/18 capital programme as at Outturn (31 March 2018), including highlighting budget changes.

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Appendices:

Appendix A: Revenue Budget Movements 2017/18
Appendix B: Service Area Movements 2017/18
Appendix C: Detailed Service Area Budget Statements
Appendix D: Outturn Variance Movements
Appendix E: 2017/18 Capital Programme Budget Movements and final spend
Appendix F: Delegated authority for budget movements
Appendix G: Funding of the capital programme
Appendix H: Movement on Earmarked Reserves 2017/18
Appendix I: Statement of Accounts 2017/18 (unaudited)