

Wiltshire Council

Cabinet

14 June 2016

Subject: Revenue Outturns 2015/2016

Cabinet Member: Councillor Dick Tonge
Finance

Key Decision: No

Executive Summary

To advise Cabinet of the final (unaudited) General Revenue Fund (GRF) and Housing Revenue Account (HRA) outturn positions as at 31 March 2016 for the financial year 2015/2016. The year end positions are an underspend of £0.066 million for the GRF and an underspend of £0.820 million for the HRA. This is an improvement from the forecast position at period 9, and in line with the projections of the Section 151 Officer. To present Cabinet with the pre audit draft statement of accounts

Proposal

That Cabinet note the report showing an outturn for the General Revenue Fund and HRA, subject to external audit, of an underspend of £0.066 million and an underspend of £0.820 million, GRF and HRA respectively. Cabinet should note appropriate transfers to the General Revenue Fund and Earmarked reserves as set out in Sections 22-25 of this report, and return to HRA reserves. Cabinet should also note the draft Statement of Accounts.

Reasons for Proposals

As part of it's role in ensuring sound financial management and financial soundness, Cabinet are required to assess and approve the final revenue outturns for 2015/2016.

Carolyn Godfrey
Corporate Director

Wiltshire Council

Cabinet

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Subject: Revenue Outturns 2015/2016

Cabinet Member: Councillor Dick Tonge
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PURPOSE OF REPORT

1. To advise Cabinet of the (unaudited) General Revenue Fund and Housing Revenue Account outturn positions for financial year 2015/2016. Cabinet should also note the draft Statement of Accounts.

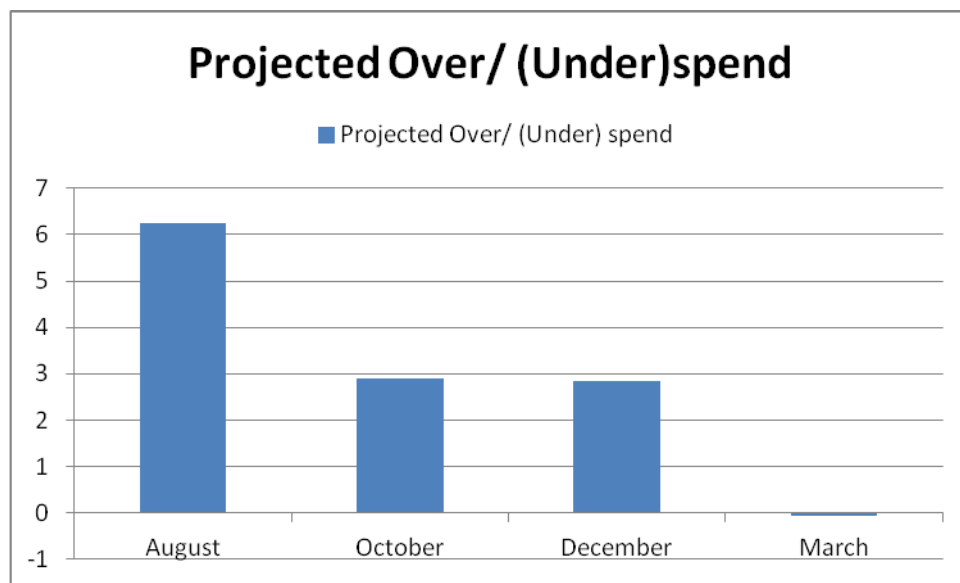
SUMMARY

2. 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	314.983	314.917	(0.066)	2.831	(2.897)
Housing Revenue Account	(1.497)	(2.317)	(0.820)	0.000	(0.820)

3. The final unaudited outturn position on the general revenue fund is an underspend of £0.066 million. This represents an improvement of £2.897 million on the budget monitoring position reported to Members for period 9, and is in line with the forecast reported by the Section 151 Officer to Council in February 2015. The reasons for the changes are set out in the following section of this report.
4. The HRA was originally projected to return £1.497 million to HRA reserves. The final unaudited outturn position on the HRA is an underspend of £0.820 million, which gives a final return to reserves of £2.317 million.
5. The outturn is summarised by service area in Appendix C. More detailed details for the large variances are noted in the following sections.

6. The graph below shows how the forecast outturn position has improved during budget monitoring reports to Cabinet this year. The graph shows a clear improvement in the position towards the end of the financial year.



7. This outturn shows an improvement on figures in the financial plan. The financial plan will be updated to reflect this during budget setting 2017/2018.
8. The Housing Revenue Account (HRA) was £0.820 million under spent following an overachievement on income and less expenditure on salaries due to restructure in year. This is explained further in paragraph 21, and will be returned to HRA reserves.

GENERAL FUND MONITORING DETAILS

9. The overall outturn position by service areas is set out in Appendix C.
10. A summary of the Service Area movements from period 9 monitoring is set out in Appendix D. As with reports during the year, this report targets service areas with large variances at year end.

Adult Social Care Operations and Commissioning (Including Learning Disabilities): (Including Older People (£1.977 million over), Other Vulnerable Adults (£0.658 million under), Mental Health (1.194 million under), Strategy & Commissioning (£0.060 million under) and Learning Disability (£0.112 million under) Total for area £0.047 million net underspend

11. The overall split between Adult Care Services shows a mixture of under and overspends. Overall the total net budget for these services as a collective is reporting a small underspend. Part of the cause of some of these variations is down to the ongoing refinement and rebasing of the services budget, aligning the spend to activity more closely. Underlying this 2015/16 has seen continued pressures on the older people budget, whilst spending on the most complex types of adult care has been managed. The forecast is

thus in line overall with predictions previously reported to Cabinet. The continued realignment of the base budgets will assess these outturns and the level of provision in the 2016/17 base, with any recommendations for further rebasing and virements brought with the 2016/17 first quarter budget monitoring report.

12. It is noted that services to adults with learning disabilities have underspent by £0.112m, an improvement of £1.041m compared with the forecast at period 9. This is in part due to a budget realigned during the year to better reflect activity, as well as a review of high cost cases and management during the latter part of the year.

Special Educational Needs & Disabilities (SEND) - £1.447 million overspend

13. The 0-25 Services for Children and young people with SEN and disabilities overspent by £1.447 million, a movement of £0.147m from the forecast at period 9. The key pressures, as previously reported to Cabinet, are SEN Transport and an increase in the numbers and costs of care packages, particularly for over 18s. These pressures have been recognised within the 2016/17 budget setting process however SEND budgets will remain under pressure.

Children's Social Care £1.940 million overspend

14. Children's Social Care budgets overspent by £1.940m, an improvement of £0.110m compared with the forecast at period 9. The biggest pressure on the budget remains the costs of placements for looked after children.

Libraries, Arts, Heritage & Culture £0.432 million net overspend

15. The overspend in the service area was driven by a number of factors. The main areas of variance are
 - Civic facilities (£0.284 million overspend). This is mainly due to savings to be found not achieved and income not achieved on Melksham House.
 - Libraries (£0.189 million overspend). This is mainly due to savings to be found not achieved and underachievement of income.
 - Campus and operational delivery (£0.184 million underspend) This is mainly savings on building clearance and removal costs.

Legal & Governance £0.584 million net overspend

16. The overspend, as previously reported to Cabinet, is due to a significant increase in demand for legal services across the council, which has largely been met in-house to minimise external legal spend. This has, however, resulted in additional agency locum costs due to difficulties in recruiting to permanent posts. Steps have been taken to address the situation for 2016/2017.

Information Services £0.597 million net underspend

17. This reflects a change from the Period 9 forecast of £0.979 million. The reasons for this variance are:
- We have since resolved the outstanding invoices with partners, which had prudently been fully provided for in the Period 9 reporting in the event they did not materialise.
 - £0.860 million through careful management of spend, for example demand on two contracts was significantly reduced; and spend on smaller applications was deferred to 2016/17.

Corporate £4.460 million net underspend

18. Corporate as a whole is reporting an underspend of £4.460 million. The main significant underspends are:
- There is an underspend of £1.234 million on Capital Financing due to increased capital re-programming into 2015/2016. This is higher than the £0.480 million previously reported at period 9 due to further reprogramming of the capital programme. The capital outturn report is also on this agenda.
 - Restructure & contingency shows an underspend of £1.294 million. This is mainly due to an underspend on redundancy in the year of £1.418 million.
 - General Government Grants shows an underspend of £1.871 million. This is mainly due to timing differences in grants received in central government.

HOUSING REVENUE ACCOUNT

19. The HRA is reporting an underspend of £0.820 million. This allows a return to reserves of £2.317 million. The underspend has arisen due to a combination of items. £0.535m is due to the overachievement of income on rents and a lower requirement for provision of bad debts. This has been brought about by improved performance on rent collection, reduction in arrears and bad debts and improved performance on voids. The remainder is largely down to underspend on salaries as a result of a major restructure in year. The 2016/2017 budget will be rebased to reflect these changes.

Reserves

20. The tables below shows the year end outturn position on the general revenue fund balance and estimated earmarked reserves held by the council.

21. 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 better than forecast to Council in February 2016.
22. The movements on the general revenue fund reserve has been reflected in the figures in this report.

General Fund Reserve	£ million	£ million
Balance as at 1 April 2015		(12.147)
Underspend for year 2015/2016		(0.066)
Draw for Childrens Social Care approved by Cabinet	0.600	
Additional contribution Childrens Social Care and Commissioning and Perfomance	1.600	
Extra funding grant from central government and collection fund reserves	(2.193)	
Total Funding movement		0.007
General Fund Balance 31 March 2016		(12.206)

23. The final position shows General Revenue Fund Reserves at the year end of £12.206 million, compared to £10.019 million in the financial plan reported to Council in February 2016, this is due to improved collection of revenues and grants from central government. The report "Wiltshire Council's Financial Plan Update 2016/17" that went to Cabinet on 9 February 2016 gives full details of the risk assessment of General Revenue Fund Reserves.
24. In addition to General Revenue Fund Reserves, the Council also has a number of ring fenced earmarked reserves. These are held for specific reasons. Earmarked Reserves are reviewed regularly as part of closedown process.

25. Below is a list of current Earmarked Reserves:

Earmarked Reserves	Opening Balance 01-Apr-15	Drawdown/ (Deposits)	Closing Balance 31-Mar-16
Schools PFI Reserve	(4.416)	0.112	(4.304)
Insurance Reserve	(3.315)	0.004	(3.311)
Schools Balances	(9.724)	1.088	(8.636)
Elections Reserve	(0.330)		(0.330)
Area Board Reserve	(0.191)	0.131	(0.060)
Digital Inclusion Reserve	(0.183)		(0.183)
Housing PFI Reserve	(3.092)	0.112	(2.980)
Action 4 Wiltshire Reserve	(0.180)	0.015	(0.165)
Transformation Reserve	(0.736)	0.736	0.000
Business Plan Priority Funding Reserve	(0.141)	0.141	0.000
Economic Development & Planning Reserve	(0.011)	(0.003)	(0.014)
Revenue Grants Reserve	(5.518)	(0.176)	(5.694)
Single View	0.000	(0.700)	(0.700)
Balance 31 March	(27.837)	1.460	(26.377)

Statement of Accounts

26. 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 2015/2016 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.
27. The draft accounts were signed by the Chief Finance Officer on 27 May 2016, well ahead of the statutory deadline of 30 June 2016.
28. The draft Statement of Accounts are then subject to external 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.
29. The Statement of Accounts will be taken to the Audit Committee on 27 July 2016. This is well ahead of the Statutory Deadline of 30 September.
30. The Draft Statement of Accounts is attached as Appendix E.

Main Consideration for the Council

31. To note the unaudited outturn for 2015/2016 and consider the Council's reserve position.

Safeguarding Implications

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

Public Health Implications

33. 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

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

Legal Implications

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

Risk Assessment

38. 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.
39. 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.

Financial Implications

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

Proposals

41. That Cabinet note the report showing an outturn for the General Revenue Fund and HRA, subject to external audit, of an underspend of £0.066 million and an underspend of £0.820 million, GRF and HRA respectively. Cabinet should note appropriate transfers to General Revenue Fund and Earmarked reserves at set out in Sections 22-25 of this report, and return to HRA reserves. Cabinet should also note the draft Statement of Accounts

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Appendices:

Appendix A: Revenue Budget Movements 2015/2016
Appendix B: Service Area Movements 2015/2016
Appendix C: Detailed Service Area Budget Statements
Appendix D: Outturn Variance Movements
Appendix E: Draft Statement of Accounts 2015/2016