

TO: EXECUTIVE
DATE: 18 JULY 2016

REVENUE EXPENDITURE OUTTURN 2015/16
Borough Treasurer

1 PURPOSE OF REPORT

- 1.1 The Council, at its meeting on 25 February 2015, approved a revenue budget for 2015/16 of £79.179m. This report informs Members of the outturn expenditure position, subject to audit, for the financial year 2015/16 highlighting that the Council is within budget for the eighteenth successive year and under spent by -£2.702m. The Council has therefore returned £1.770m to General Balances as opposed to a budgeted withdrawal of £0.932m.
- 1.2 The Accounts & Audit Regulations 2015 require the Annual Statement of Accounts to be signed by the Borough Treasurer by 30 June and approved by the Council or a specific committee by 30 September. The draft accounts were actually signed on 26 May. The Council has established a Governance and Audit Committee which will meet on 21 September to approve the Annual Statement of Accounts.

2 RECOMMENDATIONS

That the Executive:

- 2.1 **Note the outturn expenditure for 2015/16, subject to audit, of £76.477m, which represents an under spend of -£2.702m compared with the approved budget.**
- 2.2 **Note the budget carry forwards of £0.315m (see paragraph 5.9 and Annexe C).**
- 2.3 **Recommends that Council note the Treasury Management performance in 2015/16 as set out in Annexe B.**
- 2.4 **Approve the earmarked reserves as set out in Annexe D.**
- 2.5 **Approve the virements relating to the 2015/16 budget between £0.050m and £0.100m and recommend those that are over £0.100m for approval by Council (see Annexe E).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The recommendations are intended to inform the Executive of financial performance against budget in the 2015/16 financial year.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The report sets out the Council's actual financial performance in 2015/16 and the consideration of options is not therefore appropriate.

5 SUPPORTING INFORMATION

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General Fund Revenue Expenditure 2015/16

- 5.1 The Council approved a revenue budget of £79.179m for 2015/16. In addition transfers to and from S106 and earmarked reserves (£0.684m) have been made during the course of the year. These are shown in Table 1 below and explanations for the use of the reserves are set out in the following paragraphs.

Table 1: Transfers From Earmarked Reserves/Budget Carry forwards

Department	Carry Forwards from 2014/15	Bus Contract (S106)	Other S106	Structural Changes	Other Earmarked Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Services	25	0	0	47	592	664
Children, Young People and Learning	0	0	0	57	-123	-66
Adult Social Care, Health and Housing	0	0	0	552	-820	-268
Environment, Culture & Communities	177	90	94	257	-365	253
Non departmental budgets	0	0	0	0	101	101
Total	202	90	94	913	- 615	684

Carry Forwards from 2014/15

In accordance with the Council's constitution, budget under spends can be carried forward to the following year in exceptional circumstances.

Bus Contract from S106

The Wykery Copse bus contract was negotiated during the course of the year with the funding to be provided from S106 resources.

Other S106

Revenue funding for staff and a vehicle involved in the production, co-ordination and monitoring of the Suitable Alternative Natural Green Spaces (SANGS) plans and the maintenance and management of SANGS areas has also been provided from S106 resources.

Structural Changes

One off costs associated with restructuring and salary protections payments were met from the Structural Changes Reserve during the year.

Other Earmarked Reserves

Carry forwards to 2016/17 of -£0.315m are included within this figure and are covered in more detail in paragraph 5.9. A number of other transfers have been made to or from reserves during the year, the most significant being transfers to Schools Reserves (-£0.443m), the Better Care Fund Reserve (-£0.383m), Government Grants Unapplied Reserve (-£0.250m) and the Commuted Maintenance of Land Reserve (-£0.476m) and transfers from the Economic Development Reserve (£0.279m), Transformation and Innovation Reserve (£0.081m), Business Rates Equalisation Reserve (£0.251m), Members Initiative Reserve (£0.118m), Residents Parking Scheme Reserve (£0.140m) and the Planned Maintenance Reserve (£0.149m).

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Provisional Outturn Position

- 5.2 Table 2 analyses by department the outturn compared with the original budget. These figures inevitably remain subject to minor change, pending external audit. However, no significant movement is anticipated.

Table 2 – Projected Outturn Expenditure

Department	Original Approved Budget	Carry Forwards & Virements	Current Approved Budget	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
Corporate Services	7,472	202	7,674	7,087	-587
Children, Young People and Learning	25,669	1,097	26,766	26,429	-337
Adult Social Care and Health	37,216	587	37,803	37,145	-658
Environment, Culture & Communities	33,947	1,399	35,346	34,257	-1,089
Non Departmental Budgets	-23,583	-2,785	-26,368	-28,291	-1,923
Transfers to/from Earmarked Reserves	-1,542	-500	-2,042	-150	1,892
Total	79,179	0	79,179	76,477	-2,702

- 5.3 The current approved budget takes into account virements actioned during the course of the year. The most significant being:

- Those included in paragraph 5.1 and Table 1
- Reallocation of budgets to departments for non cash items to reflect actual costs (£2.7m), namely:
 - the requirement to charge to service revenue accounts capital expenditure not adding value to assets (£0.2m);
 - downward revaluation of properties (£1.0m);
 - capital charges (-£1.4m)
 - revenue expenditure funded from capital under statute (£1.3m);
 - pension adjustments (£1.6m).
- Adjustments relating to the accounting for the waste PFI (-£0.6m).
- Allocations from the Contingency Fund (£1.1m).

These reallocations have no overall effect on the amount raised from tax payers as they are reversed out within the Non Departmental Budgets line.

- 5.4 Explanations for significant variances by service are set out in Annexe A and more detail can be found in departmental QSRs. Variances to be highlighted are:

Corporate Services/Chief Executive's Office

- Additional income from Industrial and Commercial Properties (-£0.099m).
- An under spend in the Operations Unit primarily from reduced Home to School Transport and reactive maintenance costs (-£0.376m).
- Under spends on Member Services (-£0.028m), consultants fees (-£0.024m) and a number of other supplies and services budgets across the department.

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Children, Young People and Learning

- Within Learning and Achievement, additional income was earned at the Bracknell Open Learning Centre from lettings and courses, fee income from the School Improvement Team and fixed penalty notices (-£0.131m). In addition, a saving was achieved on higher education fees (£0.041m).
- The number of Special Guardianship Orders and Childcare Solicitor assessments increased, resulting in over spends (£0.151m). These overspends were more than offset by savings at Larchwood Respite Home (-£0.056m) and on staffing (£0.037m), direct payments (-£0.054m), the Emergency Duty team (-£0.031m) adoption services (-£0.020m) and specialist support services (-£0.018m).
- A net under spend within Strategy, Resources and Early Intervention primarily relating to staff costs (-£0.039m).

Adult Social Care, Health and Housing

- An under spend on Learning Disabilities (-£0.938m) partly offset by additional costs on Physical Support (£0.407m) and Support with Memory and Cognition (£0.376m). These variances primarily relate to care package costs and Continuing Health Care Funding.
- A significant increase in the recovery of Housing Benefit overpayments during the year resulted in additional income (-£0.462m) which was partly offset by additional agency staff costs (£0.145m).
- Funding from the Better Care Fund not matched against specific services (£0.389m) offset by agency staff overspends at Heathlands care home (£0.194m), additional homeless family costs (£0.071m) and an over spend on Forestcare relating to staff and equipment (£0.133m).

Environment, Culture and Communities

- Additional income at the Cemetery and Crematorium (-£0.114m), the Lookout (-£0.133m), Downshire Golf Course (-£0.045m), and from Waste (-£0.058m), Local Land Charges grant (-£0.072m) and Building Control (-£0.090m).
- An under spend on Waste Disposal due to reduced tonnages and the resolution of the dispute on recycle income (-£0.426m).
- Concessionary Fares under spent due to a reduction in passenger numbers (-£0.145m).

Non-Departmental / Council Wide

- Higher cash balances have been sustained throughout the year resulting in additional interest (-£0.459m).
- Internally funded capital expenditure was financed from internal borrowing to spread the cost impact on revenue. The capital expenditure charged to the General Fund budget was therefore not required (-£0.314m). Greater use of internal financing for assets under construction and higher than forecast capital carry forwards created an under spend against the Minimum Revenue Provision (-£0.118m).
- The Contingency was not fully allocated during the year (-£0.886m).
- Further income was received relating to the Council's deposit with Heritable Bank (-£0.082m). The Council has now recovered 100% of its original deposit (£2m), and £0.011m in interest. An exchange rate gain also occurred on the deposit held in Iceland relating to Glitnir Bank (-£0.095m).
- Transfers into the Structural Changes Reserve (£1m) and Transformation Reserve (£1m) to fund the Council's transformation programme and any resulting staffing implications.

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- 5.5 A full analysis of the 2015/16 variances, identifying those already built into the 2016/17 base budget, one off items and those of an ongoing nature has been undertaken to inform the evolving 2017/18 budget proposals.

Schools Budget

- 5.6 The Schools Budget is a ring fenced account, fully funded by external grants, the most significant being the Dedicated Schools Grant. Any under or over spend remaining at the end of the financial year must be carried forward to the next years Schools Budget and as such has no impact on the Council's overall level of balances. There was a £1.164m under spend on the Schools Budget which has been transferred into the Unused School Balances Reserve (£1.373m as at 31 March 2016). The most significant variance was a -£0.982m under spend on SEN Provisions and Support Services reflecting the significant progress made in addressing the cost pressures arising from High Needs Pupils.

Treasury Management

- 5.8 Annexe B contains a detailed analysis of the Council's treasury management performance during 2015/16. An annual report is required to comply with the Prudential Code for Capital Finance as performance in this area can have a significant impact on the Council's overall financial position and balances.

Budget Carry Forwards

- 5.9 In accordance with the Council's Constitution, some unspent budget provision is permitted to be carried forward to the following year in exceptional circumstances. This would include where expenditure was budgeted for and planned in a particular year, but due to unforeseen circumstances has had to be deferred to the following year. Table 3 summarises the carry forwards by department and a detailed breakdown is included in Annexe C.

Table 3 – Budget Carry Forwards

Department (Details in Annexe C)	Requested Carry Forwards
	£'000
Corporate Services	21
Children, Young People and Learning	14
Environment, Culture & Communities	280
Total	315

Balances (General Reserves)

- 5.10 The actual outturn for 2015/16 was an under spend of -£2.702m. The Council has therefore returned £1.770m to General Balances as opposed to a budgeted withdrawal of £0.932m. The General Fund balance at 31 March 2016 is therefore £12.730m. The 2016/17 budget was set on the basis that £5.174m of balances would be used, however

the additional savings proposals agreed in-year (£3.417m) will reduce this requirement to £1.757m leaving £10.973m available to support the 2017/18 and future years' budgets, subject to a recommended minimum prudent balance of £4m.

- 5.11 A detailed review of all existing reserves and provisions has been undertaken as part of the accounts closedown process. The proposed changes to reserves and balances are included in Annexe D.

Virement requests

- 5.12 Financial Regulations require formal approval by the Executive of any virement between £0.050m and £0.100m and of virements between departments of any amount. Full Council approval is required for virements over £0.100m. A number of virements have been made since the February Executive meeting which require the approval of the Executive. These have been previously reported to the Corporate Management Team which recommends them for approval. They have been included in the Quarterly Service Reports. Details of the virements are set out in Annexe E.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 There is nothing to add to the report.

Borough Treasurer

- 6.2 The financial implications of this report are included in the supporting information.

Equalities Impact Assessment

- 6.3 None.

Strategic Risk Management Issues

- 6.4 The Council needs to maintain reserves to aid cash flow and to protect itself from fluctuations in actual expenditure and income. The review of reserves undertaken by the Borough Treasurer ensures that the Council has adequate and appropriate earmarked reserves to manage future risks.

7 CONSULTATION

Not applicable.

Background Papers

None.

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