

CABINET

20 June 2017

REVENUE AND CAPITAL OUTTURN 2016/17 AND BUDGET UPDATE 2017/18

Report of the Director for Resources

Strategic Aim:	Sound Financial Planning	
Key Decision: Yes	Forward Plan Reference: FP/030317/02	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Tony Mathias, Leader and Portfolio Holder for Corporate Finance	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

- i) Notes the outturn on the revenue budget and capital programme
- ii) Approves the transfer of £786k from 16/17 underspends to earmarked reserves for future use of which £487k relates to the ring fenced Better Care Fund and Public Health budget
- iii) Approve the revenue budget carry forwards of £948k as outlined in Appendix A, para 1.3.2 , 1.3.3 and 1.4.3
- iv) Approve the changes to the 17/18 revenue budget (as outlined in Appendix H) which have a net General Fund impact of £9k
- v) Note the updated version of the capital programme as set out in Appendix A para 4.1 including an extra £17k received for Disabled Facilities Grants
- vi) Note the additional transfer to earmarked reserves made by the Assistant Director (Finance) in line with the approval given in report (44/2017)

vii) Give delegated authority to the Director for Resources to allocate the IT capital allocation of £150k

viii) Note the indicative plans for the Better Care Fund (Appendix I)

That Cabinet:

ix) Recommend to Council the changes to the 17/18 budget arising from the receipt of new Government funding as listed in Appendix H.

x) Recommend to Council to redesignate the Welland Audit Reserve as an Audit Reserve following cessation of the Welland Internal Audit service.

xi) Recommend to Council to redesignate the Winter Maintenance Reserve as an Extreme Weather Reserve with a ceiling of £100k.

1 PURPOSE OF THE REPORT

1.1 To inform Cabinet of the draft outturn figures (subject to audit) for the financial year 2016/17 and to provide an update on the status of the 2017/18 budget. In reporting the outturn, Cabinet and where necessary Council is being asked to carry forward some budgets to 2017/18, approve some additional requests for funding for 2017/18, and put aside some additional funding in earmarked reserves.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Revenue outturn 2016/17

2.1.1 The Council approved its 2016/17 budget in February 2015. Throughout the year, Cabinet and Scrutiny Panels have received quarterly updates on progress against the budget. Cabinet and Council have also made some changes to the approved budget which are itemised in each quarterly report.

2.1.2 The end of year provisional revenue position is that the Council has over spent its revenue budget by £449k which equates to an over spend of 1.2% when compared to the Net Operating Expenditure. A full explanation of the year end revenue position is covered in Appendix A, Section 1 to this report. This position is provisional for two reasons:

- The position is subject to external audit by KPMG LLP; and
- In arriving at the overall position for 16/17, officers are making requests for budget carry forwards of £948k to be used in 2017/18; and, for £786k to be transferred to existing earmarked reserves (Appendix A para 1.3.2). These are decisions that must be approved by either Cabinet and/or Council.

2.1.3 Whilst the overall position is favourable, the Council's financial context remains challenging with significant savings required over the medium term.

2.2 Revenue budget 2017/18

2.2.1 The revenue budget for 2017/18 was set in February but has been updated as part of this report. As is usually the case, government funding is received and other

issues often emerge after the budget has been approved. Officers have also reviewed the 2017/18 budget in the context of the 2016/17 outturn and their view of any emerging issues for 2017/18.

- 2.2.2 A number of requests for budget changes have been made and these are listed in Appendix H. The majority of these changes use earmarked reserves or new Government funding so the overall impact on the General Fund is only £9k.
- 2.2.3 Alongside these changes, officers have highlighted a number of emerging pressures listed in Appendix A, para 3.3.4. Directors will be trying to manage these pressures and/or contain pressures within their overall Directorate budget in the first instance but may request changes to the budget later in the year if pressures cannot be managed.
- 2.2.4 At the time of setting the budget, the Council was still awaiting confirmation of the Better Care Fund allocation. National publication of the Better Care Fund planning framework and budget for 2017/18 to 2018/19 remains significantly delayed, most recently as a result of the national election. In the interim, BCF areas have been asked by NHS England to proceed with planning their new programmes based on the policy framework. Whilst the Council has received confirmation that it will receive an additional revenue contribution of £203k for the BCF (which is ring fenced to be spent on adult social care) and £17k for Disabled Facilities grant, it is still waiting for overall figures. However, in accordance with the NHS England request, an updated BCF programme for 2017/18 has been provisionally agreed and is attached at Appendix I.

2.3 Capital update

- 2.3.1 The Council spent £5.338m on the capital programme in 16/17. Since the budget, Cabinet have approved further budget changes, detailed in A para 4.1.1, and as indicated in 2.2.4 an additional amount of £17k has been received for Disabled Facilities grant. A full list of approved schemes is shown in Appendix F.

2.4 MTFP

- 2.4.1 The Medium Term Financial Plan assumptions have been refreshed in light of the latest information. Various changes have been made which do have a positive impact on the financial position. These are detailed in Appendix A, para 5.1.3.
- 2.4.2 There is still a great deal of uncertainty so, as with any changes, there is no guarantee that assumptions will hold true but there is sufficient evidence to indicate that changes proposed are reasonable.

3 CONSULTATION

- 3.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to assess the impact of the outturn on the budget for 2017/18.

4 ALTERNATIVE OPTIONS

- 4.1 Cabinet are requested to make decisions about whether unspent budgets should be carried forward to 2017/18. In many cases, it should be noted that officers may have already committed such budgets (i.e. work may have been started but not

finished) or plan to do so for service delivery in 2017/18. Cabinet can choose to approve the carry forwards or could still request that budget managers assess whether such expenditure can be absorbed within existing budgets or savings made elsewhere. Where this is not possible, there may be budget pressures later in the year.

4.2 Cabinet are also requested to use existing earmarked reserves or general fund balances to fund some 2017/18 pressures. Cabinet can choose to approve the requests or request that budget managers assess whether such expenditure can be absorbed within existing budgets thereby deferring any decision until later in the year when more information is known.

4.3 Members are also being asked to make additional contributions to earmarked reserves. Members could choose to retain all funds in the General Fund Reserve rather than to prop up earmarked reserves. The former is not the preferred option for the reason that the establishment of earmarked reserves recognises that funds are likely to be needed for a specific cause. Retaining such funds in a General Reserve could give the impression that the Council's financial health is better than what is actually the case.

5 FINANCIAL IMPLICATIONS

5.1 The report highlights the impact of the outturn on the MTFP. General Fund balances will decrease by £449k from that budgeted for if all recommendations are approved.

5.2 For 2017/18, agreement to the recommendations will increase the General Fund budgeted deficit by £9k.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The FPRs allow Cabinet to approve budget carry forwards from one period to the next and use earmarked reserves. The FPRs allow Council to establish a new reserve and set ceilings for earmarked reserves. Where changes to the budget involve using funds received after the budget was set, Council is asked to approve changes.

6.2 There are no legal implications arising from this report.

7 EQUALITY IMPACT ASSESSMENT

7.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

8 COMMUNITY SAFETY IMPLICATIONS

8.1 There are no community safety implications.

9 HEALTH AND WELLBEING IMPLICATIONS

9.1 There are no health and wellbeing implications.

10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

10.1 As the Council is required to make savings over the medium term, the outturn position is positive. The approval of budget carry forwards will allow the 2016/17 budget to be updated to reflect spending plans.

11 BACKGROUND PAPERS

11.1 None

12 APPENDICES – UPDATE

Appendix A: Outturn 2016/17 and 2017/18 update

Appendix B: Reconciliation of Management Accounts to Statutory Accounts

Appendix C: People Directorate

Appendix D: Places Directorate

Appendix E: Resources Directorate

Appendix F: Capital Outturn

Appendix G: Budget Reconciliation for 2017/18

Appendix H: Budget Approvals being sought

Appendix I: Better Care Fund Plan 2017/18

Appendix J: Medium Term Financial Plan

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.