
Revenue Budget Monitoring Provisional Outturn March 2016 (Subject to Audit)

Report of **Cllr Richard Wenham, Executive Member for Corporate Resources** (cllr.richard.wenham@centralbedfordshire.gov.uk)

Advising Officers: Charles Warboys, Chief Finance Officer
(charles.warboys@centralbedfordshire.gov.uk)

This report relates to a Non Key Decision

Purpose of this report : The report sets out the provisional outturn financial position for 2015/16 as at the end of March 2016 (subject to audit). It sets out spend against the approved budget. Explanations for the variances are set out below in Appendix A. This report enables the Executive to consider the overall financial position of the Council.

RECOMMENDATIONS

The Executive is asked to:

1. **Consider the provisional revenue outturn position (subject to audit) which is an underspend of £51K.**
2. **Note that the budget included £2.1M of contingency costs which were not used.**
3. **Approve the creation of new Earmarked Reserves as listed in Table 2.**

Issues

1. Provisional outturn position as at March 2016 is under budget by £51K. A full explanation of the variances to budget is contained in Appendix A.
2. SCHH overspend is £0.2M. Care costs are over by £2.6M offset by income from client contributions of £2.0M and reduced costs in Commissioning of £0.3M.
3. Children's Services overspend is £0.9M mainly in Children's Services Operations (£0.8M) and Looked After Children (£0.7M) offset by underspends in Commissioning and Central Support to Schools.

4. Community Services is underspent by £1.6M mainly due to additional s38 income (s38 income is used by the authority to satisfy the Highway Agency that roads being built on private land, to be maintained at public expense, are constructed to an adoptable standard).
5. Regeneration is under budget by £0.1M.
6. Public Health is on budget.
7. Improvement & Corporate Services is under budget by £0.2M with overspends in IT offset by underspends in Legal & Democratic Services.
8. Corporate Resources is under budget by £0.1M.
9. Corporate Costs are overspent by £0.8M entirely due to the creation of new Earmarked Reserves (EMR) of £3.7M posted against Corporate, as detailed at Table 2, offset by the release of a £2.1M contingency which was not used and a £0.7M planned use of a reserves to reduce interest payable costs.
10. Overall debt is £13.0M compared to £10.9M in February. The movement in debt is within expected tolerances at year end. Debt over 61 days is £5.4M (41%). February £5.5M (50%). See Appendix C.
11. Table 1 below details the full year variances by directorate:

Year to Date - March P13			
Directorate	Budget £m	Actual £m	Variance £m
SCHH	64.6	64.8	0.2
Childrens Services	36.7	37.6	0.9
Community Services	48.7	47.1	(1.6)
Regeneration	4.9	4.8	(0.1)
Public Health	0.0	0.0	0.0
Improvement & Corporate Services	15.9	15.6	(0.2)
Corporate Resources	4.7	4.7	(0.1)
Corporate Costs	11.0	11.8	0.8
Total Excl Landlord Business	186.5	186.5	(0.1)
Schools	0.0	0.0	0.0
Landlord Business	0.0	0.0	0.0
Total	186.5	186.5	(0.1)

RESERVES POSITION

12. The General Fund outturn position (excluding schools) includes the use of reserves (reduction) and creation of reserves (additions) as follows:
13. Use of general fund EMR:
 - SCHH £1.7M
 - Children's Services £2.0M
 - Community Services £1.1M
 - ICS £0.6M
 - Regeneration £0.1M,
 - Corporate Resources and Costs £1.2M.
14. A total use of £6.7M (reduction in reserves).
15. This is offset by the creation of planned EMR:
 - £2.1M EMR for the New Homes Bonus (NHB) which we received in 2015/16. This was a conscious decision within the MTFP approved by Council to both reduce the revenue budgets reliance on NHB and to build a fund for future investment.
 - £0.5M top up the Redundancy Reserve
 - £0.3M to top up the Insurance Reserve.
 - In addition there are some small technical adjustments for example building the Elections fund that add to £0.2M.
16. Total planned increase £3.1M.
17. £4.8M proposed increase for unplanned EMR created from the outturn underspend before creation of proposed new reserves (see Table 2).
18. Of the £4.8M underspend:
 - £2.1M relates to the budget contingency which was not used in 2015/16.
 - £1.1M relates to a reclassification of S38 income held on the balance sheet from previous years (one off)
 - A further £1.0M relates to in year S38 income (one off).
 - The underlying underspend is therefore £0.6M.
19. Total addition to reserves £7.9M
20. The overall net movement in EMR is an increase of £1.2M.
21. See Appendix B for details of which EMR have been used (note that Corporate Costs shows a number of reserves that are reflected in the Directorate outturns).

Table 2

2015/16 Proposed New Earmarked Reserves	£k	£k
Community Services		
Street scene improvements	500	
Community safety	500	
		1000
Assets		
Facilities Security	100	
		100
Corporate		
Impact of Funding Deficit in 2016/17	1,200	
Smoothing MRP payments/Financing Charges	900	
Transformation (Invest to save, Transforming service delivery)	700	
Transforming lives	250	
Independent careers service	250	
Business Operations	200	
Planning enforcement	200	
		3,700
Total Proposed New Earmarked Reserves		4,800
Funded by:		
Underlying underspend 2015/16	(592)	
S38 Income Income in excess of budget	(1,030)	
S38 Income Reclassification	(1,091)	
Contingency	(2,138)	
Total Funding		(4,851)

General Reserves

22. The opening position for 2015/16 is £15.2M. There are no further uses or contributions planned this year.

Council Priorities

23. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 6 Council priorities.

Corporate Implications**Legal Implications**

24. None

Financial Implications

25. The financial implications are set out in the report.

Equalities Implications

26. Equality Impact Assessments were undertaken prior to the allocation of the 2015/16 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Appendices

Appendix A – Detailed Directorate Commentary

Appendix B – Earmarked Reserves.

Appendix C – Debt Management

Appendix D – Treasury Management