

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	19 July 2016	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2976
TITLE:	Revenue & Capital Outturn 2016/17	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1: Revenue & Capital Outturn 2016/17 information Appendix 2: Revenue Outturn by Directorate & Portfolio 2016/17 Appendix 3: Reasons for Revenue Budget Variances 2016/17 Appendix 4: Revenue Budget Items to be considered for carry forward/write-off Appendix 5: Corporate Earmarked Reserves Appendix 6: Revenue Virements 2016/17 Appendix 7: Capital Outturn Summary 2016/17 Appendix 8: Detailed Capital Variance & Rephasing Requests 2016/17 Appendix 9: Capital Programme by Portfolio 2016/17 Appendix 10: Capital Virements 2016/17		

1 THE ISSUE

- 1.1 The report presents the revenue and capital outturn for 2016/17, highlighting a net revenue overspend of £2.221m after allowing for proposed carry forwards. The overspend has increased since the last report, which forecast an overspend of £1.039m based on monitoring for the year to December 2016, mainly due to the closure of four care homes during the year, which required supporting the move of existing residents to new placements at significant additional cost, as well as the continuing cost pressures within Children's statutory services. The report highlights that the majority of the £12.6m of budgeted savings and additional income generation have been achieved during the year.
- 1.2 The report refers to requests to carry forward specific revenue budget items to 2017/18 and to write-off revenue overspends where recovery in future years would have an adverse impact on continuing service delivery. It is proposed that the overspend is funded by appropriate drawdowns from specific earmarked reserves held as contingency against in year spending pressures and includes use of the specific transitional grant funding provided by the government and set aside by the Council at the start of the financial year.
- 1.3 The report also refers to requests to re-phase specific capital budget items to 2017/18 and to remove net capital underspends.

2 RECOMMENDATION

The Cabinet agrees that:

- 2.1 The revenue budget outturn overspend of £2.221m for 2016/17 as set out in Appendix 2 is noted.
- 2.2 The revenue carry forward proposals and write-off requests listed in the tables in Appendix 4 are approved.
- 2.3 Transfers from Earmarked Reserves to fund the revenue overspend are agreed as set out in Appendix 1 paragraph 1.8.
- 2.4 The revenue virements for 2016/17 reported for information in Appendix 6(i) are noted.
- 2.5 The resulting reserves position shown in Appendix 1 paragraph 1.10 is noted and that unearmarked reserves remain at the target level of £13.5m (excluding Invest to Save drawdowns).
- 2.6 The provisional outturn of the 2016/17 capital programme in Appendix 7, and the funding as laid out in the table in Appendix 1 Paragraph 1.20, is noted.
- 2.7 The capital rephasing and write-off of net underspends as listed in Appendix 8 are approved. This reflects the outturn spend position on projects against final budgets as detailed in Appendix 9.
- 2.8 The adjustments to the 2016/17 to 2021/22 capital programme as recorded in Appendix 10, and the final capital programme for 2016/17 in Appendix 9 are noted.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 These are contained throughout the report and appendices.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The annual medium term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council has performed against the financial targets set in February 2016 through the Budget setting process.

5 THE REPORT

- 5.1 This report provides information about the Council's financial performance against its revenue and capital budgets in 2016/17.
- 5.2 This report enables Cabinet to review:
 - Requests for write-off of overspends
 - Requests for carry forward of underspends
 - Suggested transfers from earmarked reserves

- 5.3 The report identifies that after allowing for carry forwards, the Council overspent by £2.221m, which to give some context, represents less than 1% of gross budgeted spend excluding schools. It is proposed that the overspend is funded by drawdowns from both the the Revenue Budget Contingency (£1.155m) and the Adult Social Care Reserve (£1.066m). The 2016/17 revenue budget included a requirement for the delivery of £12.644m of savings and additional income generation of which over 90% were achieved during the year.
- 5.4 The ongoing implications arising from the year end position will be considered as part of the 2017/18 budget monitoring process, including appropriate mitigating actions.
- 5.5 The capital spend in 2016/17 was £53.910m against a budget of £78.591m giving a variance of £24.681m, primarily reflecting the delivery time to complete projects moving into future financial periods. Of this variance, £23.932m is requested for carry forward to 2017/18 to cover re-phased costs of capital projects.
- 5.6 Details of the outturn position for the revenue and capital budgets are provided in Appendices 1-10.
- 5.7 The Corporate Audit Committee plan to approve the audited statutory final accounts of the Council in early September 2017. This report presents the 2016/17 outturn in the form that is routinely reported throughout the year as part of budget monitoring.
- 5.8 The Cabinet received financial reports throughout the year highlighting the known pressure areas, and identifying those actions that could be taken to reduce these to manageable proportions.

6 RATIONALE

- 6.1 The recommendations made are based upon the Budget Management Scheme and a consideration of the Council's latest financial position and reserves strategy.

7 OTHER OPTIONS CONSIDERED

- 7.1 Appendix 4 lists all options that can be considered in making a decision on carry forwards and write offs relating to the revenue outturn position.

8 CONSULTATION

- 8.1 Consultation has been carried out with the Cabinet Member for Finance & Efficiency, Strategic Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.
- 8.2 The provisional outturn position has been discussed at Senior Management Team and Divisional Directors' Group during May.

9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.
- 9.2 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget are assessed annually by each Strategic

Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

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Background papers	<i>2016/17 Budget Monitoring reports to the Cabinet; Budget Management Scheme</i>
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