

CABINET

6 JUNE 2017

REVENUE AND CAPITAL OUTTURN AND DRAFT STATEMENT OF ACCOUNTS 2016/17 – UPDATED REPORT

Portfolio Holder: Councillor Alan Jarrett, Leader
Report from: Phil Watts, Chief Finance Officer
Author: Gary Thomas, Head of Finance Operations

Summary

This updated report details the final revenue and capital outturn position for the financial year ended 31 March 2017. These figures will also form part of the Council's statement of accounts, which accompanies this report and which will be presented to the Audit Committee for approval on 29 June. These will then be subject to the external audit during July and August, before being considered again by Audit Committee on 28 September 2017.

1. Budget and Policy Framework

1.1 Whilst approval of the Statement of Accounts is a matter for the Audit Committee, this report summarises the Council's revenue and capital outturn position for 2016/17 and presents the draft statement of accounts to Cabinet in advance of Audit Committee.

2. Background

2.1 Budget managers had been asked to produce forecasts throughout 2016/17 taking account of the previous year's outturn, actual income and expenditure for 2016/17 and most importantly, their knowledge of commitments and income trends.

2.2 In spite of the quarter 3 forecasts indicating a £1.8million pressure, the final outturn for the year was close to breakeven, representing a modest underspend of £217,000. The final position for each directorate is summarised in Table 1 below:

Table 1 – Revenue Outturn

Revenue Account 2016/17 Final Outturn	Round 3 Variance	Budget	Actual Spend	Variation
	£000's	£000's	£000's	£000's
Budget requirement:				
Children & Adults				
- Children's	1,175	35,178	35,850	672
- Adults	1,049	65,503	66,171	668
- Inclusion & Schools related budgets	522	132,170	132,860	690
Regeneration Community & Culture	(821)	78,809	77,309	(1,500)
Business Support	(616)	7,491	6,144	(1,347)
Public Health	0	15,136	15,218	82
Interest & Financing	(192)	(25,556)	(25,736)	(180)
Levies	74	1,039	1,221	182
Medway Norse	0	(263)	(290)	(27)
Digitalisation Savings	388	(388)	0	388
Total General Fund	1,579	309,118	308,747	(371)
Funded by:				
Contribution from Reserves	0	(3,014)	(3,014)	0
RSG	0	(28,374)	(28,374)	0
NNDR	0	(43,035)	(43,035)	0
Council Tax	0	(102,798)	(102,798)	0
DSG	0	(98,397)	(98,397)	0
Other School Grants	0	(5,542)	(5,542)	0
Specific Grants	0	(186)	(137)	49
Education Support Grant	199	(2,124)	(1,918)	206
New Homes Bonus	0	(7,531)	(7,632)	(101)
Public Health Grant	0	(18,118)	(18,118)	0
Total Funding	199	(309,118)	(308,964)	154
Total funding and expenditure variance	1,778	0	(217)	(217)

3. Directorate major variances

3.1 Children and Adults

3.1.1 **Children's Social Care (£672k overspend)** – This is largely explained by the increase in external placement costs due to a combination of a reduction in the management action previously thought to be achievable, in part due to court imposed levels of supervision. There were some additional residential placements and an increase in mother and baby placement costs, due to longer stays.

3.1.2 **Adults Social Care (£668k overspend)** – The outturn position represents a decrease in the previously projected overspend of £381k. Expenditure on Disability placements remains the largest pressure on the budget although there was a reduction of £420k on placement costs from the previous monitoring. Expenditure on Older People services underspent for the year however the outturn position did worsen from the previous monitoring due to additional homecare expenditure and the provision for bad debt increasing by £212,000 because of the current long term status of some debts.

3.1.3 **Inclusion, Commissioning and Schools related budgets (£690k overspend)** - The SEN transport budget represents a major part of the net service pressure, with an overspend of £1.2m due to largely increased numbers and the challenge of holding down taxi costs against the transport procurement framework. This pressure has been partly offset by savings of £0.5m from vacant posts mainly in the Commissioning & Strategy as well as the school improvement team. The total overspend was offset by underspends elsewhere in this budget area.

3.2 Regeneration, Community and Culture

3.2.1 Registration and Bereavement underspent by £1.1m. The Service reported a forecast overspend of £31,000 at Round 3. £1m of reserves built up to fund the new cremators were written back to revenue at year end including £627,000 Provian compensation.

3.2.2 Waste Services reported an underspend of £460,000 having reported an underspend of £436,000 at Round 3. Projected growth in waste overall grew by 1.95% compared to budgeted growth of 2.67%.

3.2.3 Sport, Leisure, Tourism & Heritage overspent by £95,000 compared to a flat forecast at Round 3. This was mainly due to a downturn in income at Splashes. There were significant variations across the Service including a £520,000 underachievement of income in Medway Leisure. This was offset by a £202,000 saving in Medway Sports due to additional income, a scaling back of activities and staff savings along with £240,000 of savings across Heritage & Tourism.

3.3 Business Support Department

3.3.1 Revenues & Benefits outturn was a favourable £1.25m. The income from the Housing Benefit Admin Grant was £329,000 less than budget. £259,000 was paid in commission to 'Analyse Local' which looks to assist the authority in the collection of additional business rates. This is offset partially by savings of £129,466 on salaries due to staff vacancies. Benefits reported savings of £1,309,302. Housing Benefit Provisions were drawn down in relation to subsidy thresholds and the provision for debtor provision was reduced from 85% to 80% against Housing Benefit overpayments.

4. Planned Use of Reserves

4.1 The 2016/17 budget agreed by Council on 25 February reflected the use of around £3.0million of general reserves.

5. Capital Programme

- 5.1 The capital programme year end position is shown below. It reports actual spend of £47.7million in 2016/17 against the £112.6million programme, with the balance of expenditure profiled over the medium term.

Service Area	Budget 2016/17	Actual Spend	Planned Spend Future Years	Net Variance
	£000's	£000's	£000's	£000's
Business Support	3,203	2,220	788	195
Members Priorities	301	48	253	0
Regeneration, Communities & Culture	61,356	20,310	41,617	(571)
Children and Adult Services	33,027	17,496	15,531	0
Housing Revenue Account	14,709	7,656	6,080	973
Public Health	0	0	0	0
Total	112,596	47,730	64,269	597

6. Conclusions

- 6.1 This report and the accompanying statement of accounts is being presented to Cabinet for information only, but will be presented to Audit Committee for approval on 29 June 2017. The final audited statement of accounts goes to Audit Committee on 28 September 2017.
- 6.2 The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information so that members of the public, including electors and residents, Council Members, partners, stakeholders and other interested parties can:
- understand the overarching financial position of the Council;
 - have confidence that the public money with which the Council has been entrusted and has used has been accounted for in an appropriate manner;
 - be assured that the financial position of the Council is sound and secure.
- 6.3 The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. Once again the content has been reviewed in efforts to make the accounts more streamlined and easy to understand.
- 6.4 The Narrative Report provides some information about Medway and the Council as well as key issues affecting the business and the accounts. It also provides a summary of the financial position at the 31 March 2017.

7. Financial, legal and risk management implications

- 7.1 The financial implications are set out in the body of the report. There are no legal implications within this report.

8. Recommendations

8.1 Cabinet are requested to note the:

- (i) revenue and capital outturn position for the financial year 2016/17;
- (ii) the content of the draft statement of accounts to be presented to Audit Committee for approval on 29 June 2017.

9. Suggested reasons for decision

9.1 The Cabinet is the body charged with the executive management of the council's budget. Therefore, it is important that the final outturn is reported to Cabinet.

Lead officer contact

Gary Thomas, Head of Finance Operations, Gun Wharf, (01634) 332397;
gary.thomas@medway.gov.uk

Appendices

Appendix 1 – Draft Statement of Accounts for the Year Ended 31 March 2017 (please note that this was circulated in the main agenda)

Background Papers

Revenue Budget Monitoring 2016/17 – Round 1

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=32461>

Revenue Budget Monitoring 2016/17 – Round 2

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=33757>

Revenue Budget Monitoring 2016/17 – Round 3

<https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=35757>