



Committee and date
Performance Management
Scrutiny Committee

5 July 2017

Item

FINANCIAL OUTTURN 2016/17 (REVISED)

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1. Summary

- 1.1 Following work to produce the draft Statement of Accounts for the Council as at 31 March 2017, an error was identified in the matching of Housing Benefit Subsidy Grant and expenditure. A decision was taken to amend the Council's accounts to correct this error, which resulted in a minor net variation to the final Financial Outturn position of £0.129m. This report reflects all necessary changes as a result of this amendment, which are minor and have no material impact. It was decided, however, to resubmit the entire corrected report to Cabinet so that a final and unambiguous copy of this important report is approved by Cabinet for future reference.
- 1.2 This report provides details of the revenue and capital outturn position for Shropshire Council for 2016/17 and provides a summary of:
 - The revenue outturn for each service area with a commentary of the main variations and an outline of how the position has changed since Quarter 3.
 - The movements in the Council's General Fund balance.
 - The Council's reserves and provisions.
 - The capital outturn for each service area with a commentary of the main variations and the budget slipped for 2017/18.
- 1.3 The Council's revenue position for 2016/17 has improved by £0.670m when compared to projections made at Quarter 3 resulting in a net underspend of £0.894m, a variance of 0.16% on the gross budget. This improvement has been delivered as a result of variances across a number of Council services although the majority of these are not within the base budget and therefore will not be available to reduce the funding gap in future years. Funds to deliver the Digital Transformation Programme, other developments and Invest to Save initiatives are now confirmed or increased for 2017/18 and beyond, although the final £0.894m underspend for 2016/17 is currently assumed to be added to General Fund Balance.
- 1.4 The outturn capital expenditure for 2016/17 is £44.986m, representing 83% of the re-profiled budget of £54.432m. £9.288m of the underspend has been slipped to the 2017/18 programme, the balance has been removed from the programme.

2. Recommendations

It is recommended that Members:

- A. Note that the Outturn for the Revenue Budget for 2016/17 is an underspend of £0.894m, this represents 0.16% of the original gross budget of £568.8m.
- B. Note that the level of general balance stands at £14.698m, which is above the anticipated level.
- C. Note that the Outturn for the Housing Revenue Account for 2016/17 is an underspend of £1.417m and the level of the Housing Revenue Account reserve stands at £9.031m (2015/16 £5.824m).
- D. Note the increase in the level of Earmarked Reserves and Provisions (excluding delegated school balances) of £2.508m in 2016/17.
- E. Note that the level of school balances stand at £6.280m (2015/16 £7.173m).
- F. Approve net budget variations of £0.481m to the 2016/17 capital programme, detailed in Appendix 5/Table 6 and the re-profiled 2016/17 capital budget of £54.432m.
- G. Approve the re-profiled capital budgets of £80.529m for 2017/18, including slippage of £9.288m from 2016/17, £26.081m for 2018/19 and £2.320m for 2019/20 as detailed in Appendix 5 /Table 9.
- H. Accept the outturn expenditure set out in Appendix 5 of £44.986m, representing 83% of the revised capital budget for 2016/17.
- I. Approve retaining a balance of capital receipts set aside of £18.370m as at 31st March 2017 to generate a one-off Minimum Revenue Provision saving of £0.418m in 2017/18.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Details of the potential risks affecting the balances and financial health of the Council are detailed within the report. Each variation from budget is also RAG rated to confirm the level of risk to the Council's balances.

4. Financial Implications

- 4.1 This report is based on the financial outturn of the Council's revenue and capital budget for 2016/17 and therefore considers the effect that the underspend has on the Council's balances.

5. Background

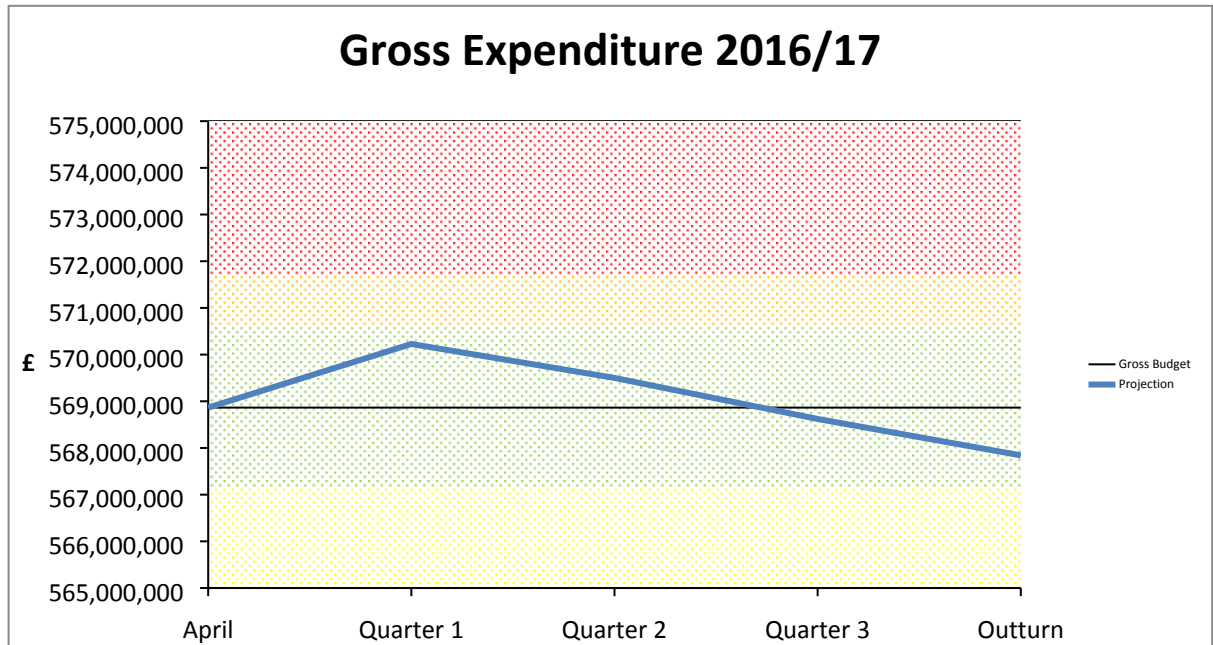
- 5.1 Cabinet has received quarterly monitoring reports on the revenue and capital budget during the course of the year. This has meant that Service Areas have identified problem areas as they have arisen and management have been able to take the action necessary to deal with the issues arising.

6. Revenue Outturn Position

- 6.1 The final outturn for 2016/17 shows overall net revenue expenditure of

£203.633m and an underspend of £0.894m. The overall position for Service areas and Schools' balances is detailed below.

	£000
Original Budget	204,527
Outturn for 2016/17	203,633
Underspend for 2016/17	(894)



6.2 The underspend of £0.894m for 2016/17 is presented below by Service Area. End of year entries include items of non-controllable spend (e.g. depreciation) that are not included within service projections throughout the year. To enable comparison with previous monitoring reports, the non-controllable element of spend has been excluded from the figures presented below to enable a direct comparison to be made between controllable spend at year end, and projections made throughout the year

Table 1: 2016/17 Budget Variations Analysed by Service Area (£'000)

Service Area	Revised Budget £'000	Controllable Outturn £'000	Controllable (Under) / Overspend £'000	RAGY Classification
Adult Services	86,439	86,052	(387)	Y
Children's Services	50,814	52,316	1,502	R
Place & Enterprise	79,411	78,932	(479)	Y
Public Health	6,963	6,550	(413)	Y
Resources & Support	2,924	2,128	(796)	Y
Corporate	(22,024)	(22,345)	(321)	Y
TOTAL	204,527	203,633	(894)	Y

6.3 The outturn position has improved by £0.670m since Quarter 3 as a result of further underspends achieved across all service areas within the Council. The most significant changes were in the following areas:

- (£0.680m) Waste - increased income as a result of the successful introduction of the incinerator
- (£1.020m) Corporate – Release of corporate contingency budgets identified as not required at year end.

Offset by:

- £0.740m Environmental Maintenance – significant additional expenditure on vehicle maintenance, reactive safety works, settlement of commercial claims and other areas.

Further analysis of the variations to budgets for all service areas is provided within Appendix 1.

7. General Fund Balance

7.1. The effect on the Council's Reserves of the outturn position is detailed below. The Council's policy on balances is to have a general fund balance (excluding schools balances) of between 0.5% and 2% of the gross revenue budget. For 2016/17 the minimum balance required is £2.844m. The General Fund Balance as at 31st March 2017 is shown in Table 2 below:

Table 2: General Fund Balance as at 31 March 2017

	(£'000)
General Fund Balances as at 1 April 2016	18,370
Transfer to Financial Strategy Reserve	(5,000)
Transfer from Major Planning Inquiries Reserve	504
Under recovery of insurance costs	(70)
2016/17 Revenue Outturn	894
General Fund Balance at 31 March 2017	14,698

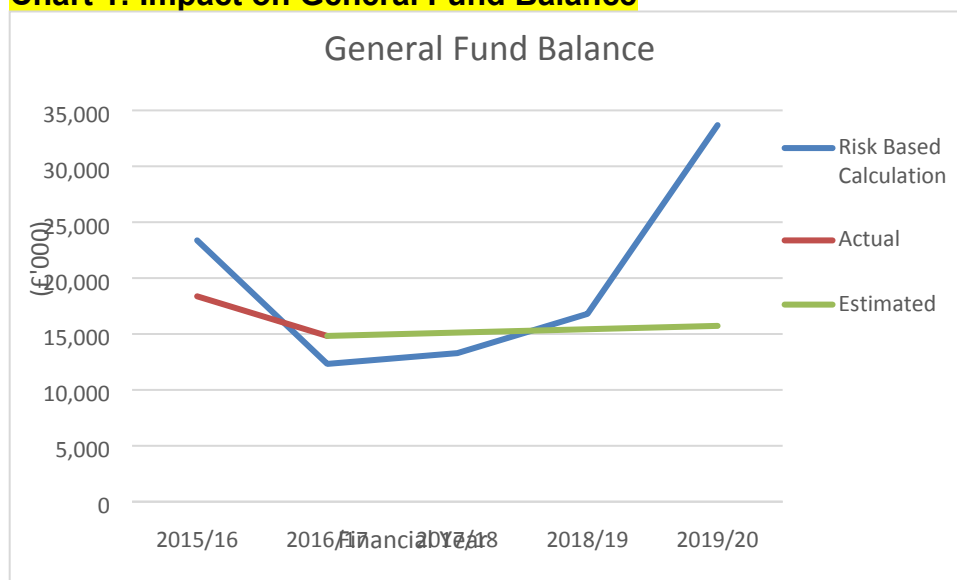
7.2. The General Fund Balance at 31 March is above the level anticipated and lies above the risk based target for 2016/17 which stands at £12.325m.

7.3. The council's historic policy is to hold general fund balances of between 0.5% and 2% of the gross revenue budget, however this can only be considered to be a guide in the current financial environment. The General Fund Balance of £14.698m now falls above this policy level. This is considered appropriate given the risk based general fund calculation for 2017/18 of £13.29m, which

then increases significantly to £16.801m in 2018/19 and £33.68m in 2019/20 (as agreed by Council in February 2017) and the significant level of savings required in the budget strategy for 2017/18 and in future years. At this time, there is insufficient available funding to provide additional contributions into the General Fund Balance to ensure the Council achieves the risk based target in 2017/18 and in the following 2 years. Therefore the risk arising from this will need to be tolerated with mitigating actions and the potential gap between the Risk Based target and projected General Fund Balance will be closely monitored and reported through to Cabinet if it becomes apparent that the projected balance is insufficient.

- 7.4. Chart 1 below identifies how the current and estimated General Fund Balance compares to the risk assessed requirements approved by Council in February 2017. There is an assumption (based on historic outturns over the last 4 years) that a small underspend (£0.3m) can be achieved each year as a contribution. The large rise in the risk based calculation for General Fund Balance in 2019/20 is primarily due to the known funding gap in that year which is not yet addressed, as described within the Financial Strategy.

Chart 1: Impact on General Fund Balance



8. Housing Revenue Account (Appendix 2)

- 8.1 The Housing Revenue Account (HRA) outturn for 2016/17 shows an underspend of £1.417m against gross turnover (7.9%) which has mainly arisen due to increased rent income from faster turnaround on voids and collection rate exceeding target, and a reduced depreciation charge from a change of accounting policy to component based depreciation on the Council dwellings, with a corresponding reduction in the contribution to the Major Repairs Reserve.
- 8.2 The underspend, together with the budgeted surplus, takes the closing balance on the HRA Reserve to £9.032m which represents a contingency of £2,204 per dwelling. Part of this funding, will however be use as part of the HRA New Build Programme to provide further new affordable housing.

8.3 The HRA also holds the Major Repairs Reserve which is an earmarked reserve required to meet the costs of major repairs on the Council's housing stock. The reserve has reduced in 2016/17 to £2.369m which reflects the lower level of depreciation charge during the year, from the revised component based calculation.

9. Reserves and Provisions (Appendix 4)

9.1 The Council has created a number of specific reserves and provisions to provide for known or anticipated future liabilities and to assist in protecting essential services. Earmarked reserves are balances held for specific items that will occur in the future. Provisions are held to meet expenses that will occur as a result of past events and where a reliable estimate can be made of the obligation.

9.2 The overall position for reserves and provisions is set out in the Statement of Accounts 2016/17, however a detailed breakdown of the balances is contained at Appendix 4, with an explanation of each reserve and provision. These figures may be subject to change before the Council's final Statement of Accounts is produced. The change in revenue reserves and provisions are detailed in table 3 below.

Table 3: Movement in Reserves and Provisions 2016/17

Balance Held	Reserves	Provisions	Bad Debt Provisions	Total Reserves & Provisions
	£000	£000	£000	£000
As at 31 March 2016	60,841	11,675	10,461	82,977
As at 31 March 2017	63,859	9,815	11,811	85,485
Increase/(Decrease)	3,018	(1,860)	1,350	2,508
Delegated School Balances Movement	(893)	0	0	(893)
Increase/(Decrease) (excluding Delegated School Balances)	2,125	(1,860)	1,350	1,615

9.3 In accordance with the financial strategy the Council will be using one off funding to close the funding gap between 2017/18 and 2019/20. This will result in the Financial Strategy Reserve reducing to £0.500m by 2019/20. Other Earmarked Reserves are expected to fall over the coming years for a number of reasons. It is difficult to project use with any accuracy but balances would not be expected to fall to below £18m in the long term. The estimated future

balances on earmarked reserves are as shown in table 4 below:

Table 4: Estimated Future Balances on Earmarked Reserves

£'000	Balance c/f	Estimated Closing Balance		
	2016/17	2017/18	2018/19	2019/20
Financial Strategy Reserve	28,601	22,717	10,283	500
Other Earmarked Reserves	35,258	29,277	23,296	17,315
Provisions	21,626	21,626	21,626	21,626
Total	85,485	73,620	55,205	39,441

Delegated School Balances

9.4 The movement in delegated schools' balances are detailed in table 5 below.

Table 5: Movement in delegated schools' balances 2016/17

	2015/16	2016/17	Increase/ (Decrease)
	£000	£000	£000
Schools:			
- Revenue Balances	5,511	4,801	(710)
- Invested Balances	1,136	996	(140)
- Extended Schools Grant Balance	749	699	(50)
Sub Total within Schools	7,396	6,496	(900)
Purchasing IT equipment	(155)	(185)	(30)
Carbon efficiency measures	(68)	(31)	37
Total Delegated School Balances	7,173	6,280	(893)

9.5 Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion. Of the 125 schools, 116 schools have surplus balances and 9 have deficit balances.

9.6 The Extended Schools Grant allocations for schools are paid over during 2016/17, however as the balance will not be fully committed until the end of the school academic year, these balances have been ringfenced to each individual school within School Balances.

9.7 Following consultation with the school's forum and head teachers, the school balances have been used to purchase IT equipment for schools, the cost of this equipment is then recharged to schools over the life of that equipment, effectively operating as an internal leasing arrangement. At the end of 2016/17 £0.185m of the £6.496m was being used in this way.

9.8 School balances have also been used to fund carbon efficiency measures within schools. At the end of 2016/17, £0.031m of the £6.496m was used for this purpose.

10. Original and final Capital Programme for 2016/17

- 10.1 The capital budget for 2016/17 is subject to change, the largest element being slippage from 2015/16 and re-profiling into future years. In Quarter 4 there has been a net budget decrease of £0.481m, compared to the position reported at Quarter 3. Table 6 summarises the overall movement, between that already approved, and changes for Quarter 4 that require approval.

Table 6: Revised Capital Programme Quarter 4 2016/17

Service Area	Agreed Capital Programme - Council 25/02/16	Slippage and budget changes approved to Quarter 3 2016/17	Quarter 4 budget changes to be approved	Revised 2016/17 Capital Programme Quarter 4
General Fund				
Place & Enterprise	36,978,211	(1,900,156)	390,020	35,468,075
Adult Services	2,019,000	1,205,725	-	3,224,725
Public Health	-	675,942	-	675,942
Children's Services	9,303,765	(1,189,251)	56,045	8,170,559
Resources & Support	220,000	222,770	-	442,770
Total General Fund	48,520,976	(984,970)	446,065	47,982,071
Housing Revenue Account	7,347,311	(932,526)	35,310	6,450,095
Total Approved Budget	55,868,287	(1,917,496)	481,375	54,432,166

- 10.2 Full details of all budget changes are provided in Appendix 5 to this report. A summary of the significant changes for 2016/17 and future years are detailed below:

Budget Increases

- New allocation of funding of £3.214m across 2017/18 and 2018/19 for HRA New Build Phase 4 programme. Financed from £0.370m in Homes & Communities Agency grant and the balance from HRA Revenue and Capital Receipts. Further HRA revenue contributions of £0.380m have been added for the acquisition of properties.
- Confirmation of funding for 2017/18 of £2.736m for the Integration and Better Care Fund, the service has allocated £1.8m to DFG's and £0.936m to Adult Social Care.
- Further Environment Agency funding of £0.090m in 2016/17, £0.128m in 2017/18 and £0.135m in 2018/19 towards the Much Wenlock Flood Alleviation Scheme.
- Revenue contributions of £0.229m have been added to the capital programme. The major areas are Highways contribution to Parking Machine Replacement Programme (£0.125m), Libraries Contribution to Much Wenlock Library refurbishment (£0.025m) and Outdoor Partnerships contribution to Severn Valley Country Park Visitor Centre (£0.060m).

Budget Decreases

- £1.509m reductions in revenue contribution to Digital Transformation to finance revenue costs occurred in 2016/17.

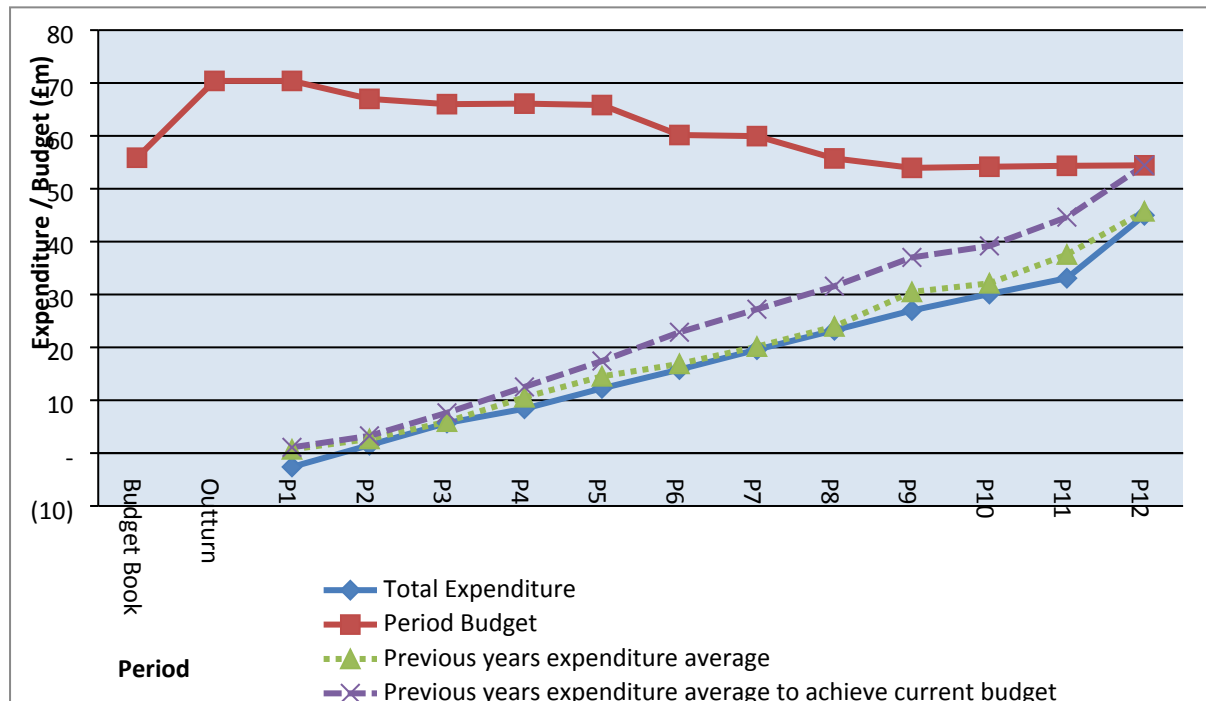
11. Capital Outturn Position

11.1 The capital programme is reviewed on a regular basis to re-profile the budget to reflect the multi-year nature of capital schemes, whereby spend may slip into later years. However, it is possible that a level of underspend or overspend may be experienced against the revised capital budget at outturn. Outturn projections are incorporated into the capital monitor to enhance the monitoring information provided and allow the early identification where schemes are deviating from budget. Table 7 summarises the outturn position for 2016/17.

Table 7: Capital Programme Outturn Position by Service area 2016/17

Service Area	Revised Capital Programme – Outturn 2016/17	Actual Expenditure 31/03/17	Variance	Spend to Budget %
General Fund				
Place & Enterprise	35,468,075	30,258,730	5,209,345	85%
Adult Services	3,224,725	2,136,614	1,088,111	66%
Public Health	675,942	558,910	117,032	83%
Children's Services	8,170,559	6,408,413	1,762,146	78%
Resources & Support	442,770	384,885	57,885	87%
Total General Fund	47,982,071	39,747,552	8,234,519	83%
Housing Revenue Account	6,450,095	5,238,348	1,211,747	81%
Total Approved Budget	54,432,166	44,985,900	9,446,266	83%

11.2 Total capital expenditure for 2016/17 was £44.896m, which equated to 83% of the re-profiled capital programme of £54.432m. The graph below shows actual expenditure by period and also tracks the period by period changes to the budget.



- 11.3 There was a total variance of £9.446m between the revised Outturn Budget and the Outturn Expenditure. £9.288m of this underspend will be slipped to 2017/18, but a small balance of £0.158m will be removed from the programme, in relation to the underspend on Highways. Full details of expenditure variances at scheme level are in Appendix 5. A summary of significant variances by service area are provided below.
- 11.4 **Place & Enterprise** – Total underspend against the Place & Enterprise capital programme was £5.209m. The most significant areas was £1.977m against the Broadband programme due to a lower than profiled claims from BT in the final quarter. Other significant areas were £0.641m on the LEP schemes following delays on the schemes, £0.854 from lower than profiled expenditure on Flood & Water Management schemes, £0.425m on Corporate Landlord mainly in relation to the delay to the works on the Tannery site and £0.368m on Affordable Housing schemes from delays in grants being drawn down by developers.
- 11.5 **Adult Services** – Total underspend against Adult Services was £1.088m. This was £0.535 on Social Care schemes despite significant re-profiling and funding cuts earlier in the year and £0.553m on Housing Health & Wellbeing, mainly due to no expenditure on the Home Ownership for Clients with Long Term Disabilities' (HOLD) project.
- 11.6 **Children's Services** – The total underspend against the Children's Services capital programme was £1.762m. This was spread through-out the different areas of the programme and despite significant re-profiling and funding changes earlier in the year.
- 11.7 **Housing Revenue Account** – Total underspend against the HRA programme of £1.212m, of which £0.679m was on the Major Repairs Programme and £0.533 on the New Build Programmes.

12. Financing of the capital programme

12.1 Appendix 5 provides a full summary of the financing of the 2016/17 capital programme. Table 8 summarises the financing sources and changes made to Quarter 3 and to be approved to Quarter 4.

Table 8: Revised Capital Programme Financing

Financing	Agreed Capital Programme - Council 25/02/16	Slippage and budget changes approved to Quarter 3	Quarter 4 budget changes to be approved	Revised 2016/17 Capital Programme Quarter 4
Self-Financed Prudential Borrowing*	-	-	-	-
Government Grants	26,879,829	7,814,115	84,430	34,778,374
Other Grants	-	111,780	3,188	114,968
Other Contributions	426,381	355,685	164,646	946,712
Revenue Contributions to Capital	1,269,659	10,330,809	229,111	11,829,579
Major Repairs Allowance	5,441,865	(990,376)	-	4,451,489
Corporate Resources (expectation - Capital Receipts only)	21,850,553	(19,539,509)	-	2,311,044
Total Confirmed Funding	55,868,287	(1,917,496)	481,375	54,432,166

* Borrowing for which on-going revenue costs are financed by the Service, usually from revenue savings generated from the schemes.

13. Projected Longer Term Capital Programme to aid Medium Term Financial Plan

13.1 The updated capital programme is summarised by year and financing in Table 9 below:

Table 9: Capital Programme 2017/18 to 2019/20

Service Area	2017/18	2018/19	2019/20
General Fund			
Place & Enterprise	43,479,730	25,919,041	2,320,000
Adult Services	6,194,123	-	-
Public Health	617,032	-	-
Children's Services	11,750,747	-	-
Resources & Support	7,804,938	-	-
Total General Fund	69,846,570	25,919,041	2,320,000
Housing Revenue Account	10,682,051	162,219	-
Total Approved Budget	80,528,621	26,081,260	2,320,000
Financing			
Self-Financed Prudential Borrowing*	300,000	-	-
Government Grants	44,214,089	25,109,962	1,636,372
Other Grants	52,401	-	-
Other Contributions	539,899	-	-
Revenue Contributions to Capital	8,481,755	75,900	-
Major Repairs Allowance	5,408,793	-	-
Corporate Resources (expectation - Capital Receipts only)	21,531,684	895,398	683,628

Total Confirmed Funding	80,528,621	26,081,260	2,320,000
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* Borrowing for which on-going revenue costs are financed by the Service, usually from revenue savings generated from the schemes.

13.2 The Corporate Resources financing line above is the element of internal resources through capital receipts and corporately financed prudential borrowing required to finance the programme. Current expectation is these will all be through capital receipts, see section 14 for the current projected position. Proposals are currently been considered through the Capital Investment Board for new schemes for the Council to invest in, with an emphasis on invest to save schemes or schemes that create revenue generation.

14. Capital Receipts Position

14.1 The current capital programme is heavily reliant on the Council generating capital receipts to finance the capital programme. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. Table 10 below, summarises the current allocated and projected capital receipt position across 2016/17 to 2019/20. A RAG analysis has been included for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Those marked as green are where they are highly likely to be completed by the end of the financial year, amber are where they are achievable, but challenging and thus there is a risk of slippage and red are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in this financial year as there may be delays between exchanging contracts and completing.

Table 10: Projected capital receipts position

Detail	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Corporate Resources Allocated in Capital Programme	934,103	21,531,684	895,398	683,628
Capital Receipts used to finance redundancy costs	2,426,856			
To be allocated from Ring Fenced Receipts	442,277	16,012,649	-	-
Total Commitments	3,803,236	37,544,333	895,398	683,628
Capital Receipts in hand/projected:				
Brought Forward in hand	16,989,451	18,370,400	-	-
Generated 2016/17 YTD	5,184,185		-	-
Projected - 'Green'	-	3,978,570	-	-
Total in hand/projected	22,173,637	22,348,970	-	-
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(18,370,400)	15,195,363	895,398	683,628
Further Assets Being Considered for Disposal	-	20,603,890	2,555,400	-

- 14.2 Capital receipts of £16.989m were brought forward from 2015/16 and £5.184m was generated in 2016/17. As previously reported, following the re-profiling in the capital programme and mid-year review of the programme, sufficient receipts had been generated to finance this year's capital programme without any corporate prudential borrowing. Of the receipts generated in year, £2.427m has been used to finance redundancy costs under the new flexibilities around the use of Capital Receipts for transformational revenue purposes over the 3 year period 2016/17 to 2018/19.
- 14.3 Following the underspend position for the capital programme for 2016/17 and the Council policy of applying un-ringfenced capital grants in place of capital receipts where they are not required in full due to scheme underspends, the Council has £18.370m in capital receipts in hand at 31/03/17. These will be set-aside, enabling the Council to achieve an additional MRP saving of £0.418m in 2017/18. These capital receipts are required to finance schemes they are allocated to in the future years capital programme.
- 14.4 Based on the current approved position, across the life of the programme there is headroom in capital receipts in-hand/projected above the current expenditure commitments. There is, however, still the requirement to progress the disposals programmed for future years, to ensure they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals. In addition to the current expenditure commitments, the programme will also grow as new schemes are approved through the Capital Investment Board or as the Council utilises the new flexibilities around the use of Capital Receipts for transformational revenue purposes over the 3 year period 2016/17 to 2018/19.
- 14.5 It is important that work progresses, to avoid a funding shortfall in future years. Failure to generate the required level of capital receipts will result in the need to further reduce or re-profile the capital programme, some of which will occur naturally as part of the review of the delivery of schemes; or undertake prudential borrowing, which will incur future year's revenue costs that are not budgeted in the revenue financial strategy.

15. Unsupported borrowing and the revenue consequences

- 15.1. The Council can choose what level of unsupported (prudential) borrowing to undertake to fund the capital programme, based on affordability under the prudential code. There is an associated revenue cost to fund the cost of the unsupported borrowing. This consists of the Minimum Revenue Provision (MRP) charge for the repayment of the principal amount, based on the asset life method and the interest charge associated with the borrowing. The current PWLB borrowing rate over 25 years is around 2.9% and currently only projected to rise by 0.3% across the next two years. As covered in section 13 above there are sufficient receipts in hand/projected to finance the existing approved programme. If there were to be a requirement for new schemes financed from borrowing, this could be accommodated from within existing

borrowing and current cash balances in the short term, without the requirement to undertake new borrowing. This would, however, create an additional MRP cost, which would need to be met from the revenue budget.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Revenue & Capital Budget 2016/17

Financial Rules

Revenue Monitoring Report/Capital Monitoring Report Quarter 1 2016/17

Revenue Monitoring Report/Capital Monitoring Report Quarter 2 2016/17

Financial Monitoring Report – Quarter 3 2016/17

Cabinet Member (Portfolio Holder)

Councillor David Minnery, Portfolio Holder for Finance

Local Member

All

Appendices

1 – Service Area Outturn and Actions 2016/17

2 – Housing Revenue Account 2016/17

3 – Amendments to Original Revenue Budget 2016/17

4 – Reserves and Provisions 2016/17

5 – Capital Budget and Expenditure 2016/17

Appendix 1

Service Area Outturn and Actions 2016/17

Summary

	Full year			RAGBY	FOR INFO ONLY		
	Budget	Controllable Outturn	Controllable Variation		Outturn (incl. Non Controllable items*)	Non Controllable Variation	Total Variation
	£	£	£		£		£
Adult Services	86,438,690	86,051,701	(386,989)	Y	85,799,201	(252,499)	(639,489)
Children Services	50,813,880	52,316,247	1,502,367	R	51,312,752	(1,003,495)	498,872
Place & Enterprise	79,411,150	78,931,920	(479,230)	Y	92,334,818	13,402,898	12,923,668
Public Health	6,963,120	6,549,802	(413,318)	Y	6,698,120	148,318	(265,000)
Resources & Support	2,924,030	2,128,058	(795,972)	Y	2,140,654	12,596	(783,376)
Corporate	(22,023,750)	(22,344,614)	(320,864)	Y	(34,582,446)	(12,237,833)	(12,558,696)
Total	204,527,120	203,633,114	(894,006)	Y	203,703,099	69,985	(824,021)

*The non controllable items included in the table above include items such as depreciation, impairment of assets, other capital charges and IAS19 (pension costs) that are not included within service projections throughout the year. These charges are produced at the year-end as they are calculated as part of the closedown procedures. The budgets for the year are set in the February of the preceding financial year, and rather than reallocate these budgets at the year end to match where the accounting entries are processed, we allow variations from budget to be reported instead. The net effect of these variations across the Council will always be zero, as any overspends within non controllable budgets for service areas will be offset by a Corporate underspend which reflects the statutory requirement that any variations in these budgets should impact on the Council Tax Payer and ultimately the Council Tax that we charge.

Detail on Controllable Outturn and Variations

ADULT SERVICES	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Total	86,438,690	86,051,701	(386,989)	Y

Adult Business Support & Development	Portfolio Holder Adult Services	2,591,610	2,126,158	(465,452)	Y
£0.175m underspend on salaries due to delays in recruitment, £0.322m underspend on training due to a revision of planned training courses in the year and a number of external contracts being won in Enable. £0.030m cost pressure on CM2000 electronic homecare monitoring system, contract renegotiated for 2017-18.					
Contracts & Provider	Portfolio Holder Adult Services	6,047,460	5,802,592	(244,868)	Y
£0.051m underspend on external contracts and grants, £0.151m relating to purchasing overspends, £0.471m underspend on Day Services, majority relating to vacancy management and difficulties in recruitment. £0.112m overspend on assistive technology.					

ADULT SERVICES		Full year			RAGY
		Budget	Controllable Outturn	Controllable Variance	
		£	£	£	
Social Care Operations	Portfolio Holder Adult Services	71,054,600	71,787,944	733,344	A
<p>In 2016-17 we have seen in the region of 1532 new clients since the beginning of the year costing in the region of £10.861m. Some of this new cost will be offset by people leaving the system. We continue to see a pressure on the Deprivation of Liberty Safeguards (DoLS) function as the current establishment is underfunded in 2016-17 and demand continues to outstrip resources. Growth funding has been applied to the budget in 2017-18 to rectify this. The DoLS funding position was the subject of a Judicial Review case which was recently brought to court. The judgement went against Local Government on the basis that as long as discretionary services are being provided council's have the ability to meet the cost of statutory functions. We continued to see a rise in requests for funded support throughout the winter pressures period. To some degree this growth was expected and allowed for in the purchasing model core casting. No money was made available this year to reduce the Delayed Transfer of Care (DTC) so all increased costs were met by the service. There are serious concerns about the disinvestment intentions and actions of the CCG particularly around the removal of Discharge to Assess beds from the market. Separately, there are further material cost implications which are also now coming to light as we assess how sleeping and waking nights are delivered.</p>					
Adult Services Management	Portfolio Holder Adult Services	2,233,780	2,182,632	(51,148)	Y
Salaries underspend due to time taken to recruit and fill vacant posts.					
Housing Health	Portfolio Holder Planning, Housing, Regulatory Services and Environment	4,511,240	4,152,375	(358,865)	Y
<p>£0.108m slippage on salaries due to delays in filling vacant posts £0.112m delayed spending on ICT developments which will now have to be paid from 17-18 budget, £0.102m underspend on grants and contract payments, £0.088m reduction in bad debt provision, £0.75m overspend on Bed & Breakfast provision and Temporary Accommodation.</p>					

CHILDRENS SERVICES		Full year			RAGY
		Budget	Controllable Outturn	Controllable Variance	
		£	£	£	
Total		50,813,880	52,316,247	1,502,367	R

Learning & Skills	Portfolio Holder Children and Young People	22,997,330	23,386,116	388,786	A
<p>The final outturn position reflects unachieved savings in year totalling £0.284m. These unachieved savings relate to delays in implementing staffing reductions in Education Support Services and redesigning back office functions. Of this £0.284m, £0.159m of unachieved savings relates to Services that have transferred back into the Council from ip&e Ltd and the original proposal had been to reduce commissioning from ip&e Ltd.</p> <p>In addition to the £0.284m of unachieved savings, £0.334m of ongoing budget monitoring pressures were identified in year. £0.178m relates to Home to School Transport and specifically to the reported increase in the number of SEN Students requiring transport for the 2016/17 academic year. An overspend of £0.066m was identified in relation to reduced buyback of Education Improvement Services by Schools. Other ongoing</p>					

CHILDRENS SERVICES		Full year			RAGY
		Budget	Controllable Outturn	Controllable Variance	
		£	£	£	
Total		50,813,880	52,316,247	1,502,367	R
<p>monitoring pressures included reduced buyback from Schools for Governor Support (£0.016m), a shortfall in Education Welfare Service statutory income (£0.017m) and an overspend of £0.056m across other supplies and services budgets within Business Support where there will be ongoing costs and insufficient budget.</p> <p>An overspend of £0.301m is reported as one-off budget monitoring pressures. £0.100m of this is within Home to School Transport where the overall overspend was £0.278m, the £0.100m is an estimate based on the additional number of "Academic Days" within 2016/17 compared to the 2015/16 financial year. This is a one-off monitoring pressure since the number of academic days reduces by 4 in 2017/18. The remaining one-off pressures totalling £0.201m were identified across a large number of areas and include both one-off shortfalls in income and one-off overspends.</p> <p>These forecast overspends are partially offset by future year's savings being partially achieved early totalling £0.111m. A staffing saving has occurred in part this year, earlier than proposed resulting in an ongoing saving of £0.024m while the Educational Psychology Service is reporting an ongoing saving of £0.069m towards their 2017/18 savings target. The Forest Schools budget has underspent by £0.017m resulting in the early achievement of their savings target through additional course income.</p> <p>There are some in-year one-off savings on supplies and services and vacancy management totalling £0.418m. The largest single underspend categorised as a one-off is the £0.190m underspend on teacher's redundancy payments where expenditure can fluctuate year to year depending on a variety of factors.</p>					
Children's Safeguarding	Portfolio Holder Children and Young People	26,903,110	28,013,850	1,110,740	R
<p>The final monitoring position reflects unachieved savings in year totalling £0.582m. £0.325m of this value is due to a shortfall in increased contributions towards the Council's Early Help provision from other sources where only £0.600m of the targeted £1.000m alternative funding was secured. The gap of £0.075m has been found from a reduction in two Early Help contracts as well as some secondment savings. Furthermore, monitoring of the Council's external residential placements estimates that £0.250m of the targeted £1.100m Savings target is unachieved. The Service has managed to reduce costs in this area through ongoing careful management of placements and efficiencies have been realised through joining the Birmingham and Worcestershire Fostering Frameworks. A further saving target of £0.060m against the Commissioned Early Help budget has only been partially achieved with £0.007m slipping to 2017/18.</p> <p>An ongoing budget pressure of £0.525m caused by Agency Staffing costs in the social work teams has been identified. This pressure has reduced since 2015/16. The majority of Social Worker vacancies have now been recruited to, however some agency workers stayed in post for longer than expected due to the high number of newly qualified Social Workers now in post and as maternity/sickness cover. Additional temporary capacity was put into place to address high caseloads of social workers and to ensure that case records are complete and up to date which has resulted in an additional pressure of £0.041m. This in line with actions agreed in the Peer Review action plan. There is also an ongoing pressure relating to Leaving Care Allowances of £0.267m partly as a result of increased (national) policy emphasis on extended support for care leavers, this has reduced significantly following a team restructure which has in turn shifted some pressure into residential services, overall this should help realise efficiencies in 2017/2018.</p> <p>This is partially offset by bringing forward 2017/18 proposed savings of £0.293m that has been achieved by a restructure of Children's Centres staffing, and £0.050m relating to the All in Community non-assessed short breaks contracts. There are some smaller in year one-off savings on contracts and vacancy management offset by one-off in year monitoring pressure which net to an overspend of £0.038m.</p>					
Children's Services Management	Portfolio Holder Children and Young People	913,440	916,282	2,842	G
Minor variation from budget at Outturn.					

CHILDRENS SERVICES	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Total	50,813,880	52,316,247	1,502,367	R

PLACE & ENTERPRISE	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Total	79,411,150	78,931,920	(479,230)	Y

Director of Place & Enterprise	Portfolio Holder Leisure and Culture	729,510	727,781	(1,729)	Y
Minor variation from budget at Outturn.					
Director of Place & Enterprise Total		729,510	727,781	(1,729)	

Head of Business Enterprise & Commercial Services	Portfolio Holder Corporate Support	135,260	133,966	(1,294)	Y
Minor variation from budget at Outturn.					
Corporate Landlord	Portfolio Holder Corporate Support	925,890	2,084,011	1,158,121	R
Significant overspends in Corporate Landlord include unbudgeted rents, rent and service charge review pressures, increased costs of WAN across all properties and one-off repairs and maintenance costs. The majority of the overspend in this area is offset by Strategic Asset Management underspends as below.					
Strategic Asset Management	Portfolio Holder Corporate Support	1,636,090	1,053,007	(583,083)	Y
Underspends include staffing efficiencies, one-off income, solar photovoltaic income and in-year supplies and services savings made in order to offset pressures within Corporate Landlord.					
Premises Services	Portfolio Holder Corporate Support	(16,380)	(282,412)	(266,032)	Y
Significantly more income has been achieved than was budgeted for. This has partly been offset by overspends on staffing and supplies and services, as some staff are funded through income generation.					
Theatre Services	Portfolio Holder Leisure, Libraries and Culture	530,420	172,277	(358,143)	Y
Net income significantly exceeded the budgeted level for a further successive year.					
Shire Services	Portfolio Holder Corporate Support	881,940	881,940	0	G
Minor variation from budget at Outturn.					
Business Enterprise & Commercial Services Total		4,093,220	4,042,789	(50,431)	Y

Commissioning Support	Portfolio Holder Corporate Support	(6,290)	(68,175)	(61,885)	Y
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PLACE & ENTERPRISE	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Underspends in the service area have been achieved due to a vacancy within the team and maternity leave, plus minor expenditure savings on supplies and services budgets.				
Commissioning Support Total	(6,290)	(68,175)	(61,885)	

Procurement & Contracts	Portfolio Holder Corporate Support	167,190	166,035	(1,155)	Y
Minor variation from budget at Outturn.					
Procurement & Contracts Total		167,190	166,035	(1,155)	

Head of Economic Development	Portfolio Holder for Business and Economy	211,980	197,373	(14,607)	Y
Minor variation from budget at Outturn.					
Development Management	Portfolio Holder Planning, Housing, Regulatory Services and Environment	105,960	(77,844)	(183,804)	Y
Income within Development Management, mainly relating to planning applications, land charges (searches) and the natural and historic team, exceeded the budgeted level, more than offsetting the additional costs incurred during the year to process the number of planning applications received.					
Economic Growth	Portfolio Holder for Business and Economy	826,210	811,896	(14,314)	Y
Minor variation from budget at Outturn.					
Broadband	Portfolio Holder for Business and Economy	153,360	156,331	2,971	G
Minor variation from budget at Outturn.					
Planning Policy	Portfolio Holder Planning, Housing, Regulatory Services and Environment	518,390	469,125	(49,265)	Y
The budgeted level of expenditure for the Strategic Plan review was not required within 2016/17.					
Economic Development Total		1,815,900	1,556,881	(259,019)	Y

Head of Infrastructure & Communities	Portfolio Holder Highways and Transportation	185,610	185,801	191	G
Minor variation from budget at Outturn.					
Arts	Portfolio Holder Leisure and Culture	95,230	79,085	(16,145)	Y
Minor variation from budget at Outturn.					
Community Working	Portfolio Holder for Rural Services and Communities	822,660	814,621	(8,039)	Y
Minor variation from budget at Outturn.					
Environmental Maintenance	Portfolio Holder Highways and Transportation	26,881,500	27,670,821	789,321	R

PLACE & ENTERPRISE		Full year			RAGY
		Budget	Controllable Outturn	Controllable Variance	
		£	£	£	
Significant unbudgeted costs were incurred for vehicle maintenance and procurement of the new highways tender, dealing with severe weather conditions, increased demand on reactive highways repairs and drainage, replacing safety barriers/ fencing being required as a result of road traffic accidents, and settlement of commercial claims on permit costs with the term maintenance contractor.					
Highways & Transport	Portfolio Holder Highways and Transportation	3,976,630	3,500,159	(476,471)	Y
There are a number of variations within H&T, the largest being additional income within the Streetworks team. This income has more than offset the budget pressure within Public Transport, which has become particularly significant following the collapse of GHA coaches.					
Outdoor Partnerships	Portfolio Holder Leisure and Culture	1,350,380	1,452,131	101,751	R
There are a number of variations, but mainly, additional staff costs were incurred whilst the restructure was finalised, increased income targets were not achieved in full, and a contribution of £60k was made to capital resources to deliver improvements at Severn Valley Country Park aimed at increasing revenue income in future years.					
Leisure	Portfolio Holder Leisure and Culture	3,386,210	3,400,784	14,574	G
Minor variation from budget at Outturn.					
Libraries	Portfolio Holder Leisure and Culture	3,662,450	3,938,596	276,146	R
One-off overspends have been incurred in 2016/17 due to the delay in the achievement of the savings resulting from the management and administration staff restructure and the reduction in library opening hours. The restructure and reduction to opening hours have now been implemented, with full year savings being achieved from 2017/18.					
Locality Commissioning	Portfolio Holder for Rural Services and Communities	490,230	455,780	(34,450)	Y
The cost of room hire for the locally commissioned youth activities was less than the budget available.					
Passenger Transport	Portfolio Holder Highways and Transportation	643,540	747,832	104,292	R
The variance relates to service reorganisation redundancy costs that were funded by the service area rather than by corporate resources.					
Visitor Economy	Portfolio Holder Leisure and Culture	1,653,620	1,695,476	41,856	G
One-off overspends have been incurred due to the delay in the achievement of savings within the service. A staff restructure has taken place within the year, resulting in full year savings being achieved from 2017/18.					
Waste	Portfolio Holder Planning, Housing, Regulatory Services and Environment	29,463,560	28,565,525	(898,035)	Y
Examination of the 2015/16 annual reconciliation has identified several areas of expenditure where the rebate due to the council is greater than originally forecast. The final value of the reconciliation is yet to be resolved. Added to this is the significant underspend on NNDR compared with the available budget, following the recent rates assessment for the Energy Recovery Facility. Thirdly, draft details of the 2016/17 annual reconciliation have been received, reporting that 2016/17 has been an exceptional year of low landfill tonnage and higher than forecast third party use of the Energy Recovery Facility, both of which result in a greater rebate due to the council than anticipated.					
Infrastructure & Communities Total		72,611,620	72,506,610	(105,010)	Y

PUBLIC HEALTH	Full year			RAGY
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	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Total	6,963,120	6,549,802	(413,318)	Y

Coroners & Bereavement	Portfolio Holder Health & Wellbeing	187,600	188,365	765	G
Minor variations					
Multi Agency	Portfolio Holder Health & Wellbeing	1,004,210	1,094,626	90,416	A
£0.020m historic pressure on Drugs and alcohol, £0.022m underspend on Emergency planning, £0.040m overspend on Links as lower than expected Specific Grant received, £47k overspend on Community Safety which is resolved on an ongoing basis through voluntary redundancy.					
Public Health	Portfolio Holder Health & Wellbeing	385,330	385,331	1	G
This includes the ring-fenced public health services funded by DoH grant. Because this grant is ring-fenced overspend and underspend positions are being dealt with through the use of the Public Health reserve to ensure a balanced budget. There are still ongoing issues with the CCG regarding FP10 (Prescribing form) and Falls Prevention costs.					
Public Protection	Portfolio Holder Health & Wellbeing	5,156,560	4,721,478	(435,082)	Y
Underspend mainly due to increased enforcement and grant income of £0.201m, staffing efficiencies of £0.276m and a contribution to Reserves of £0.050m.					
Registrars	Portfolio Holder Health & Wellbeing	229,420	160,002	(69,418)	Y
£0.110m income achieved over budget offset by additional salary costs required to deliver services of £0.065m and an underspend on working budgets of £0.024m.					

RESOURCES & SUPPORT	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Total	2,924,030	2,128,058	(795,972)	Y

Customer Involvement	Portfolio Holder Corporate Support	180,700	532,780	352,080	R
<p>The delayed savings within Customer Access of £0.228m and income shortfall of £0.099m were mostly resolved from planned savings of £0.267m within Benefits, SLA Performance and Customer Services. The outstanding savings of £0.060m will be achieved in the next financial year. Savings in relation to the Credit Union Contract of £0.061m have been delayed and alternatives are being investigated. Additional savings of £0.168m have been identified in relation to staffing and general expenditure across Marketing & Engagement and Service Management, which were offset against pressures within IT Services.</p> <p>Budget pressures within IT Services continued to be experienced, these relate to the delayed savings expected from the Lync rollout of £0.120m, licensing pressures resulting in an overspend £0.573m. These pressures were partly offset by in-year savings of £0.205m from reduced system costs and £0.094m from vacancy management and traded income. The forecast shortfall relating to Schools IT SLA buy back has been resolved in year from one off income of £0.192m.</p> <p>Pressures within the costs of the MFD Fleet of £0.053m and Print Unit of £0.048m. Additional spending of £0.492m was approved within IT services to fund key upgrades to the current ICT Infrastructure and to enhance Disaster Recovery/Business Continuity services; that is required until the Digital Transformation Project identifies and delivers the long term solution, of this spend £0.373m were agreed to be funded via the Capital programme.</p>					

RESOURCES & SUPPORT	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Total	2,924,030	2,128,058	(795,972)	Y

Finance, Governance & Assurance	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	1,698,400	1,265,117	(433,283)	Y
<p>Pressures within Revenues & Benefits of £0.231m were offset against additional one-off grant income not budgeted for £0.108m, staffing efficiencies £0.179m and further savings on expenditure of £0.055m. Year end transactions around Housing Benefits recovery of costs and bad debt identified a further £0.265m which was offset by a late adjustment to Housing Benefit Expenditure of £0.129m There were reported overspends on general expenditure of £0.047m and further underspends from staffing efficiencies of £0.150m across variance teams within Finance. Budgets of (£0.091m) were identified as surplus to requirements in year.</p>					
Human Resources & Development	Portfolio Holder Corporate Support	202,250	(111,016)	(313,266)	Y
<p>Savings across H&S and Occupational Health were due to vacancy management £0.036m were realised alongside small supplies and services underspends.</p> <p>HR&D Service overspends in relation to Learning Management System £0.011m and unachieved savings targets of £0.102m were offset by one-off in year monitoring savings, additional income from a secured external contract and vacancy management efficiencies totalling £0.095m. Additional income was secured at year end from external contracts of £0.037m.</p> <p>One off savings within the Communication and Business Design Team of £0.165m were achieved through additional work secured on an existing contract generating an additional income of £0.027m. Vacancy management efficiencies of £0.062m through not back filling maternity leave and vacancies not being filled throughout the year with the remainder from budgets identified as surplus to requirements.</p>					
Legal, Democratic & Strategy	Portfolio Holder Corporate Support	527,330	345,443	(181,887)	Y
<p>Underspends of £0.018m within Committee Services arose from vacancy management efficiencies and underspends on supplies and services costs. A further £0.059m was identified within Members Services as budgets surplus to requirements.</p> <p>Elections Services was showing a pressure of £0.051 on Supplies and Services, mainly due to increased postage costs of £0.074m offset by small underspends within the Team and surplus budgets totalling (£0.023m). Additional grant was received of £0.081m regarding IER at year end which offset the overspends within supplies and services.</p> <p>Overspend within Legal services resulted from increased disbursement costs of £0.020m were offset by vacancy management efficiencies of £0.048m and some additional income and small underspends across the service of £0.037m. Child Care underspent by £0.060m.</p>					
Strategic Management Board	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	315,350	95,733	(219,617)	Y
<p>Vacancy management savings were identified across the service to the total of £0.203m. Other small expenditure budget savings were identified also.</p>					

CORPORATE	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	
Total	(22,023,750)	(22,344,614)	(320,864)	Y

CORPORATE	Full year			RAGY
	Budget	Controllable Outturn	Controllable Variance	
	£	£	£	

Corporate Budgets	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	(22,023,750)	(22,344,614)	(320,864)	Y
<p>Within corporate budgets, there was a £0.377m reduction in MRP identified as well as a combination of an increase of interest receivable and decrease of interest payable resulting in a further £0.122m saving. Budgets of £0.508m in relation to both MRP and Treasury Management were identified as surplus to requirement in year. There were staffing efficiencies of £0.091m and unused budget for Audit Fees of £0.205m. Overspends on various expenditure lines amounted to £0.164m which included an increase in the bad debt provision.</p> <p>At year end budgets relating to inflation and expected corporate expenditure were confirmed as surplus to requirements, totalling £0.854m, and additional grant income was confirmed of £0.327m. The Council's Invest to Save Reserve has been utilised over the year and resultant savings are expected to flow through into the revenue budget. An allocation of £2m to the Invest to Save Reserve in 2016/17 has been made within the corporate budget to enable the continuation of this work, linking to the Council's newly adopted Commerciality Strategy.</p>					

Appendix 2

Housing Revenue Account 2016/17

Outturn (pre Audit)	Budget £	Outturn £	Variance Adverse/ (Favourable) £
Income			
Dwellings Rent	(17,460,000)	(17,771,888)	(311,888)
Garage Rent	(152,530)	(154,262)	(1,732)
Other Rent	(20,600)	(19,486)	1,114
Charges for Services	(386,660)	(449,821)	(63,161)
Total Income	(18,019,790)	(18,395,457)	(375,667)
Expenditure			
ALMO Management Fee	7,511,030	7,511,027	(3)
Supplies and Services	337,470	331,171	(6,299)
Capital Charges - Dwelling Depreciation	4,542,470	3,377,320	(1,165,150)
Capital Charges - Depreciation Other	43,030	171,460	128,430
Interest Paid	2,994,860	2,993,361	(1,499)
Repairs charged to revenue	500,000	501,919	1,919
New development feasibility	100,000	105,463	5,463
Increase in Bad Debt Provision	50,000	50,000	0
Corporate & Democratic Core	173,030	204,310	31,280
Total Expenditure	16,251,890	15,246,032	(1,005,858)
Net Cost of Services	(1,767,900)	(3,149,425)	(1,381,525)
Interest on Balances	(23,000)	(58,572)	(35,572)
Net Operating Expenditure	(1,790,900)	(3,207,997)	(1,417,097)
Net Cost of Service	(1,790,900)	(3,207,997)	(1,417,097)
HRA Reserve			
B/fwd 1 April	5,823,223	5,823,223	
Surplus/(Deficit) for year	1,790,900	3,207,997	
Carried Forward 31 March	7,614,924	9,031,220	

Earmarked Reserves for the HRA

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2016/17 (£'000)	Income in 2016/17 (£'000)	Balance Carried Forward (£'000)

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2016/17 (£'000)	Income in 2016/17 (£'000)	Balance Carried Forward (£'000)
HRA Earmarked Reserves					
Major Repairs Reserve	Required to meet the costs of major repairs to be undertaken on the Council's housing stock.	2,803	(3,982)	3,548	2,369
Total		2,803	(3,982)	3,548	2,369

Appendix 3

Amendments to Original Budget 2016/17

	Total £'000	Adult Services £'000	Children's Services £'000	Place & Enterprise* £'000	Public Health £'000	Resources & Support £'000	Corporate £'000
Original Budget as agreed by Council	204,527	86,330	50,535	81,082	1,807	6,294	(21,521)
<u>Quarter 1</u>							
Inflation for LETS	0	0	76	0	0	0	(76)
Realignment of Commercial Services budget	0	0	0	0	0	47	(47)
Other minor changes	0	0	27	(13)	0	(18)	4
<u>Quarter 2</u>							
Transfer of Commercial Services and Public Protection, as part of realignment of services under renaming Commissioning to Place & Enterprise	0	0	0	(1,775)	5,175	(3,400)	0
Transfer of Occupational Therapist posts	0	87	(87)	0	0	0	0
<u>Quarter 3</u>							
Transfer of SPARC grant budget from Corporate to Leisure				30			(30)
Transfer of post from Planning Policy to Housing		22		(22)			
Realignment of budget for Commercial Services following transfer to Place & Enterprise				91			(91)
<u>Quarter 4</u>							
Transfer of two posts from Public Protection into Planning . Removal of unachievable County Training saving following their externalisation.			263	18	(18)		(263)
Revised Budget	204,527	86,439	50,814	79,411	6,964	2,923	(22,024)

* Commissioning renamed Place & Enterprise from Quarter 2.

Appendix 4**Reserves and Provisions 2016/17**

	Purpose of Balance	Balance Brought Forward (£'000)	Transfer Balance Between Reserves (£'000)	Expenditure in 2016/17 (£'000)	Income in 2016/17 (£'000)	Confirmed Release (£'000)	Conditional Release (£'000)	Balance Carried Forward (£'000)
Reserves								
Sums set aside for major schemes, such as capital developments, or to fund major reorganisation								
Redundancy	Required to meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.	6,973	0	(2)	2	0	(6,973)	0
Revenue Commitments for Future Capital Expenditure	Comprises of underspends against budgeted revenue contributions available for capital schemes. The underspends have arisen due to slippage in capital schemes or because other funding streams were utilised during the year so as to maximise time limited grants.	646	0	(269)	3,513	0	0	3,889
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	6,175	(1,490)	0	556	0	(3,500)	1,740
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	0	1,490	0	2,352	0	(500)	3,342
University	Required to meet the revenue costs arising from the setup of the university project and student accommodation development.	244	0	(48)	0	0	0	197
		14,037	0	(319)	6,422	0	(10,973)	9,168
Insurance Reserves								
Fire Liability	Required to meet the cost of excesses on all council properties.	2,434	0	0	352	0	0	2,786
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	977	0	0	88	0	0	1,064
		3,411	0	0	439	0	0	3,850

	Purpose of Balance	Balance Brought Forward (£'000)	Transfer Balance Between Reserves (£'000)	Expenditure in 2016/17 (£'000)	Income in 2016/17 (£'000)	Confirmed Release (£'000)	Conditional Release (£'000)	Balance Carried Forward (£'000)
Reserves of trading and business units								
Shire Catering and Cleaning Efficiency	Built up from trading surpluses to invest in new initiatives, to meet exceptional unbudgeted costs or cover any trading deficits.	607	0	(103)	130	0	0	635
		607	0	(103)	130	0	0	635
Reserves retained for service departmental use								
Building Control	Required to manage the position regarding building control charges.	0	0	0	76	0	0	76
Care Act Reserve	Required to fund the costs of implementing the Care Act requirements within the Council. This will be committed to the costs of one off posts required to implement the changes and training costs for staff within Adult Services.	500	0	0	0	(216)	0	284
Economic Development Workshops Major Maintenance	Established to meet the costs of major maintenance of Economic Development Workshops.	380	0	0	20	(240)	0	160
External Fund Reserve	Reserves held where the Council is the administering body for trust funds or partnership working.	0	466	(44)	67	0	0	489
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	9,805	9,146	(23,951)	14,850	5,409	13,342	28,601
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme agreed within the Ringway Contract.	492	0	(65)	90	0	0	517
Major Planning Inquiries	This reserve has now been closed by transferring the balance to the General Fund. Any future requirements to fund major planning inquiries will be managed with reference to the general fund provision.	504	(504)	0	0	0	0	0
New Homes Bonus	Established from unapplied New Homes Bonus Grant balances.	5,547	(9,146)	(832)	9,219	0	0	4,788
Planning Reserve	This reserve as been closed as it is no longer required.	1,147	0	0	0	(1,147)	0	0

	Purpose of Balance	Balance Brought Forward (£'000)	Transfer Balance Between Reserves (£'000)	Expenditure in 2016/17 (£'000)	Income in 2016/17 (£'000)	Confirmed Release (£'000)	Conditional Release (£'000)	Balance Carried Forward (£'000)
Public Health Reserve	This reserve includes balances committed to specific public health projects.	2,152	0	(149)	70	(1,000)	0	1,073
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	1,421	0	0	40	0	0	1,461
Resources Efficiency	Established for investment in new developments, particularly information technology, that service area would not be expected to meet from their internal service level agreements for support services.	3,662	(356)	(1,654)	1,837	(379)	(2,369)	740
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2017/18.	3,763	(110)	(1,416)	782	(1,672)	0	1,348
Severe Weather	Required to meet unbudgeted costs arising from the damage caused by severe weather. The policy of the Council is to budget for an average year's expenditure in the revenue accounts and transfer any underspend to the reserve or fund any overspend from the reserve.	3,151	0	(996)	0	0	0	2,155
Shropshire Waste Partnership (Smoothing)	The PFI smoothing reserve has now been closed. Step changes in the unitary charge will be managed in year.	389	0	0	0	(389)	0	0
Theatre Severn R&M	The Theatre Severn R&M reserve has now been closed with future R&M requirements to be managed in year.	29	0	0	0	(29)	0	0
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	638	0	0	0	(338)	0	300
		33,579	(504)	(29,107)	27,052	0	10,973	41,993
School Balances								
Balances held by schools under a scheme of delegation	Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion.	7,173	0	(7,271)	6,378	0	0	6,280
Education – Staff Sickness Insurance	Schools' self-help insurance for staff sickness with premiums met from delegated budgets.	187	0	(187)	0	0	0	0

	Purpose of Balance	Balance Brought Forward (£'000)	Transfer Balance Between Reserves (£'000)	Expenditure in 2016/17 (£'000)	Income in 2016/17 (£'000)	Confirmed Release (£'000)	Conditional Release (£'000)	Balance Carried Forward (£'000)
Education – Theft Insurance	Schools' self-help insurance scheme to cover equipment damage and losses.	98	0	(34)	4	0	0	68
Schools Building Maintenance Insurance	The schools building maintenance insurance scheme is a service provided by Property Services for schools. In return for an annual sum all structural repairs and maintenance responsibilities previously identified as the "authority's responsibility" are carried out at no additional charge to the school.	1,749	0	(25)	142	0	0	1,866
		9,206	0	(7,516)	6,523	0	0	8,213

Total Reserves		60,841	(504)	(37,044)	40,566	0	0	63,859
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Provisions								
Provisions - Short Term								
Accumulated Absences Account	Provision to cover potential future payments of employee benefits not taken as at the end of the year. This is required under IFRS accounting regulations.	2,165	0	(2,165)	2,488			2,488
Redundancy Provision	Provides for redundancy costs that the Council is committed to from issuing redundancy notices prior to 31 st March 2017.	143	0	(143)	0			0
Other Provisions - Short Term	Includes a number of small provisions including NNDR liability on car parks and a liability within Planning Services.	401	0	(401)	0	0	0	0
Provisions - Long Term								
Other Provisions - Long Term	Includes a number of small provisions including S106 Accrued Interest and Profit share agreements.	343	0	(46)	0	0	0	297
Liability Insurance	Provision to meet the estimated actuarial valuation of claims for public liability and employers' liability	3,928		(364)	0			3,564

	Purpose of Balance	Balance Brought Forward (£'000)	Transfer Balance Between Reserves (£'000)	Expenditure in 2016/17 (£'000)	Income in 2016/17 (£'000)	Confirmed Release (£'000)	Conditional Release (£'000)	Balance Carried Forward (£'000)
NDR Appeals	Represents the Council's share of the provision held for successful appeals against business rates.	4,571	0	(2,543)	1,297			3,324
Council Tax Bad Debt	Held for potential write offs of Council tax debtor balances.	3,610	0	(208)	711			4,113
NNDR Bad Debt	Held for potential write offs of NNDR debtor balances.	837	0	(290)	340			887
Tenancy Deposit Clawbacks	This represents deposits held for the economic development workshops that may be repaid at some point in the future.	125		(10)	26			142
General Fund Bad Debts	Held for potential write offs of debtor balances for General Fund Services including Housing Benefits.	5,660	0	(847)	1,607	0	0	6,420
HRA Bad Debts	Held for potential write offs of debtor balances for Housing Revenue Account rents and other debtor balances.	354		(13)	50			391
Total Provisions		22,137	0	(7,030)	6,519	0	0	21,626

Total Reserves & Provisions		82,977	(504)	(44,073)	47,085	0	0	85,485
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HRA Earmarked Reserves								
Major Repairs Reserve	Required to meet the costs of major repairs to be undertaken on the Council's housing stock.	2,803		(3,982)	3,548			2,369
		2,803	0	(3,982)	3,548			2,369