

# Budget Management 2017/18

**Cabinet**

**Date: 13<sup>th</sup> June 2018**

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Authors: Cabinet Member for Finance  
Corporate Director for Resources and Growth

Wards: All

Parishes Affected: All

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## **1. Purpose and Reasons**

- 1.1 This report presents the 2017/18 revenue out-turn based on actual expenditure incurred during the financial year ending 31<sup>st</sup> March 2018.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 Responsible budget management helps ensure that the Council consistently makes the best use of all available resources as well as providing focus for the Council's transformation programmes.

## **2. Recommendations**

Cabinet is recommended to:

- 2.1 Note the 2017/18 revenue out-turn for each service area set out in Table 1 and Appendix 1;
- 2.2 Note that the underspend of £97k has been transferred to the cashflowing reserve and ask the Chief Executive to thank all staff for helping achieve this;
- 2.3 Note the flexible use of capital receipts in 2017/18, as set out in Appendix 2;
- 2.4 Agree that the Transformation Fund, set out in paragraph 3.17, continues to be available to support the delivery of savings identified as part of the Swindon Programme.

## **3. Detail**

2017/18 General Fund Out-turn

- 3.1 The Council achieved a final out-turn position of £97k underspend for the financial year ending 31<sup>st</sup> March 2018.
- 3.2 The significant changes since the last report to Cabinet are:
  - 3.2.1 Adult Services has seen an improvement in the position of £543k. This is predominantly as a result of the continued demand management and

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Further information on the subject of this report can be obtained from Mick Bowden on Direct Dial No. 07392 109917 or Email [mbowden@swindon.gov.uk](mailto:mbowden@swindon.gov.uk)

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slippage in public health projects resulting in a lower contribution from the General Fund;

- 3.2.2 Children Services has seen a reduction in the assumed overspend of £401k. This is predominantly as a result of an increase in contributions from Health for external placements and agency costs being lower than anticipated.
- 3.2.3 Communities and Housing has seen a reduction in the assumed overspend of £128k. This is predominantly as a result of the capitalisation of project costs although there are a number of mitigating variances within the final position.
- 3.2.4 Resources has seen an increase in the projected underspend of £1,069k. This is predominantly due to:-
- An underspend on Revenues and Benefits of £304k as a result of an improved net position on the Housing Benefit subsidy and a contribution towards costs from the Department for Works and Pensions;
  - Demand on the emergency assistance fund has been low resulting in an underspend of £104k;
  - Savings on IT licences of £102k;
  - Savings from vacant posts and other operating costs across the service.
- 3.2.5 The Corporate position includes £600k following the late notification of additional grant income in relation to small business rates relief.
- 3.2.6 Finally, the overall net improvement meant that there was no requirement for the planned use of £2.8m from the cashflowing reserve. Instead, £97k has been transferred to the cashflowing reserve.

3.3 The budget and out-turn by Department is set out in Table 1 below.

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Table 1 – General Fund Out-turn By Department

Department	Budget 2017/18 £'000	Actual Out-turn £'000	Actual Variance £'000	Movement since last report £'000
Adult Services	82,162	81,399	(763)	(543)
Children Services	29,155	32,569	3,414	(401)
Communities and Housing	28,225	28,249	24	(211)
Economy	(3,174)	(3,275)	(101)	(56)
Resources	23,035	21,439	(1,596)	(1,069)
Corporate	(20,116)	(24,015)	(3,899)	(689)
<b>Total Before Use of Cashflowing Reserve</b>	<b>139,287</b>	<b>136,366</b>	<b>(2,921)</b>	<b>(2,969)</b>
Transfer to/(from) Cashflowing Reserve	(2,824)	97	2,921	2,969
<b>Total General Fund</b>	<b>136,463</b>	<b>136,463</b>	<b>0</b>	<b>0</b>

## Housing Revenue Account (HRA)

- 3.4 During the year the HRA effectively overspent by a total of £905k, an increase of £548k on the last reported position.
- 3.5 The principle cause for this overspend during the year was the impact of a contract failure for the turnaround of void properties. This resulted in pressure of £800k, largely on the voids contracts. In addition, this resulted in reduced income increased costs with a net pressure of £437k due to properties being empty for extended periods. This is subject to an ongoing claim against the contractor for failing to comply with the terms of the contract.
- 3.6 The net overspend of £905k has been redressed through a revised calculation of the capital financing charges to match the stock valuation which has in turn resulted in lower depreciation charges.
- 3.7 Revenue reserves have also been adjusted for the budgeted £742k contribution leaving a balance of £11.7m at March 2018.
- 3.8 Significant progress has been made during the year in both delivering improvements to the existing stock £17m, acquiring houses from the open market

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£6.8m, and developing new build schemes £9.4m, a total spend of £33.2m. This was funded by £14m from Capital reserves leaving a balance of £9m at March 2018 with the balance of the £33.2m funded from revenue and capital receipts.

- 3.9 At year-end, HRA debt stood at £114.5m, which compared to the debt cap of £172.4m, leaving “headroom” of £57.9m.

## Dedicated Schools Grant (DSG)

- 3.10 The final total of the Dedicated Schools Grant (DSG) receivable for 2017/18 is estimated at £84.355m and the outturn is £0.345m below budget, an improvement of £0.237m when compared to the projection at the end of February.
- 3.11 The most significant changes from budget during the year were savings in the pupil growth budget and a reduction in overall take up of Early Years places although the take up of extended provision to 30 hours of free education and childcare improved. There were further savings due to reduced demand for Post 16 and an overall reduction in placement costs in External Placements. These savings were partially offset by increases in demand and complexity of needs for High Needs Top ups and Schools Forum agreement that both the in-year deficit and historical deficit for a pre-exclusion provision could be met from the DSG:
- 3.12 The DSG brought forward reserves of £0.568m from 2016/17 and after allowing for the 2017/18 in/year underspend of £0.345m, will carry forward a balance of £0.913m to 2018/19.

## Flexible Use of Capital Receipts

- 3.13 In March 2016, the Government issued statutory guidance on the flexible use of capital receipts. This enables councils to finance certain revenue expenditure from capital receipts. The key criteria to use when deciding whether expenditure can be funded using the capital receipts flexibility is that it is forecast to generate on/going savings
- 3.14 The February meeting of the Cabinet (Cabinet Minute 72(9), 2016/17 refers) endorsed the Council's existing approach to use the capital receipts flexibility to meet expenditure related to the delivery of future long term savings, with specific reference to:
- 3.14.1 Costs of delivering projects within the Swindon Programme,
  - 3.14.2 Reorganisation and restructuring costs that deliver financial savings, and

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- 3.14.3 Transitional investment that delivers long/term financial benefits by reducing future service costs.
- 3.15 In accordance with this approach the following items of expenditure in 2017/18 have been funded from capital receipts:
  - 3.15.1 Service redesign project, led by Newton Europe, within Adult Social Care and
  - 3.15.2 Restructuring costs relating to headcount reduction.
- 3.16 In summary the one-off costs of these items amounted to £2.9m and are anticipated to deliver ongoing annual savings of £3.7m. Further details are set out in Appendix 2.
- 3.17 Adult Social Care redesign project was originally intended to be funded from reserves. The flexible use of capital receipts enables £1.8m to be retained within the Transformation Fund for future use.

## **4. Alternative Options**

- 4.1 Cabinet could decide not to approve the use of the Transformation Fund for the delivery of the Swindon Programme. This would put at risk the delivery of budget savings required to balance the budgets for 2018/19 and 2019/20.

## **5. Implications, Diversity Impact Assessment and Risk Management**

### **Financial and Procurement Implications**

- 5.1 The out-turn position of £97k underspend has meant that it has not been necessary to utilise any of the £2.8m one/off resources approved by Council in February 2017 to support the 2017/18 budget (Council Minute 87(i), 2016/17 refers). The underspend of £97k has been transferred to the reserves.

### **Legal and Human Rights Implications**

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no such direct implications.

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## Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment (DIA) has not been done as this report is reporting performance in the last financial year and does not make any recommendations to reprioritise the future funding of services.

## Risk Management

- 5.5 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

## **6. Consultees**

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

## **7. Background Papers**

- 7.1 None

## **8. Appendices**

- 8.1 Appendix 1 – Forecast Out-turn by Directorate 2017/18  
8.2 Appendix 2 – Flexible Use of Capital Receipts

## **9. Key Decision/Decision in Cabinet Work Programme**

- 9.1 This is not a key decision and is included in the Cabinet Work Programme for June 2018.