

# Budget Management 2018/19

**Cabinet**

**Date: 5<sup>th</sup> June 2019**

---

Authors: Cabinet Member for Finance, Education and Skills  
Director of Finance

Wards: All

Parishes Affected: All

---

## **1. Purpose and Reasons**

- 1.1 This report presents the provisional revenue position for 2018/19, subject to audit by Grant Thornton, the Council's external auditors.
- 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 improvement programmes.

## **2. Recommendations**

Cabinet is recommended to:

- 2.1 Note the 2018/19 revenue out-turn for each service area set out in Table 1 and Appendix 1;
- 2.2 Note that the underspend on the General Fund of £587k has resulted in an increase in the General Reserve to £6.6m and ask the Chief Executive to thank all staff for helping achieve this;
- 2.3 Note the flexible use of capital receipts in 2018/19, as set out in Appendix 2;

## **3. Detail**

2018/19 General Fund Out-turn

- 3.1 The Council achieved an underspend of £587k for the financial year ending 31<sup>st</sup> March 2019 which has resulted in an increase in the Council's general reserves to £6.6m.
- 3.2 The significant changes since the last report to Cabinet are:
  - 3.2.1 Reduction in costs relating to financing the Council's capital expenditure in 2018/19;

---

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)

# Budget Management 2018/19

Cabinet

Date: 5<sup>th</sup> June 2019

- 3.2.2 Lower than projected car parking income, combined with an increase in service running costs;
- 3.2.3 Continued early delivery of savings planned for 2019/20 in Adults;
- 3.2.4 Improvement relating to income from the Department of Work and Pensions relating to housing benefit subsidy and grant income.
- 3.2.5 Finally, the overall net improvement meant that there was no requirement for the planned use of £2.8m from the cashflowing reserve. Instead, £191k has been transferred to the cashflowing reserve. The variance between the planned used of and the contribution to the cashflowing reserve is £3.015m which is value of the one off VAT refund that was reported to Cabinet in March.
- 3.3 The budget and out-turn by Department is set out in Table 1 below.

Table 1 – General Fund Out-turn By Department

Department	Budget 2018/19 £'000	Actual Out-turn £'000	Actual Variance £'000	Movement since last report £'000
Adult Services	84,357	81,141	(3,216)	(408)
Children Services	34,230	41,936	7,706	(104)
Communities and Housing	26,145	26,003	(142)	400
Economy	(2,277)	(2,431)	(154)	(47)
Resources	20,395	18,396	(1,999)	(597)
Corporate	(19,802)	(25,599)	(5,797)	(1,055)
<b>Total Before Use of Cashflowing Reserve</b>	<b>143,048</b>	<b>139,346</b>	<b>(3,602)</b>	<b>(1,811)</b>
Transfer to/(from) Cashflowing Reserve	(2,824)	191	3,015	1,224
<b>Total General Fund</b>	<b>140,224</b>	<b>139,537</b>	<b>(587)</b>	<b>(587)</b>

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)

# Budget Management 2018/19

Cabinet

Date: 5<sup>th</sup> June 2019

---

## General Fund Reserves

- 3.4 A comparison of the actual change in significant reserves, compared to the planned support for the 2018/19 budget is set out below.

Table 2 – Key Budgeted Transfers To/(From) Reserves

	Planned £m	Actual £m	Variance £m
Children's Social Care	(5.0)	(5.0)	0.0
Cashflowing	(2.8)	0.2	3.0
General Fund	0.0	0.6	0.6
	(7.8)	(4.2)	3.6

- 3.5 Against an overall planned use of £7.8m of reserves to support the 2018/19 budget, the final position is a drawdown of £4.2m. In recognition of the fact that the ongoing use of reserves is not sustainable the 2019/20 budget assumes the use of the remaining £2.5m of the Children's Social Care reserve only.

## Housing Revenue Account (HRA)

- 3.6 During the year the HRA achieved a breakeven position, an improvement of £413k on the last reported position
- 3.7 The principal reasons for the change were:
- 3.7.1 The recharging of capital work undertaken by the in-house workforce
  - 3.7.2 A reduction in the capital financing charges
- 3.8 Revenue reserves have also been adjusted for a net surplus on service charges during the year of £141k leaving a balance of £11.6m at March 2019.

## Dedicated Schools Grant (DSG)

- 3.9 The final total of the Dedicated Schools Grant (DSG) for 2018/19 is estimated at £83.648m, compared to the budget of £87.205m.
- 3.10 The DSG final total is lower than the budget due to the retention of funding by the Education and Skills Funding Agency (ESFA) following a number of in year academy conversions. Following conversion, budget share payments are paid directly by the ESFA for the remainder of the year and the DSG is adjusted accordingly.

# Budget Management 2018/19

**Cabinet**

**Date: 5<sup>th</sup> June 2019**

---

- 3.11 Other significant changes from budget are:-
- 3.11.1 Cost pressure relating to increases in demand and complexity of needs for High Needs Top ups (£900k);
  - 3.11.2 Cost pressure relating to the recoupment of funding as a result of a change to ESFA policy on permanent exclusions (£200k);
  - 3.11.3 The receipt of additional High Needs Funding (£524k);
  - 3.11.4 Savings due to a reduction in placement costs in External Placements (£263k).
- 3.12 The year-end underspend for the DSG was £332k and this has been transferred to the DSG reserve. The DSG reserve balance is £956k of which £352k is committed to support the 2019/20 DSG budget.

## 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 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
  - 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 2018/19 have been funded from capital receipts:
- 3.15.1 Restructuring costs relating to headcount reduction;
  - 3.15.2 Modernisation of Customer Services;
  - 3.15.3 Swindon Programme project capacity.
- 3.16 In summary the one-off costs of these items amounted to £0.6m and are anticipated to deliver ongoing annual savings of £1m. Additional expenditure of

---

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)

# Budget Management 2018/19

Cabinet

Date: 5<sup>th</sup> June 2019

---

£0.9m has been invested in the Swindon Programme project capacity that is necessary to support the work to enable the savings to be realised which, for 2018-19 was £11.2m in total with a further £21.6m planned for 2019-20. Further details are set out in Appendix 2.

## 4. Alternative Options

- 4.1 None as this report is for information only.

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

### Financial and Procurement Implications

- 5.1 The general fund underspend of £587k has meant that it has not been necessary to utilise any of the £2.8m one off resources approved by Council in February 2018 to support the overall 2018/19 budget (Council Minute 72(1), 2017/18 refers). It has also resulted in an increase in the general fund reserve to £6.6m.

### 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.

### 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 Interim Director of Law (Monitoring Officer) are consulted in respect of all reports.

## 7. Background Papers

- 7.1 None

---

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)

# **Budget Management 2018/19**

**Cabinet**

**Date: 5<sup>th</sup> June 2019**

---

## **8. Appendices**

8.1 Appendix 1 – Actual Out-turn by Department 2018/19

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 2019.