

**CYNGOR SIR POWYS COUNTY COUNCIL.  
CABINET  
14th June 2016**

**REPORT AUTHOR:** County Councillor Wynne Jones  
Portfolio Holder for Finance

**SUBJECT:** Financial Outturn for the Year Ended 31<sup>st</sup> March 2016

**REPORT FOR:** Information & Decision

**1. Summary**

- 1.1 The overall revenue outturn position for 2015/16 showed expenditure of £1.965m less than budget. This underspend is after excluding approved reserve transfers, Schools Delegated and the Housing Revenue Account. The overall position was assisted considerably by financing adjustments. The level of savings delivered was in line with the previous year's performance.
- 1.2 In accordance with local government finance requirements the outturn position is reported after considering approved transfers to and from reserves. A number of reserve movements were included in the approved budget or made by virements during the year and the net position is a transfer of £1.37m into reserves, this includes reserves used to fund capital and severance costs.
- 1.3 This outturn position includes the recently approved policy change to the calculation of the Minimum Revenue Provision and the capitalised expenditure in respect of the Management of Change costs which was approved by Welsh Government.
- 1.4 A summary by Directorate is provided below.

Provisional Outturn Position for the Financial Year ending 31st March 2016	Original Budget	Working budget	Net Expend incl internal charges Before Reserve Movement	Actual Movement to/(from) Reserves	Approved use of reserves	Service Variance from Budget Uner/(Over) spend	Variance (Over) / Under spend
Directorate	£'000	£'000	£'000	£'000	£'000	£'000	%
People	71,176	71,476	73,417	(1,941)	7	(1,948)	(3%)
Place	40,585	44,372	45,444	(1,072)	(321)	(751)	(2%)
Schools	25,842	30,090	30,150	(360)	50	(410)	(1%)
Resources	5,275	5,106	5,164	(59)	(507)	448	9%
Central Activities	24,123	16,688	8,545	8,143	3,517	4,626	28%
<b>Total</b>	<b>167,001</b>	<b>167,732</b>	<b>162,720</b>	<b>4,711</b>	<b>2,746</b>	<b>1,965</b>	<b>1%</b>

- 1.5 These figures are preliminary pending any final adjustments that may be required as the accounts are finalised for certification by the S151 Officer by the 30<sup>th</sup> June 2016.
- 1.6 In order to balance the 2015/16 budget £12.768m of savings were required and £9.716m have been achieved leaving a shortfall of £3.052m. This shortfall has been included within the overall budget position reported. Other mitigation has delivered

the overall underspend. Delivery of the remaining £3.052m savings is still required and is essential to the delivery of an ongoing balanced budget.

- 1.7 The Capital Budget was approved at £131.520m for the year, final expenditure was £107.068m which represents 81% of the original budget.
- 1.8 Reserves held at the 1<sup>st</sup> April 2015 were £41m, the balance on reserves at the 31<sup>st</sup> March 2015 is £42.3m, an increase of approximately £1.3m.
- 1.9 The revenue position has increased the ability to transfer to reserves. Due to continuing pressure on services and the scale of budget saving, because of funding reductions, it is prudent that the difference between the budget and the outturn position be transferred into the budget management reserve to mitigate potential pressures during the next financial year.
- 1.10 The Housing Revenue Account (HRA) reported a surplus of £164k. This surplus is not for general council use and is transferred into the specific HRA reserve.
- 1.11 Schools Delegated budgets ended the year with a transfer from their ringfenced reserve of £732k, this is a much improved position than was projected by schools, with schools budgets expecting to be supported by £2.2m from their reserves.

## **2. Revenue Position**

- 2.1 The Revenue position forecasted at period 11, was an overspend of £1.154m. The final position is an underspend of £1.965m (excluding the Housing Revenue Account (HRA) and Schools Delegated Budgets). The improved position is largely due to the policy change in the calculation of the Minimum Revenue Provision.
- 2.2 The table at Appendix A provides the Preliminary Outturn position at the 31<sup>st</sup> March 2016. Net expenditure is reported against the working budget for each service area, which leaves a net transfer to or from reserves. The reserves movement is reported by approved use of reserves supporting the budget, and the under/over spend against budget.

## **2.3 People Directorate**

- 2.3.1 Adult Social care outturn position was a £1.862m overspend, a slight improvement of £22k to the forecast at the end of February. The main contributing factors to the overspend are detailed below.
- 2.3.2 Additional cost of £770k was incurred as a result of bringing the home care provision back in-house in the South. Agreement to fund this from reserves was reached but given there is an underspend for the overall budget no adjustment is required. However the adjusted position is £1.092m after excluding the additional cost.
- 2.3.3 Outstanding efficiencies targets equate to £1.079m. Consultations are yet to be concluded in respect of £475k of the efficiencies for 2015/16 and £604k Third party 'Opportunities' remain unachieved at year end.
- 2.3.4 Independent Living Fund (ILF) grant has transferred from the Department of Work and Pensions (DWP), to the Local Authority. The grant allocation was top sliced by 5% with no allowance for administrative and audit costs, therefore leaving a pressure on the service of £49k, based on assessed need of service users, however, a further £38k was received in March 2016.
- 2.3.5 Children's Services overspent by £131k at year end and this included unachieved budget savings of £178k. The outturn is an improvement of £193k on the forecast position as at the end of February.

- 2.3.6 A review of commitments carried out for Looked after Children at year end improved the position by £97k and the Local Teaching Health Board announced at year end that they would not be spending their allocation of £75k in respect of the joint Integrated Family support Team.
- 2.3.7 The Looked After Children (LAC) budget overspent by £234k due to the placement of 2 additional children (one on Section 2 and the other placed out of county due to complexity of need, which was not anticipated to be long term). A change in legislation in 2014/15, meant that Powys has had two children that were on remand, costing £5.8k and £5.5k each per week. A grant of £27k was available from the Youth Justice Board to assist with funding but this fell some way short of the cost. This area is a risk going forward due to the increase in demand and complexity of the individual cases.
- 2.3.8 The Housing General Fund showed an improved outturn position of £45k when compared to budget. This is due to increased income in various areas.
- 2.3.9 As a result of increasing the rent to Welsh Government (WG) guideline rent, the Housing Revenue Account showed an improved outturn position of £164k when compared to budget at year end with a budgeted contribution to reserves of £5.326m already made during the year.. This contribution to reserves is being used to help finance the cost of reaching Welsh Housing Quality Standards (WHQS) by March 2018.
- 2.4 The Housing Revenue Account (HRA) contribution to reserve has increased by a further £164k, due to reduced costs in the day to day running of the HRA and £496k as a result in changes in the settlement figures compared to figures available at budget setting. The final balance being £1.385m. Under Financial Regulations this balance should not be less than £1m.
- 2.5 Place Directorate**
- 2.5.1 Leisure and Recreation showed an improved outturn position of £58k compared to budget. Overall the individual services within this area have managed their budget challenges through the close monitoring of spend in line with the spend freeze imposed by the Strategic Director for Place, and some areas of improved income, in order to achieve this year end result.
- 2.5.2 Leisure centres were transferred to a new provider in June, with a £450k savings target already included in the figures to reflect the new service delivery model. Significant spend was then later identified of over £350k including the back pay owed to staff for accrued holiday pay, payment for orders raised pre transfer and settlement of income received in advance. Reduced maintenance costs of £138k were not sufficient to mitigate the additional costs and the end result was a significant overspend of £274k in this area. Verification work was undertaken to confirm the figures being called upon by the provider in respect of monies owed to them and savings were made prior to year end.
- 2.5.3 The Youth Service showed a outturn position that was £70k below budget at year-end. The service reviewed spending and this coupled with staff redundancies and the spend freeze, made considerable savings towards the end of the year.
- 2.5.4 Countryside Access were unable to spend £136k of their budget due to inclement weather preventing works being carried out as planned.
- 2.5.5 Catering and Cleaning showed an outturn position that was, £5k and £36k respectively better than budget at year-end. This was due to close monitoring of

costs and income targets, ensuring full cost recovery and increased uptake of both services where possible.

- 2.5.6 Libraries were £29k overspent due to the non-achievement of income targets. Archives, Museums and Arts, Theatres and Cultural Services were under budget due to a reduction in spend on supplies and services by £42k, £12k and £23k respectively.
- 2.5.7 Regeneration Property and Commissioning showed an outturn position that was £438k below budget at year-end. This was a similar position to that forecast at the end of February however there were significant swings within individual service areas.
- 2.5.8 Development Management outturn position was better than budget by £266k. Increased Planning fees of £348k were partially offset by an increase in associated legal fees of £142k. Staff vacancies also contributed to the improved year-end position.
- 2.5.9 Closed landfill sites were below budget by £43k due to delays in work progressing as a result of staff changes and the spend freeze preventing spend at year end.
- 2.6 Statutory testing improved their position by £83k by reducing the spend of repairs and maintenance works. This was offset by an increase in the overspend for the Building Design team of £83k due to a reduction in income resulting in a year end overspend of £415k.
- 2.6.1 Animal movements have seen a Welsh Government grant of £24k removed along with a reduction in revenue support grant in relation to animal feed regulations monitoring.
- 2.6.2 The Pavilion income was £54k less than budget.. It has now transferred to a Community Group.
- 2.6.3 Highways, Transport and Recycling overspent by £613k. Delays in delivering projects including full roll out of the 3 weekly collections, re-procuring of the waste disposal contract and the re-tendering of transport routes meant that savings of £675k were not achieved. This was partially offset by a service underspend of £62k.
- 2.6.4 Network Management were over budget by £317k due to income targets not being met and the financial impact of successful job evaluation appeals. Reduced staffing costs offset the pressure, the restructure is now complete and will rectify the shortfall in 16/17.
- 2.6.5 Waste Operations costs were £363k over budget as a result of salary costs in respect of sickness and holidays and sub-contractor costs for the extra weekend collections taking place in Machynlleth. Accident repairs and unexpected hire costs were offset by increased income and greater Environment and Sustainable Development Directorate Revenue grant. However, fleet costs were £174k above budget in this area at year-end.
- 2.6.6 County and External Works were overspent by £351k at year end. Additional cost of £699k was realised on County Roads, and external works costs were £135k under budget. The position was improved by a reduction in bad debt provision for NMWTRA of £113k, insurance provision of £100k no longer required and removal of the contribution to the salt barn reserve of £150k.
- 2.6.7 Delays in the closure of Public Toilets meant that the budget was overspent by £119k, however this was offset by £164k underspend on Street Cleansing in relation to salaries and supplies and services.

- 2.6.8 Public Transport showed an outturn position that was £410k better than budget. Additional grant from Welsh Government for 16-18 year olds travel scheme of £175k along with additional concessionary fare income of £241k contributed to the year end position for this area.
- 2.6.9 Waste Contracts showed an outturn position that was £238k better than budget. Grant was received from Welsh Government to purchase equipment and therefore the revenue budget for bins and caddies of £145k was no longer required. Contractor and landfill costs were below budget by £173k, but this was offset by reduction in income from Cae Post of £96k.
- 2.7 Unachieved savings equated to £628k - £29k in respect of grants to voluntary organisations and £599k against third party savings not delivered in 15/16. It is important this is achieved going forward.

## **2.8 Schools**

- 2.8.1 The Schools central service overspent by £410k.
- 2.8.2 Schools central costs overspent by £35k to year end due to unachieved savings. The Head of Service has reviewed budget lines during budget setting 2016/17 and the savings to be found have been reduced and further work is being carried out to achieve the remaining savings in full.
- 2.8.3 School Improvement were below budget by £122k. A reduction in the Service Level Agreement costs to the WJEC and peripatetic welsh totalled £41k, and £79k savings in the Schools improvement team in relation to staffing and supplies and services.
- 2.8.4 Schools Operational costs were overspent by £568k, this is largely due to an overspend on home to school transport of £409k. Late payments relating to the previous financial year, under-achieved income and additional transport routes all contributed to the overspend.
- 2.8.5 Structural repairs and maintenance was below budget by £224k at year end. £260k related to reduced rates payments for schools and refunds, offset by a £35k overspend on the centrally held Schools Repair & Maintenance budget.
- 2.8.6 Severance pay costs for school staff exceeded the budget by £502k.
- 2.8.7 Central support services were £84k below budget on licence fees, subscriptions, staff budgets and other areas.
- 2.8.8 Pupil inclusion showed an outturn position that was £371k better than budget. Inter authority recoupment received additional income from other local authorities in terms of placements of children within Powys, contributing £161k to the improved outturn position. The Pupil Referral Unit service was under budget by £80k due to a reduction in staff costs.
- 2.8.9 The Additional Learning Needs team outturn position was £63k better than budget due to savings in staffing and travel expenses.
- 2.9 There was a £47k underspend within the unit codes. This was in the main due to slippage on staffing budgets in relation to vacancies and in some cases schools not utilising the PPA budget allocated alongside resources budget.

### **3 Chief Executives**

- 3.1 The Chief Executive's service now incorporates legal and democratic services, member services, communications and workforce and development planning and was £226k below budget at year end.
- 3.2 The Members budget was £19k under budget at year end. As happened last year, a number of members have not claimed their full entitlement, and the leader made a contribution of £8k towards free car parking during the festive period.
- 3.3 Workforce and Development Planning contributed £110k to the improved outturn position. This was largely due to additional income from personnel advice and savings on staffing and training budgets.
- 3.4 The contribution to reserves is £50k in respect of County Council elections in order to standardise the level of spend each year. There is also a budgeted contribution from reserves of £84k to finance the National Eisteddfod, £18k to finance a residents' survey and also £88k to fund the Trade Union Partnership. Central reserves will therefore decrease by £140k because of these issues.

### **3.5 Resources**

- 3.5.1 The Resources Directorate met its budget savings and showed a £222k improved position compared to budget at year end. Business Services contributed £97K to the improved position. The majority of the savings and the third party spend target have been achieved and mitigated through a combination of methods such as, managing staff vacancies and process and system improvements and enhancements.
- 3.5.2 In 2015/16 Information Services joined the Resources Directorate and showed a £119k improved position at year-end compared to budget. The 2015/16 savings requirements were fully achieved. During 2015/16 ICT was consolidated with Programmes and Governance. Budgets were re-aligned to reflect the new combined ICT and programmes service structure and overall showed a £68k improved position at year-end compared to budget
- 3.5.3 Professional Services were within budget by £6k.

### **3.6 Corporate Activities**

- 3.6.1 Corporate Activities were underspent by £4.626m at year end. The position reflects a significant underspend of £4.884m on Capital charges, mainly due to the policy change for the minimum revenue provision calculation, which made a contribution of £3.025m, and the costs of interest being charged to the HRA following the buy-out in April. The approved capitalisation of expenditure in respect of Management of Change has also contributed to the underspend by approximately £1.6m.
- 3.6.2 At budget setting last year some savings held corporately had not been allocated to services. This has been resolved after agreement at Management Team. However income savings amounting to £250k will be disaggregated in 2016/17.
- 3.6.3 The Community Delivery Project was underspent by £100k in this year which will be transferred into general reserves.

### **3.7 Schools Delegated Centrally Held Budget**

- 3.7.1 The centrally held elements of the schools delegated budget recorded an overspend of £300k, this was due to the over delegation of £526k to schools, which was offset by a recoupment of £78k from High Schools in relation to free school meals, and non-utilised contingency funding of £118k relating to class size protection and facility time for Union duties.

### 3.8 Schools Delegated

3.8.1 The budgeted and actual use of Schools Reserves is shown in the table below, with Schools budgeting to use £2.204m of their reserves. However, the actual use of reserves was £732k. This is a considerable improvement compared with the budgeted projected use.

School Deficit / Surplus	Opening Balance	Budgeted Contribution/ (Use)	Actual Contribution/ (Use)	Actual Closing Balance
	£'000	£'000	£'000	£'000
Total Deficits	(916)	269	269	(647)
Total Surplus	4,517	(2,473)	(1,001)	3,516
<b>Total Balance</b>	<b>3,601</b>	<b>(2,204)</b>	<b>(732)</b>	<b>2,869</b>
Loans		55	55	0
Capital Contribution	0	0	77	0
Community Rooms	0	0	10	0
<b>Total Balance</b>	<b>0</b>	<b>(2,149)</b>	<b>(590)</b>	<b>0</b>

This is analysed into the different categories of schools as follows:-

Type of School	Opening Balance	Budgeted Contribution/ (Use)	Actual Contribution/ (Use)	Actual Closing Balance
	£'000	£'000	£'000	£'000
Primary	2,897	(1,008)	(341)	2,556
Special	13	(241)	(177)	(164)
Secondary	691	(955)	(214)	476
<b>Total</b>	<b>3,601</b>	<b>(2,204)</b>	<b>(732)</b>	<b>2,869</b>

The table below shows the breakdown of schools in deficit and surplus positions at year end:-

Type of School	Number of Schools Projected to be in Deficit	Actual Number of Schools in Deficit	Actual deficit	Actual surpluses	Total	Deficit to surplus
			£000	£000	£000	%
Primary	22	13	(158)	2,714	2,556	(6%)
Special	1	1	(366)	202	(164)	(181%)
Secondary	7	4	(417)	893	476	(47%)
<b>Total</b>	<b>30</b>	<b>18</b>	<b>(941)</b>	<b>3,808</b>	<b>2,869</b>	<b>(25%)</b>

3.8.2 The actual position regarding school reserves was better than previously anticipated during the year, schools will need to incorporate the actual outturn balances into their

planning for future years. The overall position of 18 schools in deficit represents approximately 20% of all schools and is a concern. It is also of note that Brecon High School needs to make progress against its requirement to manage its finances, the school is projecting a significant deficit for 2016/17.

### 3.9 Schools Transformation

3.9.1 This area spent £31k less than budget at year-end. The total budget was £289k and this underspend funded from the management of change fund will be reimbursed and drawn down in the next financial year.

## 4 General

4.1 The reserve movement includes the use of revenue reserves supporting capital expenditure, this amounts to £9.094m, the majority of this relates to Welsh Housing Quality Standard (WHQS) work with other investment in IT, Improvements to buildings and the 21st Century Schools programme.

4.2 The revenue outturn performance indicator target is to be within 0.5% of net budget. The actual outturn for the year excluding the HRA and Schools Delegated is a net under spend of £1.965m or 1.17% of the working budget.

## 5. Reserves

5.1 The Revenue reserves held at 31 March 2015, movement in year and Closing Balances at 31<sup>st</sup> March 2016 are set out in the table below. The table assumes the 2015/16 underspend will be applied to the Budget Management Reserve. Further transactions may impact on this position as the Accounts are finalised and reviewed during June.

Summary	Reserves 01/04/15 Surplus/ (Deficit)	Addition / (Use) of reserves	Projected 31/3/16 Surplus/ (Deficit)
	£'000	£'000	£'000
<b>General Fund</b>	<b>8,988</b>	<b>1,214</b>	<b>10,202</b>
	<b>8,988</b>	<b>1,214</b>	<b>10,202</b>
<b>Ringfenced &amp; Specific Reserves</b>			
Budget Managers Reserve	2,019	1,965	3,984
Specific Reserves	1,516	374	1,890
21st Century Schools Reserve	6,916	(182)	6,734
Invest to Save & Corporate Initiatives (inc JE)	9,355	(682)	8,673
Insurance Reserve	2,188	(223)	1,965
Transport & Equipment Funding Reserve	3,028	2,026	5,054
<b>Sub-Total</b>	<b>25,022</b>	<b>3,278</b>	<b>28,300</b>
Schools Delegated Reserves	3,600	(732)	2,868
School Loans & Other Items	(517)	55	(462)
<b>Net School Delegated Reserves</b>	<b>3,083</b>	<b>(677)</b>	<b>2,406</b>
<b>Total Ringfenced &amp; Specific Reserves</b>	<b>28,105</b>	<b>2,601</b>	<b>30,706</b>
<b>Housing Revenue Account</b>	<b>3,832</b>	<b>(2,447)</b>	<b>1,385</b>
	<b>3,832</b>	<b>(2,447)</b>	<b>1,385</b>
<b>Total Revenue Reserves</b>	<b>40,925</b>	<b>1,368</b>	<b>42,293</b>



- 5.2 The use of reserves recorded in the revenue table in section 2.2 are included together with the use of reserves for Capital purposes.
- 5.3 The reserves have increased by £1.368m, this is less than the projected position at the end of February which estimated a draw on reserves of £6.350m. This change is due to the improved outturn position reported in section 2, the reduced use of reserves by Schools and delays in the purchase of vehicles and work relating to the 21<sup>st</sup> Century Schools programme.
- 5.4 Severance costs of £2.013m have been incurred to deliver the staffing savings required, some to these costs have been capitalised, but some have been met from reserves.
- 5.5 The level of General Fund reserves at 31<sup>st</sup> March 2016 is 4.29% and is above the 3% of net expenditure target set by Cabinet. This excludes all ringfenced and specific reserves.

## 6. Efficiency Savings

- 6.1 The table below summarises the final position.

Summary by Directorate	Target (MTFP) £000's	Achieved £000's	Remaining £000's	% Achieved
	£	£	£	
Place	5,439	4,071	1,369	75%
Schools	2,939	2,781	159	95%
People	1,985	728	1,257	37%
Change & Governance	321	321	0	100%
Resources	536	536	0	100%
Corporate Activities	1,543	1,274	269	83%
Communications	4	6	-2	148%
Total	12,768	9,716	3,052	76%

- 6.2 Savings of £12.768m were required, £9.716m (76%) of these have been achieved. The percentage delivered in the previous financial year was 80%.
- 6.3 The shortfall reported above is included in the Revenue outturn figures detailed in the table in Appendix A and the position for each Directorate in section 2 provides more details where savings have not been achieved.
- 6.4 In 2015/16 Cabinet requested to be kept informed of savings not achieved from previous years and in total £51k of the savings for 2014/15 remain unachieved, relating to the Schools Service. Overall this demonstrates savings delivery but clarity is needed about how the service will meet the £51k requirement.
- 6.5 Service budgets have been reduced to reflect the savings required, savings that have not been achieved in 2014/15 and 2015/16 remain to be made in 2016/17. This is because these are in the base budget
- 6.6 The savings are depicted graphically in Appendix B attached. The graphs reflect the achievement of savings compared with the original target.

## 7. Capital Programme

7.1 The original Capital programme approved by Council totalled £131.5m, this is revised to £107.1m as the final virements of £1.283m are requested below.

7.2 Actual spend of £107.1m represents 81% of the original budget.

	Original Budget 2015/16	Working Budget 2015/16	Virements Required	Revised Budget / Actual Spend
	£'000	£'000	£'000	£'000
<b>Chief Executive</b>				
Chief Executive	0	40	0	40
<b>People</b>				
Adult Services & Commissioning	0	77	0	77
Children Services	0			0
Housing General Fund	2,258	3,125	-461	2,664
<b>Schools and Inclusion</b>	10,289	7,099	-130	6,969
<b>Resources</b>				
Business Services	400	174	-104	70
Information Services	950	659	-210	449
Professional Services	716	0	0	0
<b>Place</b>				
Highways Transport and Recycling	11,352	6,699	-79	6,620
Leisure and Recreation	3,165	1,699	0	1,699
Regeneration, Property and Commissioning	600	899	0	899
<b>Total Services</b>	29,730	20,471	-983	19,488
Housing Revenue Account	101,789	87,880	-300	87,580
<b>Total Capital</b>	<b>131,520</b>	<b>108,351</b>	<b>-1,283</b>	<b>107,068</b>

7.3 Capital Virements of £1.283m require approval as detailed in Appendix C.

7.4 The final spend in 2015/16 was significantly lower than the original budget. The variance is mainly due to a number of projects being delayed and re-profiled in the 2016/17 financial year, virements have been reported and approved for these projects throughout the year. The main projects are as follows:-

- Schools – delays in approval of Gwernyfed outline business case by Welsh Government has impacted on the next stage of project. Ysgol Dafydd Llwyd funding moved from reserves to Prudential borrowing to take advantage of preferential interest rate available for 21<sup>st</sup> Century Schools projects and Beacons Campus Project monies rolled forward.
- Leisure – Construction of cultural hub to commence early 2016. Delays in carrying out energy improvements at Leisure Centres.
- Information Services – Implementation of VoIP will not take place until 16/17 due to current telephony contracts expiry date.
- Chief Executives – audio visual system not complete due to major system issues.

- Housing – Housing Revenue Account subsidy buy-out payment significantly lower than the approved budget. Safe, Warm & Secure (SWAS) scheme is a loan designed to target vulnerable households in providing essential improvements to alleviate risk of harm and there was an increase in spend relating to the heating programme and other works.
- Business Services – delay in tender programme for channel shift project.
- Highways, Transport and Recycling – delay in household recycling centre project due to obtaining Trade Effluent Consent from Welsh Government.

7.5 Grants accepted as at 31<sup>st</sup> March 2016, of £21k relates to the funding from Powys Teaching Health Board for server virtualisation.

## **8. Accounts Closure**

8.1 The closure of accounts follows accepted project management procedures. This was used for the first time last year and remains in place. It is important to note timescales continue to be shortened as we work towards the new statutory deadlines for 2018/19 and 2020/21.

8.2 The S151 Officer notes a number of issues caused concern this year particularly around the goods receipting and housekeeping of orders, significant work was required to ensure that accruals were recorded appropriately in the accounts. A review of this process is underway to ensure that appropriate action is taken to rectify the issues going forward. Issues highlighted during the Audit process last year have also been addressed and actioned within the workstreams of the Project.

## **9. Options Considered/Available**

No alternative options are considered appropriate as a result of this report.

## **10. Preferred Choice and Reasons**

None to consider.

## **11. Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc**

The proper management and control of the Council's finances together with the associated delivery of services will have an impact across all Council services. This report presents specific details of reserve deficits which will be considered in a separate report to Cabinet. It is not sustainable to allow service areas to overspend and enter into deficit reserves without a plan to address the underlying cause of the overspending.

## **12. Children and Young People's Impact Statement - Safeguarding and Wellbeing**

This report presents the financial position for Children's services and forecasts a near balanced budget for the year. The budgets must continue to be monitored to ensure the allocated resources meet service need.

## **13. Local Member(s)**

This report relates to all service areas across the whole County.

## **14. Other Front Line Services**

This report relates to all service areas across the whole County.

**15. Support Services (Legal, Finance, HR, ICT, BPU)**

This report has no specific impact on support services other than reporting on those service areas financial outturns. Financial Services work closely with all service areas in monitoring financial performance against budgets.

**16. Local Service Board/Partnerships/Stakeholders etc**

This report presents financial information which will help inform the future medium term financial plan and therefore has implications for any related organisation.

**17. Communications**

This report has no specific communication considerations. Detailed finance reports are presented to Heads of Service and Cabinet for period 3 and monthly thereafter, the Audit Committee also regularly review these reports. These reports are public and are part of a range of statutory and non statutory financial information documents including the Statement of Accounts.

**18. Statutory Officers**

The Strategic Director, Resources (Section 151 Officer) notes that the overall position sees an underspend of £1.965m on the revenue budget after allowing for schools delegated budgets and the Housing Revenue Account.

The overall position is generally positive but is the result of funding adjustments. The underspend will help provide additional financial capacity for the budget challenges that lie ahead. It is clear that service area budgets are finding the requirement to deliver ever greater savings whilst meeting growing demands for services a challenge. In order to keep the council's finances in a sound position agreed savings will need to be delivered.

Given the challenge being faced it is important that cabinet considers the specific recommendation to add the underspend to the budget management reserve it put in place last year.

The Solicitor to the Council (Monitoring Officer) has no specific concerns with this report.

**19. Members' Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>That:</b> <b>a. the Cabinet receives the report and the contents are noted; and</b> <b>b. that the proposal to transfer the underspend into the specific Budget Management Reserve is</b>	<b>To confirm the Council's financial performance and ensure that spending remains within approved limits; and to ensure the Authority has significant financial capacity to meet any unforeseen</b>

<p>actioned as per paragraph 1.10.</p> <p>c. Cabinet notes the S151 officer's comments.</p> <p>d. that the Capital virements in paragraph 7.3 and detailed in Appendix C are approved.</p> <p>All virements exceeding £300k will be supported by a report to full council for approval.</p>	<p>expenditure and mitigate savings delivery.</p>
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<b>Relevant Policy (ies):</b>	Financial Regulations		
<b>Within Policy:</b>	<b>Yes</b>	<b>Within Budget:</b>	<b>n/a</b>

<b>Relevant Local Member(s):</b>	
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<b>Person(s) To Implement Decision:</b>	Jane Thomas
<b>Date By When Decision To Be Implemented:</b>	Once agreed

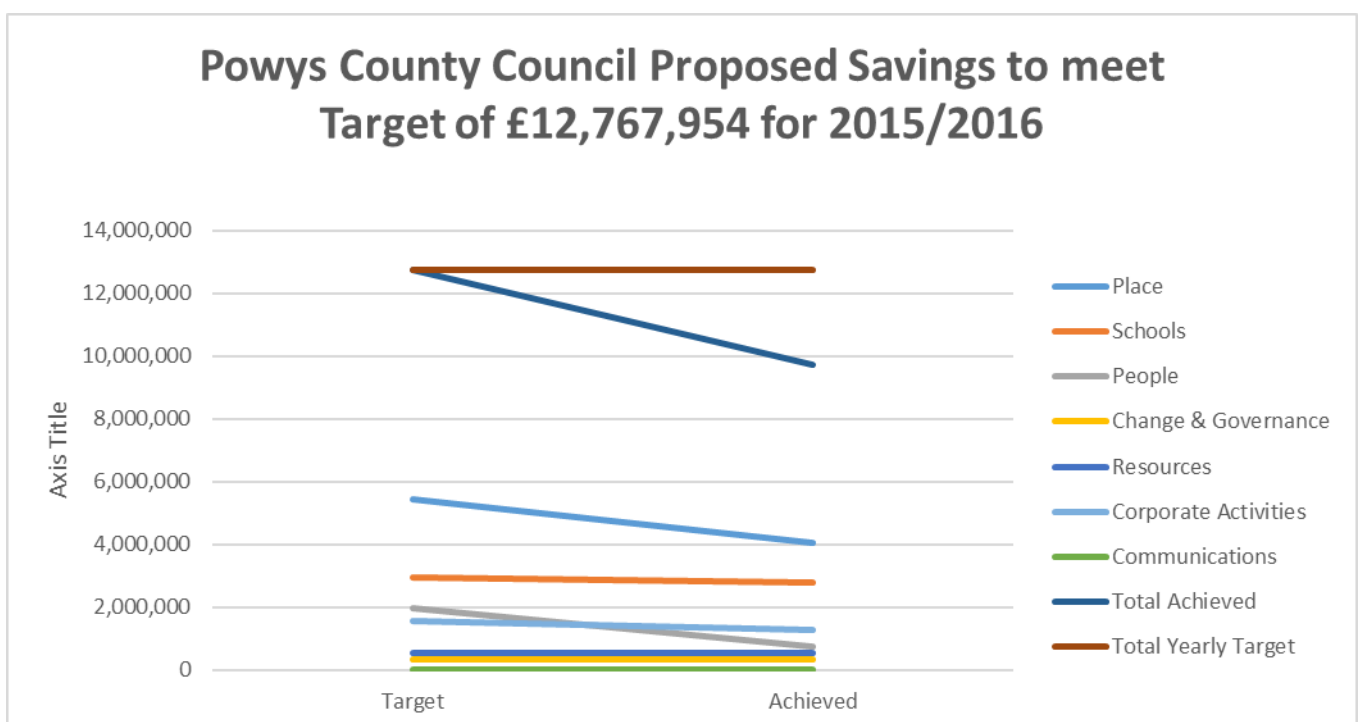
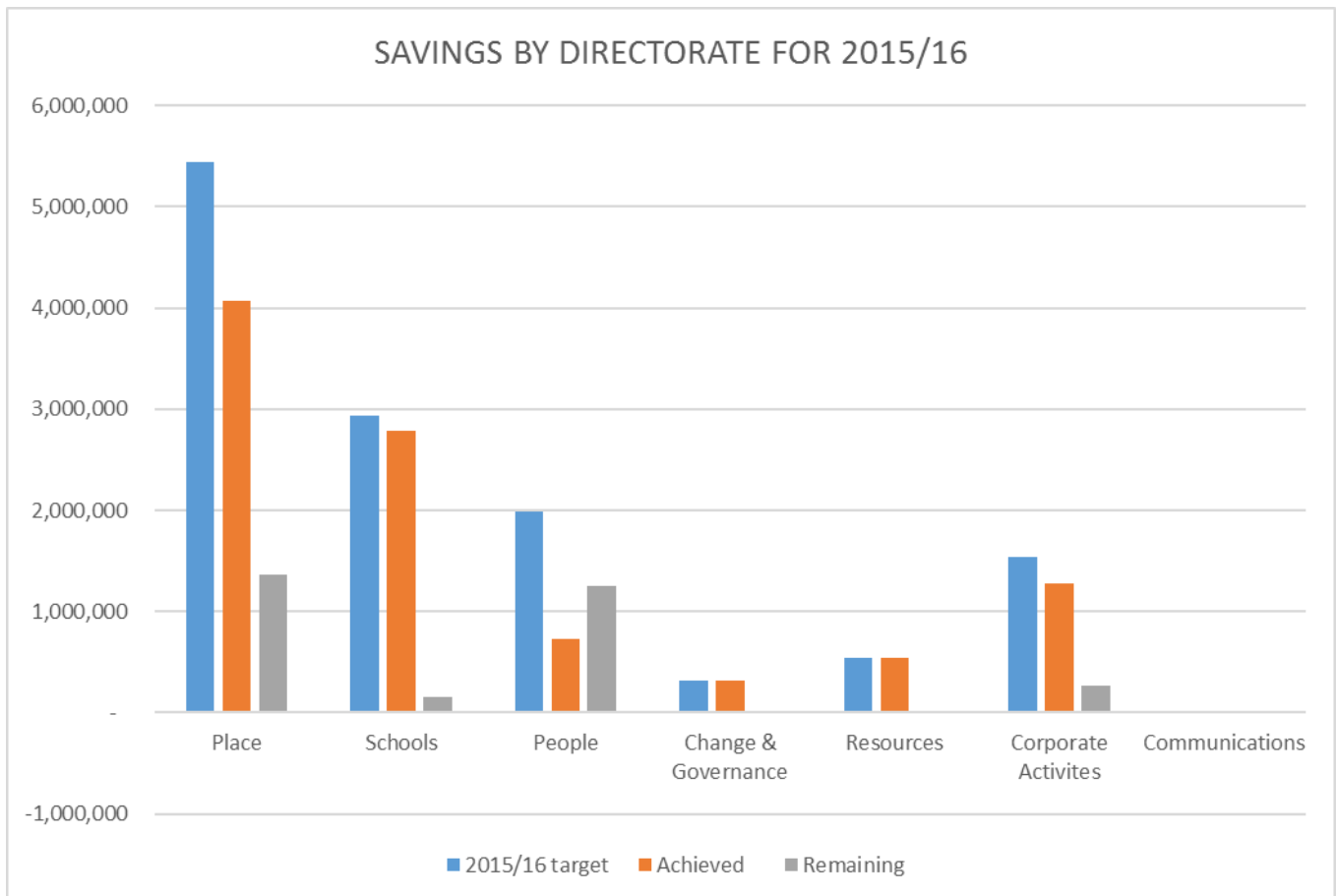
<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Email:</b>
Jane Thomas	01597 826341	jane.thomas@powys.gov.uk

**Background Papers used to prepare Report:**

Medium Term Financial Strategy

## Appendix A

<b>Provisional Outturn Position for the Financial Year ending 31<sup>st</sup> March 2016</b>							
Service Area	Original Budget £	Total Working budget £	Net Expend incl internal charges Before Reserve Mvt £	Actual Total Mvt to/(from) Reserves TRF01 £	Approved use of reserves £	Service Variance from Budget Uner/Over spend £	%
<b>People</b>							
Adult & Commissioning	54,373	54,948	56,813	(1,865)	(3)	(1,862)	-3.39%
Children Services	16,088	15,941	16,072	(131)	0	(131)	-0.82%
Housing General Fund	715	587	532	55	10	45	7.67%
<b>Place</b>							
Leisure & Recreation	12,025	12,938	13,013	(75)	(133)	58	0.45%
Regeneration, Property & Commissioning	6,905	7,304	7,065	239	(199)	438	6.00%
Highways, Transport & Recycling	21,655	24,130	25,366	(1,236)	11	(1,247)	-5.17%
<b>Schools</b>							
Schools Service	25,842	30,090	30,150	(360)	50	(410)	-1.36%
<b>Resources</b>							
Professional Services	1,382	1,150	1,392	(242)	(248)	6	0.52%
Information Services	(96)	(358)	(682)	324	205	119	33.24%
Business Services	(158)	(188)	12	(201)	(298)	97	51.60%
<b>Chief Executive</b>	4,147	4,502	4,442	60	(166)	226	5.02%
<b>Service Area Totals</b>	<b>142,878</b>	<b>151,044</b>	<b>154,175</b>	<b>(3,432)</b>	<b>(771)</b>	<b>(2,661)</b>	<b>-1.76%</b>
Central Activities	24,123	16,688	8,545	8,143	3,517	4,626	27.72%
<b>Total</b>	<b>167,001</b>	<b>167,732</b>	<b>162,720</b>	<b>4,711</b>	<b>2,746</b>	<b>1,965</b>	<b>1.17%</b>
<b>Housing Revenue Account (HRA)</b>	0	0	(5,985)	5,985	5,821	164	0.00%
Schools Delegated	70,981	70,251	71,141	(590)	(2,149)	1,559	2.22%
<b>Total including HRA</b>	<b>237,982</b>	<b>237,983</b>	<b>227,876</b>	<b>10,106</b>	<b>6,418</b>	<b>3,688</b>	<b>1.55%</b>



<b>CAPITAL PROGRAMME - VIREMENTS REQUIRED AS AT 31 MARCH 2016</b>	
	<b>Amount £000</b>
<b>Business Services</b>	
This virement recommends that the Budget of £104k is rolled forward to 2016/17. The reason for the underspend is the implementation did not commence as quickly as we thought and Project Board agreed that it would be piloted in Crickhowell Cluster prior to wider roll out. Therefore the costs incurred relate to only the Crickhowell Cluster area for 15/16.	-104
	<b>-104</b>
<b>Information Technology</b>	
This virement is to remove the budget for the Desktop Strategy that was not required in 2015/16. Previous years we have been behind with the refresh and as such rolled surplus forward until we were certain of the budget needed. We are now up to date and as such this is a true one off accumulated underspend.	-210
	<b>-210</b>
<b>Highways Transport and Recycling</b>	
Works at Rhayader Transfer Station have started earlier than expected leading to an overspend in 2015/16. It is recommended to roll back the budget from 2016/17 to fund this overspend.	105
It is recommended to roll forward the budget for Kerry Flood Alleviation Scheme.	-184
	<b>-79</b>
<b>Schools and Inclusion</b>	
Ysgol Dafydd Llwyd will be completed in 2016/17. This virement recommends that the remaining balance for 2015/16 is rolled forward to 2016/17.	-130
	<b>-130</b>
<b>Housing</b>	
The Disabled Facilities Budget has been rolled forward for a number of year, following a review of the commitments it is recommended that this budget is returned to corporate.	-288
The Landlord Loan Budget has been committed but not spent by the end of the financial year. The applicant has a year from the approval to spend the loan. This virement recommends rolling forward the budget to 2016/17	-172



The project to purchase land during 2015/16 took longer than anticipated and the actual purchases will take place in early 2016/17 and it is recommended to roll forward the £300k budget

-300

**-761**

**-1,283**

**Grants Accepted as at 31st March 2016**

**£000**

**Information Technology**

Funding from PtHB for Server Virtualisation

21

**21**