

Division(s): N/A

CABINET – 20 JUNE 2017

PROVISIONAL REVENUE & CAPITAL OUTTURN 2016/17

Report by the Director of Finance

1. This report sets out the provisional revenue and capital outturn position for 2016/17 and shows how actual expenditure and income for the year compares to the budgeted position. Figures shown in the report reflect those included in the Council's Statement of Accounts for 2016/17¹. The draft Statement of Accounts were authorised for issue on 31 May 2017, subject to external audit. The final Statement of Accounts will be submitted to the Audit and Governance Committee on 6 September 2017 following external audit and certification by the Director of Finance.

Revenue Outturn Summary

2. As set out in Annex 1 the year end revenue position is an underspend of -£1.0m (-0.2%). The Directorate outturn position is an overspend of +£1.6m (+0.4%), this is a reduction from the position forecast in April of +£5.2m (+1.3%).

Directorate	Final Budget 2016/17 £m	Outturn 2016/17 £m	Outturn Variance 2016/17 £m	Outturn Variance 2016/17 %
Children, Education & Families (CE&F)	107.6	114.2	+6.6	+6.2
Adult Social Care (S&CS) ²	189.0	188.6	-0.4	-0.3
Fire & Rescue Service & Community Safety	23.5	21.7	-1.8	-7.5
Environment & Economy (E&E)	70.4	67.4	-3.0	-4.3
Corporate Services (CS)	22.9	23.1	+0.2	+1.1
Public Health ³	0.0	0.0	0.0	0.0
Total Directorate Position	413.4	415.0	+1.6	+0.4
Strategic Measures	7.7	6.6	-1.1	-14.3
Contributions to/from Corporate Reserves and Balances	-3.6	-5.1	-1.5	41.7
Funding	-417.5	-417.5	0.0	0.0
TOTAL COUNCIL POSITION	0.0	-1.0	-1.0	-0.2

3. Throughout the year the Financial Monitoring and Business Strategy Delivery Reports to Cabinet have highlighted expenditure pressures of which the most significant have been in Children's Social Care placements and Special Educational Needs (SEN) Home to School

¹ Figures in this report may vary from those in the published final Statement of Accounts for 2016/17 as at the time of writing this report the accounts had not been audited.

² S&CS incorporates the outturn and variance for the Pooled Budgets.

³ Public Health is funded by a ring-fenced grant of £32.1m from the Department of Health.

Transport. These have been addressed in part by the use of one-off reserves and budgeted contingency. The on-going impact of the increased demand has been taken into consideration in setting the 2017/18 budget.

4. Cabinet is recommended to ask Council to approve the virements set out in Annex 2a to use the underspends in the Social and Community Services and Environment & Economy directorates to offset the overspends in the Corporate Services and Children, Education and Families directorates. The resulting position is a net directorate overspend of £1.6m which will be met from general balances. The £2.6m underspend on Strategic Measures will also be transferred to general balances, resulting in a net increase in balances of £1.0m.
5. The following Annexes are attached and referenced in the report:

Annex 1	Revenue Outturn
Annex 2a	Proposed Virement of Variations between Directorates and Corporate Reserves
Annex 2b	2016/17 virements to note
Annex 2c	Supplementary estimates previously reported
Annex 3	Government Grants
Annex 4a	Reserves
Annex 4b	Schools' Balances
Annex 5	General Balances
Annex 6	On and Off Street Parking – Statement of Income and Expenditure for 2016/17
Annex 7	Capital Outturn

Part 1 – Revenue Outturn

Children, Education & Families (CE&F)

6. The provisional outturn position for the directorate is an overspend of +£6.6m (+£7.2m reported in April).

CEF1 Education and Learning

7. The Education & Learning service overspent by +£1.9m. Within this is an overspend on Home to School Transport of +£2.3m, mainly on Special Educational Needs transport (+£2.0m). As previously reported, the cost of transporting SEN students has been increasing due to a rise in the number of children with SEN and an increase in the number of children who need a passenger assistant.

CEF2 Children's Social Care

8. Children's Social Care overspent by +£3.9m. This position is after a £1.0m transfer from CEF reserves and £1.0m transfer from corporate contingency.

9. The growth in the number of children requiring services from Children's Social Care has resulted in increased legal costs giving an overspend of £0.6m.
 10. An overspend in referral and assessment teams/service of +£0.5m has arisen due to increasing agency staff with an overspend of £0.8m reported in Looked After Children and Leaving Care teams/service following an increase in client numbers.
 11. An overspend of +£2.2m is reported on the Placements budget. The overspend is partly caused by the completion of the new Children's Homes being behind schedule thereby delaying the savings which will arise from reducing the number of external placements.
 12. The Asylum service reported an overspend of +£0.9m. This is due to the significant shortfall between the cost of each client and the grant received from the Home Office.
 13. The Family Solutions Service reported an overspend of +£0.8m due to use of agency staff and a planned increase in establishment prior to the move to the new Integrated Children's Service.
 14. Due to the remodelling of the service during the year, the Early Intervention Service (including Hubs, Children's Centres, Youth and Engagement and Thriving Families) underspent by -£1.7m.
- CEF3 Children's Social Care Countywide Services
15. Children's Social Care Countywide overspent by +£0.7m, comprising Corporate Parenting (+£0.1m), Safeguarding, (+£0.2m) and Children with Disabilities (+£0.4m).
- CEF5 Central Costs
16. Children Education and Families Central Costs is overspent by +£0.4m.
- Dedicated Schools Grant (DSG)
17. Services funded from DSG underspent by -£18,000 compared to the latest 2016/17 allocation of £238.0m. In line with accounting requirements, the unspent DSG has been transferred into the grants and contributions reserve. High Needs DSG overspent by +£1.6m, relating predominantly to significant increases in the number of Special Educational Needs out of county placements (+£1.7m). This overspend is met partly from DSG balances of £0.8m, giving a net overspend of +£0.8m. This is offset by an underspend of -£0.6m in Early Years DSG, mainly on Nursery Education Funding.
 18. The pressures in SEN out of county placements are expected to continue and increase in future years due to rising need. The expected National Schools Funding Formula is likely to ring-fence the various DSG funding blocks making it increasingly difficult to manage such overspends within DSG going forward. A range of actions are being taken to minimise costs in the service including reviews of the SEN and

Early Years SEN services, local authority support for new special free school applications, increasing the budget provision in the capital programme to build additional classrooms in special schools and a new resource base.

Social & Community Services (S&CS)

19. The provisional outturn position for the directorate is an underspend of -£2.2m (-£0.1m reported in April). This underspend consists of -£0.4m in Adult Social Care and -£1.8m in Fire & Rescue Service and Community Safety.
20. The 2% Adult Social Care council tax precept agreed by Council in February 2016 generated a budget of £5.9m to fund pressures within Adult Social Care including the National Living Wage. During 2016/17 £4.5m was agreed to be allocated to the Older People and Equipment Pooled Budget to support pressures on care home placements (£3.0m) and to fund the cost of additional payments to home support providers (£1.5m) resulting from the annual price review and the outcome of the consultation on the impact of the increase to the National Living Wage.
21. The remaining balance of £1.4m was held to meet further pressures arising during the year. This has been used on a one-off basis to support the outturn position on the pooled budgets and has been wholly spent on pressures within Adult Social Care. The on-going funding will be allocated to the pooled budgets on a permanent basis from 2017/18 to support the on-going effect of pressures in 2016/17.

Older People and Equipment Pooled Budgets

22. The County Council element of the Older People and Equipment Pool underspent by -£0.4m. This is after the permanent contribution of +£4.5m from the Adult Social Care precept.
23. Although there was an underspend, there is continuing pressure within the pool relating to care home placements where the outturn was an overspend of +£3.7m. The average number of new placements has been 11 per week throughout the year. The budgeted level was 10 per week. The overspend on care homes was offset by a -£1.1m underspend on Home Support and -£3.0m on Prevention and Early Support. Most of the underspends will not be repeated in 2017/18 as the on-going savings relating to the re-ablement contract and changes to grants to carers have been agreed as permanent savings in the Service & Resource Planning process.

Physical Disabilities Pooled Budget

24. The County Council's share of the +£1.3m overall Physical Disabilities Pool overspend is +£0.8m. After utilising +£0.3m of the funding held in the Physical Disabilities Pooled Budget reserve, the overspend is reduced to +£0.5m. This reflects additional demand for home support, a +£0.3m pressure on Funded Nursing Care relating to the increase notified in 2016/17 and a +£0.4m pressure on care home placements.

Learning Disabilities Pooled Budget

25. The County Council share of the Learning Disabilities Pooled Budget was an overspend of +£0.8m. This primarily reflects overspends on personalised care packages for service users with learning disabilities. There were a number of high cost placements agreed late in 2016/17 which have impacted on the final position, along with a number of high cost packages for service users transitioning from Children's Social Care.

Mental Health Pool

26. The Council's share of the Mental Health Pool overspend was +£0.5m. This primarily reflects the costs of a number of service users who fall outside of the Outcomes Based Contract, but are eligible for social care and case managed by the Community Mental Health Teams. Based on the forecast earlier in the year, £0.4m additional funding towards meeting these costs on an on-going basis has been added to the 2017/18 budget.

Adult Social Care Non – Pool Services

27. Within the Non - Pool services, there was an overspend of +£0.7m on the Emergency Duty Team and Approved Mental Health Professional Specialists service due to agency staff costs. Following a recent consultation, a revised structure has been implemented from 1 April 2017 with the expectation that overall costs will reduce in line with the budget available.
28. This non-pool pressure has been offset by the use of unallocated base budget funding of -£0.7m (originally relating to the Independent Living Fund and Care Act Implementation funding) on a one-off basis.

SCS3 Fire and Rescue, Emergency Planning and Community Safety

29. Community Safety, Fire & Rescue and Emergency Planning services underspent by -£1.8m. This includes a -£0.4m underspend on Green Book staffing relating to vacancies following the recruitment freeze, and a -£0.2m variation relating to vacancies for whole time firefighters and fuel costs. A further underspend of -£0.3m is made up of underspends on Emergency Planning, Trading Standards and Gypsy and Traveller services.
30. £0.4m of the planned annual contribution of to the service's Vehicle Renewal Reserve has not been transacted and the resulting underspend against the budgeted contribution is supporting the council's outturn position on a one - off basis. Updates will be provided through the Financial Monitoring Reports in 2017/18 but the intention is that an additional contribution to replace the funding for future vehicles will be made in 2017/18.
31. The position also includes an underspend of -£0.5m reflecting the lower than budgeted expenditure for on-call firefighters and associated pension costs. This had previously been reported separately on the assumption that any variation on this budget would be returned to

balances at year end in line with council policy, however this year the balance has been used to offset overspends in other directorates.

Environment & Economy (E&E)

32. The provisional outturn position for the directorate was an underspend of -£3.0m (-£2.2m reported in April). This underspend falls entirely within Commercial Services.

EE2 Commercial Services

33. -£1.8m of the total underspend relates to Corporate Facilities Management. This comprises: the early realisation of Corporate Landlord savings on rents, rates, landlord service charges and utilities (-£0.8m); an underspend in the Facilities Management Technical Office on contract cleaning and repairs and maintenance, due to the reduction in the size of the estate (-£0.7m); and early delivery of Facilities Management savings (-£0.3m).
34. Property Contract & Performance Management underspent by -£0.6m. Within the property contract, fixed management fees are recovered through the work carried out during the year. Due to a larger than average capital programme, the amount of fees recovered through the capital work has exceeded the fixed cost payable. The surplus would normally be transferred to the capital reserve but instead has been used in revenue.
35. Network and Asset Management underspent by -£0.8m due to vacancies as a result of the recruitment freeze (-£0.5m) and several smaller variations.
36. Supported Transport underspent by -£0.6m due primarily to early realisation of savings relating to Bus Subsidies.
37. The four areas of underspends outlined above have been partly offset by +£0.8m overspends across Commercial Services.

Corporate Services

38. The provisional outturn position for the directorate is an overspend of +£0.2m (+£0.2m reported in April).
39. Within Legal services, increased counsel spend from the significant increase in the number of childcare proceedings created a pressure of +£0.5m which was met from a contribution from council balances.
40. Within Education Support services, a pressure of +£0.6m due to the level of school income reducing significantly (mainly due to academy conversions) that was not offset in full by a reduction in service costs, has been funded on a one-off basis from the corporate contingency. The on-going impact has been addressed in the 2017/18 budget as part of the Service & Resource planning process.

41. Transformation overspent by +£0.8m mainly on ICT. This is due to rationalisation savings not being fully realised. Other areas of Corporate Services underspent mostly due to staffing vacancies, resulting in a £0.2m overspend overall for the directorate.

Public Health

42. Public health underspent by -£0.9m. In accordance with accounting requirements, the underspend has been placed in the grants and contributions reserve and will be used to meet Public Health expenditure in future years.

Grants

43. As set out in Annex 3, ringfenced grants totalling £256.5m for Children, Education & Families, £0.2m for Social and Community Services, £2.2m for Environment & Economy, £1.2m for the Corporate Services and £32.1m for Public Health were included in directorate budgets. These have been used for the specified purpose or have been placed in the grants and contributions reserve and will be available for use in 2017/18. Where necessary, unspent amounts have been returned to the funding body.
44. Un-Ringfenced grants totalling £20.8m are also set out in Annex 3 (excluding Revenue Support Grant and Business Rates Top-Up Grant).

Proposed Virements of under and over spends in 2016/17

45. As set out in paragraph 4, it is recommended that the underspends in Social & Community Services and Environment & Economy are used to offset the overspend in Corporate Services and Children, Education & Families. The balance of +£1.6m is met from balances. The total underspend on Strategic Measures of -£2.6m has also been transferred to balances, resulting in a net £1.0m increase in the level of general balances. Details are set out in Annex 2a and Annex 5.
46. Some of the virements required to offset over and underspends within and between directorates are larger than £1.0m and will require approval by Council on 11 July 2017 under the council's Financial Procedure Rules.

Strategic Measures

47. An underspend of -£1.1m is reported on Strategic Measures. Within this, there are underspends on Capital Financing (-£0.6m) and additional un-ringfenced government grants (-£0.2m). Additional interest on balances of -£0.1m is due to higher than forecast average cash balances. £0.2m of the corporate contingency remained unallocated at the end of the year.
48. The budget includes a planned contribution to balances each year of £2.0m on the assumption that £2.0m will be drawn down each year by

way of supplementary estimates. As supplementary estimates only totalling £0.5m were approved in year, there is a -£1.5m underspend on the budgeted contribution to balances (set out in the table at paragraph 2).

49. The Treasury Management Outturn report for 2016/17, which covers all of the related activities in detail, will be considered by Cabinet on 18 July 2017.

Debt and Loan Write – Offs & Impairments

50. For the year ended 31 March 2017 there were 193 general debt write offs which totalled £0.135m. Adult social care client contributions wrote off 379 debts totalling £0.202m. CEF wrote off one loan totalling £0.050m, this was approved by Cabinet in July 2016. Total debt and loan write offs for the year were £0.387m. This compares to debt write offs of £0.270m for 2015/16.
51. Of the general debt write offs total, £0.087m relates two cases where court proceedings were not appropriate; both approved by Cabinet in December 2016 and February 2017 respectively. The majority of Adult Social Care debt written off relates to balances owed by insolvent estates.
52. As reported to Cabinet in April 2017, the Adult Social Care forecast included an impairment of £0.165m relating to one of the council's home support providers that ceased trading in early March 2017. The council's accounts include an impairment of £0.335m to reflect the maximum possible loss. £0.169m of this relates to payments for care made under the terms of the Help to Live at Home contract. A further £0.166m relates to staffing and associated costs incurred by the council following the provider ceasing to provide the contracted service. A claim for the sum owed to the council has been lodged with the administrator but the process is expected to take some time. A further update, and request for an associated write – off, will be provided once the final settlement has been notified.

Business Strategies

53. The outturn position set out in this report incorporates Business Strategy savings that were agreed by Council in February 2016 and previous years. £52.5m of savings were built into the 2016/17 budget, of this £47.4m or 90% has been achieved
54. Included in the £47.4m of savings delivered is £2.7m of savings have been partly delivered in 2016/17 with the rest due to be delivered in the next financial year.
55. Although savings of £5.1m were not achieved, the impact has been managed in 2016/17 within the position set out in this report. In addition, the on-going implications have been addressed as part of the 2017/18 Service & Resource Planning process.

Part 2 - Capital Outturn

Summary Programme Expenditure

56. The summary outturn position compared to both the original (February 2016) and latest capital programme (February 2017) and also the latest position forecast at the end of February 2017² is shown in Annex 7a. For completeness year end accounting adjustments are included (e.g. capitalisation of revenue expenditure on vehicles and repairs and maintenance).
57. The total capital programme expenditure for the year 2016/17 was £1111.0m. The variation between the original programme and the final outturn is -£28.8m (-21%).
58. The overall variation has been adjusted to take into account the impact of changes that have arisen due to factors that do not reflect the performance of the programme (e.g. technical accounting changes and external influences outside of our control). Excluding schools local spend the adjusted variation reduces to -£15.1m (-11%). This represents 89% use of resources compared to the original capital programme. This is shown Annex 7b.
59. The outturn position for the total directorate programmes compared to the latest updated capital programme (February 2017) is a reduction of £28.3m (-21%). This represents the movement in the last quarter of the year.
60. The outturn position for the total directorate programmes compared to the last forecast position at the end of February 2017 is a reduction of £18.3m (-14%). These represent variations that were not forecasted and reported to Cabinet throughout the year.
61. Further comments explaining the key movements within each directorate are set out below. A detailed analysis of the variations by scheme is shown in Annex 7d.

Children, Education & Families

62. The total capital expenditure for 2016/17 was £46.3m (excluding schools local capital expenditure). This is a reduction of £3.8m against the latest forecast position (April 2017 Cabinet report).
63. Expenditure included 10 basic need projects creating 534 additional pupil places. For several projects that were anticipated having completion dates later than September 2016, the pre-agreed contingency plans in order to accommodate the additional pupils were implemented.

² Financial Monitoring Report to Cabinet in April 2017

64. The projects delivered as part of the 2016/17 Basic Need programme, including project development fees and work on schemes expected for 2017/18 and beyond total £10.5m.
65. The total expenditure for the Basic Need Programme was £2m lower than the latest forecast. A number of projects required for September 2017 are currently awaiting full approval. Had these projects progressed as originally planned the level of spend in 2016/17 would have been higher.
66. Three new primary schools were completed during the year; GEMS Primary Academy, Didcot (the first new primary school on the Great Western Park development), opened in September 2016. As a consequence of the latest projection of pupil numbers arising from slower than expected progress of housing developments, it has been agreed with the Academy providers to defer the opening of the new primary schools at Longford Park, Banbury and Gagle Brook, Bicester. Work on delivering the new Aureus School in Didcot (the new secondary school serving the Great Western Park Development) continues to progress and is on track to open in September 2017 as planned. The total in-year expenditure on new schools was £30.4m.
67. A total of £1.7m was spent on the annual programmes; Schools Structural Maintenance, Access, Health & Safety and Temporary Classroom Programmes (excluding temporary classrooms required to mitigate delays in delivery of basic need projects).
68. A further combined sum of £1.6m was spent on the delivery of four new Children's Home's. All four sites are now open, although significantly later than originally planned and are providing an additional 20 in-county residential placements.
69. £0.5m was spent on the Early Years Capacity Programme providing additional early years places with a further £0.7m on the creation and upgrade of kitchen and dining facilities funded by the Universal Infant Free School Meal Programme. A total of £0.9m was spent in-year on establishing the new Family & Children Centres.
70. The variation compared to the original Capital Programme approved by Council in February 2016 is a reduction of £5.4m or 10%. The original budget provision for 2016/17 was £53.5m. The main variations are:
 - (a) Basic Need Programme – delay in the delivery of projects in the Sept 16 and Sept 17 programmes of £7.6m.
 - (b) Inclusion of the Children & Family Centre Programme £0.9m
 - (c) Additional £2.7m spent on the New School Programme. This is a result of progress with the delivery of the new Aureus Secondary School at Great Western Park, Didcot (opening in September 2017), and the additional £2m cost pressure for the construction of the new GEMS Primary Academy at Great Western Park (opened in September 2016).

Social & Community Services

71. The total capital expenditure in 2016/17 was £13.4m including £8.5m for the new care home on the Townlands Hospital site in Henley, a re-provision of the Chilterns End Home and £4.5m Disabled Facilities Grant under the Better Care Fund which is required to be distributed to the district councils.
72. The variation against the latest forecast position and the latest approved Capital Programme is a reduction of £1.8m (-12%). The main variations not previously reported arise from a reduced level of providers seeking partnership/funding for Extra Care Housing projects (-£0.8m) and slower progress on the Adult Social Care programme for day services funded through S106 contributions (£0.4m), one project within the programme has been completed.

Environment & Economy - Transport

73. Total capital expenditure in 2016/17 was £39.7m. This includes £19.0m spent on highways structural maintenance and significant investment on the Harwell Link Road and Eastern Arc (Access to Headington) projects and the completed projects; Wolvercote & Cutteslowe Roundabouts, A34 Chilton and Milton Junctions and Hagbourne Hill all within the City Deal programme.
74. The variation compared to the latest forecast position is a reduction of £5.6m (-12%) and the variation compared to the latest capital programme is a similar reduction of £7.0m (-15%). The main variations not previously reported are:
- (a) Loop Farm Link Road (£0.9m) as profile did not accurately reflect delivery programme,
 - (b) contribution for East West Rail not yet payable (£0.7m),
 - (c) Access to Headington project (£2.0m) - planned expenditure has been moved back to later years,
 - (d) Street Lighting (£1.2m);
 - (e) Milton Interchange - additional funding (£1.0m).
75. The variation compared to the original capital programme is a reduction of £8.1m (-17%). City deal spend of £1.5m was re-profiled as scheme progress is dependent on land acquisitions and a further £1.4m was re-profiled as one project is on hold until after the Vale Local Plan examination has concluded. Contributions totalling £1.9m for projects to be delivered by third parties has been re-profiled to later years of the programme.

Environment & Economy – Other

76. The total capital expenditure in 2016/17 was £1.6m with the majority spent on the Asset Strategy Implementation programme including ICT refresh and agile working implementation.

77. The variations compared to the latest forecast position (April 2017 Cabinet) and the original Capital Programme (February 2016 Council) is a decrease of £10.0m and £8.2m (-87%). The largest variance was on the Broadband project. During the year BT paid a higher share of the project costs in accordance with the contract. This resulted in an overstatement of £7.0m in the forecast of the Council's expenditure in the capital programme. As reported to Cabinet in April 2017, the total budget for the Broadband project has been reduced by £3.0m over the project lifetime. A delay in the delivery of the two new salt barns has also resulted in a £2.0m reduction compared to the original budget.

Corporate Services

78. Total capital expenditure in 2016/17 was £8.3m. Actual expenditure includes fit out for the new Bicester Library, initial transformation of the Westgate Library and contributions of Growing Places Funding and Local Growth Funding on behalf of the Oxfordshire Local Enterprise Partnership (OxLEP) to major projects being delivered by third parties.

Summary Programme Financing

79. The Capital Programme expenditure of £111.0m was funded from a combination of capital grants and other external contributions (£64.9m), developer contributions (£36.8m), project specific prudential borrowing (£8.7m) and revenue contributions (£0.6m). See table in Annex 7c.
80. The level of the un-ringfenced grant balance has increased by £8.8m to £11.8m³. As these grants are un-ringfenced and are not time limited, other funding sources have been utilised first.
81. The unapplied ringfenced balance held at the start of the year has decreased by £2.5m to £4.9m (includes £1.8m of Growing Places Fund held on behalf of OxLEP). There are no issues foreseen with utilising the remaining grants by their deadlines.
82. There was not a requirement to use the capital receipts or capital reserve balances and therefore these balances have increased by £1.8m to £43.6m. The original forecast for capital receipts from the disposal programme for 2016/17 was £2.6m and actual capital receipts achieved were £1.9m. The reserve balances and un-ringfenced grant balances are forecast to be spent over the four year capital programme period.

Part 3 – Balance Sheet

General Balances

83. As set out in Annex 5 general balances were £20.0m as at 31 March 2017. This compares to anticipated balances at the end of the financial

³ of which £5m relates to the early receipt of the 2018/19 basic need allocation

year of £15.1m as set out in the Medium Term Financial Plan (MTFP) approved by Council in February 2017. The improved position is as a result of the reduction in the anticipated overspend by directorates. Supplementary Estimates agreed by Cabinet were £0.1m in December 2016 to implement the requirements of the Transport Infrastructure code; and a total of £0.4m in October 2016 and February 2017 to meet the pressures of counsel expenditure in Legal Services.

84. The 2017/18 budget agreed at Council in February 2017 included a £2.7m contribution to balances to maintain them at the risk assessed level of £17.6m. As balances have not fallen below the risk assessed level, the £2.7m contribution is not required and will be available as additional contingency during 2017/18.

Earmarked Reserves

85. Annex 4a sets out earmarked reserves brought forward from 2015/16 and the position as at 31 March 2017. These reserves are held for specified one – off projects, contractual commitments and to support the MTFP. All reserves were challenged during the 2017/18 Service & Resource Planning process.
86. Revenue Reserves total £60.5m as at 31 March 2017 and have increased by £4.7m since 1 April 2016. Explanations of significant changes to School, Directorate and Corporate reserves are set out below.

Grants and Contributions

87. £7.5m of Dedicated Schools Grant (DSG) was unspent at the end of 2016/17. This has reduced from £8.8m held at the end of 2015/16. Schools Forum has agreed the use of this balance in 2017/18 and beyond.
88. Other ring-fenced grant underspends held in the Grants and Contributions Reserve for use in future years in line with the grant criteria include £1.3m for Revenue Section 106 contributions and £1.4m Public Health Grant which was not spent as at 31 March 2017. Unspent ringfenced grants & contributions held in the reserve as at 31 March 2017 total £14.7m.
89. The Government Initiatives reserve is used to hold funding relating to a number of unringfenced grants received that relate to either specific agreed outcomes or the implementation of Government Initiatives. These include one-off funding for Special Educational Needs Reform, Adoption Reform and Counter Fraud and totals £0.4m as at 31 March 2017.

Children, Education & Families

90. Schools' balances were £20.7m at 1 April 2016 and reduced to £18.4m at 31 March 2017. 160 schools had surplus balances at 31 March 2017, while 23 had deficits. The decrease in the number and value of surplus balances during 2016/17 reflects increasing cost pressures

faced by schools while Dedicated Schools Grant funding has not been increased other than for pupil numbers, and conversion of more schools to academy status.

91. 105 schools had converted to academy status up to 31 March 2017. Under the transfer of Balances Regulations the local authority has, once the closed school accounts have been finalised and agreed, transferred school balances to the successor academy. A total of £0.8m remains to be agreed and passed to academies. Not all schools that converted to academy status were at a breakeven or in a surplus financial position; one school converted with a deficit which is expected to be repaid by the Education and Skills Funding Agency to the local authority.
92. Other reserves held by CE&F at the end of 2016/17 total £2.6m. These include: Thriving Families (£0.8m), School Intervention Fund (£0.5m) and National Citizenship Service (£0.6m).

Social & Community Services

93. Social & Community Services reserves remained at £3.0m by 31 March 2017 and include £1.6m funding held for the pooled budgets as well as funding for the Emergency Services Mobile Communications Programme. Contributions of £0.4m from the Older People's Pooled Budget Reserve and £0.3m from the Physical Disabilities Pooled Budget Reserve have been used to meet in year pressures. A contribution of £0.7m has been made to a new Deprivation of Liberty Safeguards Reserve. This will be used to meet pressures in this area over the period of the medium term financial plan.

Environment & Economy

94. Environment & Economy reserves have increased from £5.4m to £11.2m at 31 March 2017. This includes the balance on the Parking Account of £2.9m at the end of 2016/2017 increased from £1.9m at the end of 2015/16 (set out in Annex 6). The balance will be used to fund highways expenditure in accordance with Section 55(4) of the Road Traffic Regulation Act 1984.
95. Other contributions during 2016/17 include £1.7m to a new Investment Reserve. This relates to the remaining balance of one off investment budgets allocated to projects that span more than one financial year.
96. Additional funding of £2.4m has been transferred to the Asset Rationalisation Reserve to enable asset rationalisation savings to be achieved.
97. A contribution of £0.8m was made to the Catering Investment Fund Reserve which is used for improvement to school kitchens. The contribution relates to the repayment of the IBC investment funding taken from several E&E reserves in 2015/16.

Corporate Reserves

98. The Efficiency Reserve totalled £2.5m as at 31 March 2017. This will be used for one – off projects that support the Council’s Medium Term Financial Plan.
99. There is a nil balance on the carry forward reserve as the directorate overspend has been met from balances.

Other Reserves

100. As set out in Annex 4a, Other Reserves which include Insurance, Capital and Cash flow reserves total £53.9m as at 31 March 2017.
101. A Budget Reserve to manage the cash flow over the Medium Term Financial Plan was set up in 2012/13. The balance on the reserve at 31 March 2017 is £1.2m and will be used in line with the Medium Term Financial Plan agreed by Council on 14 February 2017.
102. The balance held in the Insurance Reserve has increased to £8.1m from £7.1m at 31 March 2016. Capital Reserves total £34.5m and will be used to finance the Capital Programme agreed by Council in February 2017.

RECOMMENDATIONS

103. **The Cabinet is RECOMMENDED:**
- (a) in respect of the 2016/17 outturn to:**
- i. note the provisional revenue and capital outturn for 2016/17 along with the year end position on balances and reserves as set out in the report;**
 - ii. approve the creation of the Deprivation of Liberty Safeguards Reserve as set out in paragraph 94;**
 - iii. approve the virements as set out in Annex 2a;**
 - iv. recommend Council to approve the virements greater than £1.0m for Children, Education & Families, Environment and Economy, Social & Community Services and Strategic Measures as set out in Annex 2a;**
 - v. agree that the surplus on the On-Street Parking Account at the end of the 2016/17 financial year, so far as not applied to particular eligible purposes in accordance with Section 55(4) of the Road Traffic Regulation Act 1984, be carried forward in the account to the 2017/18 financial year.**

LORNA BAXTER
Director of Finance

Background papers: Directorate Provisional Outturn Reports for
2016/17 and Financial Monitoring Reports for
2016/17

Contact Officers: Katy Jurczynszyn, Strategic Finance Manager
07584 909518

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