

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

5 JULY 2016

REPORT OF THE CHIEF EXECUTIVE

FINANCIAL PERFORMANCE 2015-16

1. Purpose of this report

- 1.1 The purpose of this report is to provide Cabinet with an update on the Council's financial performance for the year ended 31st March 2016.

2. Connections to Corporate Improvement Objectives and Other Corporate Priorities

- 2.1 The financial performance of the Council budget determines the extent to which the corporate improvement priorities can be delivered.

3. Background

- 3.1 On 25th February 2015, Council approved a net revenue budget of £252.201 million for 2015-16, along with a capital programme for the year of £36.441 million, which was revised in the Medium Term Financial Strategy 2016-17 to 2019-20 (MTFS) in March 2016 to £31.689 million, and then in May 2016 to £26.698 million. As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The drawdown of earmarked reserves and the delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

4.0 Current Situation

4.1 Summary financial position at 31st March 2016.

- 4.1.1 The Council's net revenue budget and actual outturn for 2015-16 is shown in Table 1 below.

Table 1- Comparison of budget against outturn for the year ended 31st March 2016

Directorate	Revised Budget	Actual Outturn 2015-16	Actual Over / (Under) Spend	Projected Over / (Under) Spend at Qtr 3
	2015-16 £'000	2015-16 £'000	2015-16 £'000	2015-16 £'000
Directorate				
Education and Transformation	105,995	105,667	(328)	(100)
Social Services and Wellbeing	61,285	61,099	(186)	(102)
Communities	25,228	25,014	(214)	134
Resources	14,572	14,058	(514)	(165)
Legal & Regulatory Services	6,082	5,685	(397)	(369)
Total Directorate Budgets	213,162	211,523	(1,639)	(602)
Council Wide Budgets	39,039	31,486	(7,553)	(563)
Accrued Council Tax Income		(1,752)	(1,752)	0
Less Contributions to:				
Earmarked Reserves - Directorates		1,193	1,193	
Earmarked Reserves - Corporate		9,597	9,597	
Transfer to Council Fund		154	154	
Total	252,201	252,201	0	(1,165)

Overview

- 4.1.2 The overall outturn at 31st March 2016 shows a balanced position. Directorate budgets provided a net under spend of £1.639 million and corporate budgets a net under spend of £7.553 million.
- 4.1.3 The under spend on Directorate net budgets for the year is a result of a number of factors including the maximisation of grant and other income, strict vacancy management, increased productivity on some trading accounts, savings resulting from improved systems and processes and delays in implementing some Directorate schemes. Directorates drew down £2.002 million in-year from approved earmarked reserves to meet specific one off pressures identified in previous years, including funding for transformation projects through the Change Fund, implementation costs for the new Shared Regulatory Services, costs of demolition work and service specific one-off pressures.
- 4.1.4 The under spend masks underlying budget pressures in some service budgets which were reported during the year and still persist. The main financial pressures are in the service areas of Looked After Children and Adult Social Care. It should be

noted that these budget areas can be volatile and small changes in demand can result in relatively high costs being incurred. As patterns of provision change within Directorates, service budgets are reviewed and re-aligned accordingly.

4.1.5 The budget approved for 2015-16 included savings proposals of £11.225 million (5.27% of net service budgets). £1.909 million of these proposals were not realised in 2015-16, but the expenditure associated with them has been offset by vacancy management, and other savings elsewhere within the budget. Appendix 1 provides a breakdown of those budget reductions not achieved in full, and shows that of the £2.692 million of proposals not fully achieved, only £783,000 was realised in 2015-16, leaving a shortfall of £1.909 million. It also shows the current RAG Status of these proposals. As such there is still a recurrent pressure on 2016-17 budgets which will need to be addressed by implementing the proposals in Appendix 1 or identifying and delivering alternatives. Future monitoring reports will review achievement against these targets in addition to current year budget reductions.

4.2 Commentary on the financial position as at 31st March 2016

A summary of the financial position for each main service area is attached as Appendix 2 to this report and comments on the most significant variances are provided below, along with total draw down on earmarked reserves.

4.2.1 Education and Transformation Directorate

The net budget for the Directorate for 2015-16 was £105.995 million and the actual outturn was £105.667 million, resulting in an under spend of £328,000. There was £333,000 drawn down from earmarked reserves during the year for specific pressures, including £256,000 draw down of school balances and £45,000 for demolitions.

The most significant variances are detailed below:

EDUCATION & TRANSFORMATION DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Inclusion	3,570	2,639	(931)	-26.1%
Youth Service	422	326	(96)	-22.7%
School Improvement	785	861	76	9.7%
Home to School / College Transport	4,310	4,648	338	7.8%
Dismissal / Retirement Costs	983	1,403	420	42.7%

Inclusion

- The LEA Special Needs budget under spent by £107,000 due to strict vacancy management pending budget reductions in 2016-17.
- The Schools Special Needs budget under spent by £218,000 primarily as a result of vacancy management (£168,000), and reduced spend on one-to-one support due to difficulties in recruiting staff.
- There was an under spend of £493,000 on the budget for out of county education placements due to a reduction in the number and cost of

placements (28 external placements compared with 32 in March 2015) with Recoupmnt income also exceeding budget by £113,000.

Youth Service

- There was an under spend on the Youth Service budget which was mainly as a result of an under spend on staffing of £29,000 and additional grant income received in year of £52,000.

School Improvement

- There is an over spend on the School Improvement budget of £76,000 as a result of additional support provided by the Corporate Director to schools in difficulty and facing challenges, including additional teaching support and resources. In particular a considerable financial investment was required to support Year 11 pupils in Coleg Cymunedol Y Dderwen to ensure that they had the best opportunity to be successful in this summer's GCSEs.

Home to School / College Transport

- There is an over spend of £338,000 on Home to School / College transport as savings anticipated due to further retendering of contracts were less than anticipated. In addition, the 2015-16 MTFS savings have not been fully achieved partly due to the limited rationalisation of contracts because of increases in the number of pupils eligible for transport. Route efficiencies have not being fully realised as the agreed change to the Learner Travel policy by Cabinet will not now be implemented until September 2016 and this will not bring the same level of savings as were originally identified. Further efficiencies to SEN and Looked After Children (LAC) transport have been ongoing but have been impacted by some increased demand for individual transport due to the needs of individual children and our duty as a Local Authority to ensure that they are transported in line with our statutory responsibilities and our current Learner Travel policy.

Dismissal / Retirement Costs

- The over spend of £420,000 relates to an increased number of school redundancies and early retirements in 2015-16, as a result of falling school rolls, or pressure on school budgets, which have been approved by the Corporate Director. An earmarked reserve was established at the end of 2014-15 to meet any additional costs above budget, but this has not been drawn down due to the Directorate's overall under spend.

Schools' Delegated Budgets

- School balances reduced from £2.410 million at the end of March 2015 to £2.154 million at the end of March 2016 (a reduction of £256,000), representing 2.36% of annual school budgets. Total deficit budgets equate to £621,000 and total surplus budgets equate to £2.775 million.
- There are 6 schools (3 primary, 3 secondary) with deficit budgets and 14 schools (11 primary, 2 secondary, 1 special) with surplus balances in excess of the statutory limits (£50,000 primary, £100,000 secondary and special schools) in line with the School Funding (Wales) Regulations 2010. These balances will be analysed by the Corporate Director, in line with the agreed 'Guidance and procedures on managing surplus school balances'.

4.2.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2015-16 was £61.285 million and the actual outturn was £61.099 million resulting in an under spend of £186,000. This is made up of an under spend of £649,000 on Adult Social Care, an over spend of £29,000 on Sport, Play and Active Wellbeing services and an over spend of £434,000 on Safeguarding and Family Support. There was £244,000 drawn down from earmarked reserves throughout the year for specific pressures, including £117,000 for the Adult Social Care Change Team, £26,000 towards the LAC strategy and £34,000 for residual Job Evaluation costs.

The most significant variances are detailed below:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Older People Residential Care	8,261	7,607	(654)	-7.9%
Older People Home Care	7,941	8,177	236	3.0%
Learning Disabilities Residential Care	1,487	1,595	108	7.3%
Learning Disabilities Day Opportunities	3,238	3,067	(171)	-5.3%
Management, Administrative & Central Services	606	808	202	33.3%
Looked After Children	10,923	11,420	497	4.6%
Family Support Services	978	795	(183)	-18.7%
Commissioning and Social Work	4,364	4,559	195	4.5%

Older People Residential Care

- A net under spend of £654,000 is a result of increased income from client contributions and for respite care and reductions in nursing placements (£236,000) and running costs (£50,000). A significant increase in income from previous forecast is due to deferred fee income in relation to income secured against clients' property. This income is currently drawn down at year end but will be drawn down and monitored quarterly in 2016-17.

Older People Home Care

- The over spend is due to the increased demand for homecare hours, which are higher than those originally forecasted by the service. This is as expected as the increased demand is being managed by supporting people within the community rather than through residential care. The Directorate is in the process of remodelling the homecare service with a view to retaining only critical and complex care internally and transferring other care to independent providers.

Learning Disabilities Residential Care

- An over spend of £108,000 has arisen as a result of the continued provision of an increase in the number of residential placements. These placements will continue into the new financial year. The Directorate will monitor this pressure during 2016-17 and re-align budgets where possible.

Learning Disabilities Day Opportunities

- There is an under spend of £171,000 on the day opportunities budget as a consequence of staff vacancies within the service, part of which was held in anticipation of budget reductions in 2016-17. The under spend on these posts will not reoccur in 2016-17.

Management, Administrative and Central Services

- The Directorate is carrying a budget pressure from some unrealised 2015-16 budget reductions. Whilst these have been mitigated by additional savings generated elsewhere in the 2015-16 budget, the Directorate will re-align budgets in 2016-17 where possible to ensure the over spend does not reoccur.

Looked After Children (LAC)

- The number of LAC at 31st March 2016 was 382 compared to 390 at the end of March 2015. However there still remains a budget pressure within this area. There is a £115,000 over spend on out of county residential care based on 12 active placements. In addition, there was a £110,000 over spend on independent fostering placements. There was also a £185,000 over spend against in-house residential and respite provision, related to MTFS efficiencies. The directorate is working closely with Early Help and Intervention in developing a joint plan.

Family Support Services

- There is an under spend of £183,000, mainly as a result of under-utilised direct payments (£106,000), which have been re-claimed, and partly due to under spends on salary budgets and residence orders, both of which have reduced in total from those granted in 2014-15. In terms of direct payments, the service has recently re-tendered for a direct payment support provider with the intention of increasing the number of direct payments and therefore fully utilise direct payment budgets. The new provider, Avanta, will take over in July 2016.

Commissioning & Social Work

- There is an over spend of £195,000 due to the use of agency staff across the service.

4.2.3 **Communities Directorate**

The net budget for the Directorate for 2015-16 was £25.228 million and the actual outturn is £25.014 million resulting in an under spend of £214,000. There was £727,000 drawn down from earmarked reserves for specific pressures, including £135,000 for the establishment of the Awen Trust, £120,000 for waste management procurement, £124,000 for highways works and £86,000 in respect of lost car parking income following the closure of the Rhiw Car Park.

The most significant variances are detailed below:

COMMUNITIES DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Development	334	265	(69)	-20.7%
Housing and Community Regeneration	1,341	949	(392)	-29.2%
Regeneration	1,780	1,700	(80)	-4.5%
Streetworks	7,899	7,936	37	0.5%
Highways and Fleet	6,273	6,438	165	2.6%
Transport and Engineering	881	898	17	1.9%
Parks and Open Spaces	2,105	2,329	224	10.6%
Culture	3,449	3,365	(84)	-2.4%

Development

- There is an under spend on the Development budget of £69,000. This is mainly due to increased income (£30,000) and staff vacancy management (£22,000) in Development Control, and staff vacancy management (£15,000) in Development Planning, both offsetting an under-recovery of fee income in Development Technical Support (£12,000).

Housing and Community Regeneration

- There is an under spend of £392,000 on the Housing and Community Regeneration service. This mainly comprises an under spend of £250,000 relating to the ongoing improved management of demand for temporary accommodation. The introduction of Ty Ogwr and Cornerstone (providers of housing related support funded through Supporting People Grant) has seen the under spend on this service area increase during 2015-16 as they accommodate those that previously might have been in B&B settings.
- In addition there are under spends of £50,000 as a result of core funded staff working on grant funded projects during 2015-16, an additional £35,000 of savings across the service which will contribute towards the MTFS for housing in 2016-17, and a £44,000 under spend relating to other budget headings.

Regeneration

- There is an under spend of £80,000 on the Regeneration budget. This is mainly a combination of staff vacancy management (£50,000) and a delay in the implementation of broadband at the Kenfig Nature Reserve that had been planned for 2015-16 (£11,000).

Streetworks

- Included in this budget heading is an over spend on the waste disposal budget (£275,000). This is mainly as a result of increased waste disposal costs arising from a higher than predicted tonnage of black bag waste presented at the kerbside for disposal by residents of the County Borough, along with the delay in the procurement process to appoint a contractor to operate and manage the MREC (£416,000). This has been partly offset by savings from an interim Anaerobic Digestion procurement project (£150,000).
- There has been an under spend on waste collection costs (£119,000) which has mainly been achieved from the closure of the Penllwyngwent HWRC site.

- Other budgets areas (Enforcement/Other Cleaning /Bereavement Services) within Streetworks have also offset the over spend (£141,000) via a combination of staff vacancy management and increased income recovery.

Highways and Fleet

- There is an over spend on Highways maintenance of £212,000. This is mainly due to an over spend on Waterton depot costs (£30,000), a revenue contribution to the Inner By Pass Capital Scheme (£118,000), and higher than usual costs experienced for Highway damage charges (£50,000).
- Fleet services has over spent by £93,000 due to a downturn in income against budget. This has been offset by an under spend on Street lighting energy costs (£72,000) as a consequence of installing more energy efficient units.

Transport and Engineering

- The small net over spend of £17,000 masks a number of large under and over spends.
- There is a £320,000 over spend on the car park budget primarily as a result of unforeseen delays in the implementation of MTFs savings targets - charging for blue badges (£165,000) and increase in charges for staff passes (£60,000) - combined with historic staff car pass income shortfalls (£50,000).
- There is an over spend on maintenance at Bridgend Bus Station (£50,000).
- Traffic Management and Road Safety has over spent by £65,000. Of this, £20,000 is due to the shortfall on the MTFs saving relating to School Crossing Patrols (SCPs), as a result of the decision taken not to remove all SCPs and implement savings in line with GB standards. The balance of the over spend is due to a shortfall in internal fee income (£30,000).
- Policy and Development has over spent by £125,000. This consists of a £50,000 shortfall in fee income, a £15,000 over spend on transport studies and a £60,000 over spend on staffing costs following the use of agency staff to fill vacancies prior to a staff restructure.
- The over spends identified have been offset by Engineering services exceeding their income target (£310,000) primarily due to the proportion of EU/non EU funded projects that they have worked on compared with previous years, and consequent ability to charge full costs. There has also been an under spend within Transport Co-ordination due to staff vacancy management (£180,000). The staff vacancy management will contribute to the 2016-17 MTFs budget reduction targets.

Parks and Open Spaces

- This service area had a £437,000 savings target for 2015-16. There was a delay in the implementation of the staffing restructure which has led to an over spend of £207,000. The restructure has now been implemented and will be met in full in 2016-17.

Culture

- There has been an under spend under Cultural Services of £84,000. This mainly relates to staff vacancy management under Adult Community Learning (£66,000)

4.2.4 Resources Directorate

The net budget for the Directorate for 2015-16 was £14.572 million and the actual outturn was £14.058 million, an under spend of £514,000. £338,000 million was drawn down from earmarked reserves during the year for specific pressures, including £143,000 for demolition costs, £135,000 feasibility funding for capital schemes and £44,000 for schemes funded from the Change Fund.

The most significant variances are detailed below:

RESOURCES DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Property (Estates)	1,776	1,722	(54)	-3.0%
HR	3,932	3,899	(33)	-0.8%
ICT	4,068	3,668	(400)	-9.8%
Finance	1,659	1,564	(95)	-5.7%
Housing Benefit	478	746	268	56.1%
Audit Fees and Bank Charges	887	756	(131)	-14.8%

Property Services

- An under spend on Facilities Management of £280,000 has arisen primarily as a result of reduced business rates and running costs on Council premises. This has been partly offset by an over spend relating to voids on non-operational assets (£100,000), and additional costs incurred on the 21st Century Schools programme that were not eligible to be funded from capital (£90,000).

Human Resources

- The net under spend of £33,000 has arisen mainly as a result of an under spend on Disclosure and Barring Service (DBS) checks (£65,000), offset by additional costs associated with staff counselling and occupational health (£30,000).

ICT

- The net under spend of £400,000 has arisen as a result of under spends on software and from staffing vacancies in anticipation of future years budget reductions. This under spend was intended to finance the revenue costs associated with implementing agile working and the move from Raven's Court. However, due to the delay in this project, this funding remains unspent in 2015-16 and an earmarked reserve has been established to meet the costs in 2016-17.

Finance

- The net under spend of £95,000 in relation to accountancy services arose following restructuring of the service during 2015 to meet budget reductions for 2015-16 and 2016-17 and is a combination of reduced staffing costs and additional income generation from agreed charges for services.

Housing Benefit

- The net over spend of £268,000 comprises an over spend of £522,000 on payments of housing benefit, partly offset by an under spend of £254,000 on the administration of housing benefit claims. The over spend has partly arisen due to an increase in bad debt provision following work undertaken by the Inland Revenue to identify people who are working and claiming housing benefit, and the subsequent increase in the level of debtors. The under spend is mainly due to the transfer of fraud activity to DWP and savings generated as a consequence.

Audit Fees and Bank Charges

- The under spend of £131,000 comprises an under spend of £55,000 on internal audit fees, as a result of staffing vacancies, and £85,000 relating to reduced external audit fees. This is partly offset by lower income from the recharge of bank charges, in particular CHAPS fees.

4.2.5 Legal and Regulatory Services Directorate

The net budget for the Directorate for 2015-16 was £6.082 million and the actual outturn was £5.685 million resulting in an under spend of £397,000. There was £359,000 drawn down from earmarked reserves during the year for specific pressures, including £295,000 for redundancy costs on establishment of the Shared Regulatory Service and smaller schemes funded from the Change Fund.

The most significant variances are detailed below:

LEGAL AND REGULATORY SERVICES DIRECTORATE	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Legal Services	2,253	2,010	(243)	-10.8%
Democratic Services	1,561	1,521	(40)	-2.6%
Procurement	284	219	(65)	-22.9%
Partnerships	353	314	(39)	-11.0%

Legal Services

- The under spend on Legal Services is mainly a combination of additional income from the Registrar's service of £60,000, staffing vacancies and recovery of fees for legal services.

Democratic Services

- The under spend is a combination of small under spends on member and officer salaries, resources and training.

Procurement

- The under spend relates to vacancy management in preparation for future MTFS budget reductions. These under spends will not reoccur in 2016-17.

Partnerships

- The under spend on partnerships and performance management relates to vacancy management in preparation for future MTFS budget reductions. These under spends will not reoccur in 2016-17.

4.2.6 Council Wide budgets

This section of the accounts includes budgets, provisions and services which are council wide, and not managed by an individual Directorate. The net budget for council wide services and budgets was £39.039 million and the actual outturn was £31.486 million, resulting in an under spend of £7.553 million.

The most significant variances are detailed below:

CORPORATE BUDGETS	Net Budget	Actual Outturn	Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	10,372	10,660	288	2.8%
Council Tax Reduction Scheme	13,869	13,348	(521)	-3.8%
Building Maintenance	767	583	(184)	-24.0%
Sleep-Ins	800	-	(800)	-100.0%
Other Corporate Budgets	4,685	392	(6,294)	-134.3%

Capital Financing

- The net over spend of £288,000 is mainly as a result of the repayment of additional premiums to reduce future financing costs, which were partly met from the draw down of earmarked reserves and partly offset by reduced capital financing costs generally. Budget reduction proposals are built into the MTFS for 2017-18 to 2019-20 to reflect reduced future capital financing costs.

Council Tax Reduction Scheme

- The under spend of £521,000 is a result of lower demand than forecast for the Council Tax Reduction Scheme. This is a demand led budget which is based on full take up. Budget reduction proposals of £300,000 in both 2016-17 and 2017-18 are built into the MTFS so this level of under spend is not expected to reoccur.

Building Maintenance

- The budget contains funding to repay prudential borrowing to fund the £1 million capital investment in parks and pavilions in the capital programme. These works are now linked to Community Asset Transfer and consequently no spend has yet been incurred, and no funding drawn down. In addition, a number of schemes which received feasibility funding have slipped into 2016-17 so this funding has been used to establish an earmarked reserve and will be drawn down when spent.

Sleep-Ins

- A recurrent budget pressure was identified in the MTFS 2015-16 to 2018-19 to mitigate the potential cost of changes to salaries for staff undertaking sleep-ins, both for staff employed by the Council and those employed under contracts with the Council. To date this budget has not been spent, so this funding has been used to establish an earmarked reserve to mitigate future costs.

Other Corporate Budgets

- A net under spend of £6.294 million on other corporate budgets has arisen as a result of:
 - Unwinding of earmarked reserves established in previous years following review of future requirements (£3.789 million).
 - Reduced demand from Directorates to meet in year pay and price inflationary pressures such as energy and software costs;
 - Lower inflation rates generally;
 - A mild winter resulting in no call for contingency funding for winter maintenance.

This under spend has enabled a number of new corporate earmarked reserves to be established to meet pressures in 2016-17, including contributions to the capital reserve in support of the capital programme and funding of demolition works, to avoid costs associated with vacant premises.

The under spend on Directorate budgets has also enabled a number of new Directorate earmarked reserves to be established, to meet service specific pressures that are anticipated to arise in 2016-17, many of which were originally planned to be undertaken in 2015-16.

As reported in the MTFS in March 2016, the under spend on accrued council tax income has been transferred into the service reconfiguration reserve to support the cost of transformation programmes, such as the Digital Transformation and Extra Care schemes.

4.3 Capital programme outturn

4.3.1 This section of the report provides Cabinet with an update on the Council's Capital Programme for 2015-16. The Council approved a revised Capital Programme in the MTFS in March 2016, which was then updated by Council in May 2016 with a budget of £26.698 million, to take account of new schemes and projected slippage into 2016-17.

4.3.2 Appendix 3 provides a breakdown of the schemes within the capital programme, showing the budget available compared to the actual expenditure in the year. For a number of schemes, funding slipped into 2016-17 in the May report has been brought back into 2015-16 to reflect actual expenditure, where expenditure was higher in 2015-16 than originally projected. Commentary is provided explaining reasons for any major variations in expenditure against budget or changes to budget. The total final budget for 2015-16 was £27.312 million, which takes account of additional approvals of £614,000 million since the report in May, and generally

comprises schemes funded by external grant and other funding sources not previously included.

4.3.3 Total expenditure as at 31st March 2016 is £26.047 million, resulting in an over spend of £27,000 on BCBC resources, once further requests for slippage into 2016-17 of £1.292 million have been taken into account. Some of the schemes for which funding has slipped into 2016-17 include Bridgend and Porthcawl Townscape Heritage Initiatives, Housing Renewal Schemes, funding for Community Projects, Road Safety and to meet Care Standards. The small over spend will be met from general capital funding and directorate contributions.

4.4 Identification and allocation of reserves

4.4.1 The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The MTFs includes the Council's Reserves and Balances Protocol which sets out how the Council will determine and review the level of its Council Fund balance and Earmarked Reserves. During 2015-16, Directorates drew down funding from specific earmarked reserves and these were reported to Cabinet through the Monitoring Reports. At year end, the Protocol requires that the Chief Finance Officer will review existing earmarked reserves, requests from Directorates for new reserves or additional corporate reserves based on new risks or pressures.

4.4.2 A review of the Council's existing earmarked reserves has been undertaken together with an assessment of the risks and pressures that are sufficiently 'known' or 'probable' over the MTFs period and for which an earmarked reserve is therefore required. This review has identified the need for £9.597 million to create new or enhance existing corporate reserves to meet the cost of future service reconfigurations (including severance payments), the Council's Digital Transformation programme, the estimated demolition costs of four Council buildings, potential costs arising from recent case law and inescapable capital investment works required to mitigate against health and safety risks.

4.4.3 In addition in accordance with the Council's Reserves and Balances Protocol, Directorates were able to submit applications for new Earmarked Reserves. In determining what Directorate earmarked reserves are required priority has been given to those demonstrating significant risk, those which are sufficiently 'known' or 'probable' and those for which funding needs to be set aside as a priority, with consideration given to any existing reserve balances. Total Directorate earmarked reserves including carry forward reserves amount to £3.271 million, of which new Directorates' reserves total £1.193 million.

4.4.4 During the financial year, Directorates drew down £524,000 of funding from the Directorate specific earmarked reserves that were created as part of the 2014-15 year-end process, which totalled £1.490 million. A balance of £792,000 was unwound as Directorates were able to meet the costs of the proposed earmarked expenditure from within their own budgets. Finally, new Directorate specific reserves of £1.193 m were created as part of the 2015-16 year-end process. This left a balance on the Directorate specific earmarked reserves of £1.367 million. There was a further balance of £1.904 million for other Directorate reserves for Looked After Children, Wellbeing Projects, Car Parking Strategy and Porthcawl Regeneration.

4.4.5 Directorates also drew down £1.246 million from Corporate Reserves including the Major Claims Reserve and the Change Fund. A full breakdown of the total movement on earmarked reserves as at 31st March is provided in Appendix 4. The remaining under spend of £154,000 will be transferred to the Council Fund.

5.0 Effect upon policy framework & procedural rules

5.1 As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.

6.0 Equality Impact Assessment

6.1 There are no implications in this report.

7.0 Financial implications

7.1 These are reflected in the body of the report.

8.0 Recommendations

Cabinet is requested to note the revenue and capital outturn position for 2015-16.

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5 July 2016

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Background Papers

Individual Directorate Monitoring Reports
Report to Council 10th March 2016
Report to Council 18th May 2016