

## 1. General Fund

- 1.1. The Council is currently forecasting that the outturn position will be an underspend of £0.7m which will be managed as part of the final accounts by reviewing the planned movements to and from reserves that are assumed within the forecast.
- 1.2. In period 6 a supplementary estimate was approved which included transfer of £0.578m from Resources to Adults, Children and Education. Since then the overall Resources position has worsened due to the management restructure, and transfer of facilities management under management of resources directorate. The ACE position has subsequently improved to a forecast £0.551m underspend and therefore the latest forecast indicates this £0.578m previously vired be returned to Resources in-year, this will be reflected in the final outturn report.
- 1.3. To support delivery of the Council's priorities regarding clean streets an additional £1m is requested to fund the clean streets action plan. Full detail of this request and approval is provided in the supplementary estimate in Appendix B. This is funded from additional business rates section 31 grant reported in the period 3 budget monitoring report but has been held in abeyance due to the forecast position at that point in time.
- 1.4. Table 1 provides an overview of the Council's current forecast position for the 2018/19 financial year. Additional service detail is provided for each Directorate in individual appendices. The Directorate reporting reflects the revised organisational structure and budgets previously held under "Communities" have been transferred to the other Directorates.

Table 1: General Fund Forecast Net Expenditure

Approved Budget* £m	Directorate	Revised Budget £m	Outturn £m	Variance £m	Variance as % of Net Budget
207.830	Adults, Children and Education (ACE)	233.133	232.582	(0.551)	(0.2%)
59.685	Growth and Regeneration	57.327	57.119	(0.207)	(0.4%)
47.743	Resources	50.315	51.081	0.766	1.5%
<b>315.259</b>	<b>Sub-total</b>	<b>340.775</b>	<b>340.783</b>	<b>0.008</b>	<b>0.0%</b>
40.973	Other Budgets**	22.666	21.954	(0.712)	(3.3%)
<b>356.232</b>	<b>Net Expenditure Total</b>	<b>363.472</b>	<b>362.737</b>	<b>(0.704)</b>	<b>(0.2%)</b>

\*Approved budget restated to reflect organisational restructure.

\*\*Other Budgets includes capital financing and borrowing costs, and un-apportioned central overheads.

## 2. Ring-Fenced Accounts

### Housing Revenue Account

- 2.1. The HRA forecast is currently £9.7m underspend. This is an increase in the underspend from period 9 of £3m. This is due to underspends in the capital programme which were planned as financed by revenue. £3.5m of the variance represents delays in delivering repair and maintenance programmes in accordance with the 30-year business plan and should be considered a timing delay rather than an underspend in the usual sense.
- 2.2. There are also reductions being forecast in the delivery of the HRA capital programme which will further reduce the revenue contribution to capital.

### Dedicated Schools Grant

- 2.3. The total Dedicated Schools Grant (DSG), including amounts recouped by the Education and Skills Funding Agency for Academies, is £347.7m for 2018/19 and £1.0m deficit carried forward from prior year.
- 2.4. The DSG is currently forecasting an in year underspend of £1.1m. The DSG brought forward a £1m deficit from the previous year so is forecast to carry forward a £0.1m surplus at the year end. Within the DSG there remains significant pressure on high needs with a forecast £1.3m deficit. The long term sustainability of the High Needs budget is a matter of ongoing concern.
- 2.5. The underspent areas include £0.3m for de-delegated funds which are treated as ring-fenced for maintained schools. The largest underspend is in the Early Years Block, based on pupil numbers as at May 2018.

### Public Health

- 2.6. The original Public Health business plan for 2018/19 delivered a balanced year end position. This position incorporated a 2.6% reduction (£0.9m) in the grant funding allocated by Public Health England in 2018/19 and assumed a drawdown of ring fenced reserves of £1.8m.
- 2.7. In order to deliver an offer which is sustainable beyond 2018/19 the service has, by Q3 of this financial year, developed and implemented a new service model which aims to deliver the statutory public health responsibilities of the authority more efficiently and cost effectively. The Public Health team will offer public health advice and support to all parts of the authority and to external partners (such as the NHS) through business partnering arrangements for key services and it will decrease the number of commissioned Public Health services.

## 3. Savings Programme

- 3.1. To balance the 2018/19 budget, savings totalling £34.5m were approved by Full Council. There was also £8.7m of savings from 2017/18 which whilst were mitigated as one off in 2017/18 still remain as an ongoing saving requirement for delivery in 2018/19. £2.1m of savings targets have been written off in 2018/19 and mitigated via alternative sources as approved by Cabinet where appropriate. These include the libraries saving and those relating to the Education Services grant.
- 3.2. There remains a risk regarding £3.1m of savings where further work / mitigating actions may be required in order to deliver. Of this £2.0m relates to savings within Adult Social Care and £0.4m for Facilities Management saving target. Table 2 provides a breakdown of the realisation of the planned 2018/19 savings by directorate.

Table 2 - Summary of Delivery of Savings by Directorate

	2018/19 Savings £m	2018/19 Savings reported as safe £m	2018/19 Savings reported as at risk	
			£m	%
Adults, Children and Education Resources	11.520	9.274	2.246	19
Growth and Regeneration	13.600	12.969	0.631	5
<b>Total</b>	<b>8.820</b>	<b>8.578</b>	<b>0.242</b>	<b>3</b>
	<b>33.940</b>	<b>30.821</b>	<b>3.119</b>	<b>8</b>

- 3.3. Members should note that delivery of savings is based on Directors assessment of whether the savings agreed by Council have been delivered and whilst other areas of underspends and income generation is being realised with budgets, until this is reallocated via a change control process the savings delivery tracker and forecast outturn will not be aligned.

## 4. Capital Programme

4.1. The following table sets out the forecast Capital Outturn position for 2018/19 by Directorate, with further detail provided in Directorate Appendices. The current forecast assumes that the average monthly spend for the remainder of the year will be £25.9m which is significantly higher than the average of £9.4m to date, but this is not uncommon for the final quarter of the year.

Table 3 - Capital Forecast Outturn position for 2018/19 by Directorate

Approved Budget £m	Directorate	Revised Budget £m	Budget Spent to date %	Forecast Outturn £m	Variance £m
33.500	Adults, Children and Education	25.848	66	25.517	(0.330)
148.375	Growth and Regeneration	80.864	53	70.766	(10.098)
11.655	Resources	8.863	37	6.720	(2.142)
<b>193.530</b>	<b>Sub-total</b>	<b>115.575</b>	<b>55</b>	<b>103.004</b>	<b>(12.571)</b>
3.870	Corporate	5.500	102	5.600	0.100
47.000	Housing Revenue Account	39.544	63	36.616	(2.927)
<b>244.400</b>	<b>Total</b>	<b>160.618</b>	<b>58</b>	<b>145.220</b>	<b>(15.398)</b>

## 5. Reserves

5.1. The opening revenue reserves are £104.4m, made up of £87.4m earmarked reserves and £20m general reserves. The current planned net drawdowns of earmarked reserves are £23.3m.

Table 4 - Summary of movement in revenue reserves

	Opening balance	Forecast Net Drawdown	Closing Balance
Earmarked Reserves	(87.420)	23.291	<b>(64.129)</b>
General Reserves	(20.000)	(0.735)	<b>(20.735)</b>
	<b>(107.420)</b>	<b>22.556</b>	<b>(84.864)</b>

5.2. Opening earmarked reserves at 1<sup>st</sup> April 2018, were £87.4m in setting the budget for 2018/19 there was a budgeted net drawdown from reserves of £12.4m, made up of a £7.5m contribution from MRP clawback and a drawdowns of £19.9m, giving an expected year-end balance of £75.0m

5.3. The current forecast contributions are in line with the budgeted £7.5m. Service drawdowns from earmarked reserves are slightly higher than budgeted. This is expected as at the end of 2017/18 additional contributions to reserves were made where income was received in advance or planned expenditure was delayed until this financial year.

5.4. The forecast also includes a £12m revenue reversion of capital expenditure incurred on development of an Arena, funded from risk reserve and capital investment reserves as previously reported.

Table 5 - Summary of Forecast year end position

	Opening balance	Forecast Net Drawdown	Closing Balance
Capital Investment	(22.479)	6.143	(16.336)
Risk Management	(21.239)	10.686	(10.553)
Ring-Fenced	(14.642)	1.551	(13.091)
Financing/Technical	(13.600)	3.102	(10.498)
Service Specific	(15.460)	1.808	(13.652)
	<b>(87.420)</b>	<b>23.291</b>	<b>(64.129)</b>