

SURREY COUNTY COUNCIL

CABINET

DATE: 22 APRIL 2014

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR BUSINESS SERVICES

SUBJECT: FLASH OUTTURN REPORT FOR 2013/14 AND PROPOSED CARRY FORWARD REQUESTS TO 2014/15



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SUMMARY OF ISSUE:

As part of improving financial management and service delivery, this flash outturn report presents an early indication of financial outturn for Cabinet to consider at its April meeting. The figures presented are provisional and the final outturn report Cabinet will receive on 27 May 2014 could include some changes.

In line with the Council's multi-year approach to financial management, enabling budget equalisation and avoiding arbitrary cut offs to budgets, services have made requests to carry forward underspent funds for use in 2014/15. Carry forward amounts approved by Cabinet enable services to continue and complete projects that are not finished by 31 March. In total, services have asked to transfer £4.9m of revenue funding to the new financial year.

In 2013/14, services have succeeded in containing expenditure and provisionally forecast underspending by -£6.1m on a total revenue budget of about £1,670m. The Council has spending under control and is applying prudent financial management while continuing to provide services to Surrey's residents and businesses.

Based on these forecasts and Cabinet's approval to carry forward funding for the identified revenue projects and services in 2014/15, the Council's available general balances will be £21.6m at year end. This compares to £20.4m brought forward at 1 April 2013.

The provisional overall capital budget outturn position is +£0.5m overspent on a total capital budget of about £225m. This has changed from February's forecast position by -£1.2m, mainly due to reduced spending in Environment & Infrastructure because of flooding issues. Cabinet will receive the final overall capital budget outturn for 2013/14 on 27 May 2014.

Some capital projects' 2013/14 expenditure is lower than anticipated, in many cases due to the severe weather experienced in December and February. Services request Cabinet's approval to carry forward £39.4m funding to 2014/15 and future years to complete these projects.

RECOMMENDATIONS:

It is recommended that Cabinet:

- 1 notes the provisional year end revenue budget outturn of -£6.1m underspend (Table 1 and paragraphs 2 to 15);
- 2 approves services' revenue budget carry forward requests totalling £4.9m (Table 2);

- 3 notes the provisional year end capital budget outturn +£0.5m overspend, including -£39.9m underspend on services (Table 3 and paragraphs 18 to 23); and
- 4 approves services' capital budget carry forward requests for £39.4m (Table 4).

REASON FOR RECOMMENDATIONS:

To continue to provide monthly budget monitoring information to Cabinet and to enable Cabinet to consider services' requests to carry forward funding for approval.

DETAILS:

Revenue

1. Table 1 shows the provisional year end net revenue position for services and the council overall compared to the position forecast at the end of February 2014.

Table 1: Provisional year end net revenue position

February position £m		MTFP budget £m	Updated budget £m	Estimated outturn £m	Variance £m	Proposed carry forward £m
5.2	Adult Social Care	337.9	336.3	341.5	5.2	0.1
-1.6	Children, Schools & Families	174.5	181.1	179.6	-1.5	0.7
0.0	Schools	0.0	0.0	0.0	0.0	0.0
-0.7	Customer & Communities	59.4	60.0	59.3	-0.7	0.8
3.1	Environment & Infrastructure	125.4	131.6	134.8	3.2	0.5
-6.2	Business Services	82.2	82.8	76.6	-6.2	1.8
	Collated by Business Services					0.2
-0.5	Chief Executive's Office including Public Health	15.4	16.4	16.1	-0.3	0.0
-5.6	Central Income & Expenditure	-771.8	-796.3	-802.1	-5.8	0.9
-6.4	Total	23.0	11.9	5.8	-6.1	4.9

* some figures may not cast due to roundings.

Adult Social Care

2. There has been no change since the February 2014 budget monitoring report for this directorate.

Children, Schools & Families

3. The variance reported for Children Schools & Families has remained virtually unchanged compared at the end of February 2014: a slight reduction in the reported underspend by +£0.1m. This is mainly due to recognition of lower school meals income due to school closures when teachers took industrial action and recognition of approved severance payments under the voluntary redundancy scheme.

Customer & Communities

4. There are no material changes from the position reported at the end of February 2014. However, indications are that the cost of responding and assistance to the recent flooding within the Fire Service (assistance provided by other crews, vehicles, vessels

and equipment from other Fire authorities) will exceed the £0.6m currently included. The service has been unable to ascertain the final costs of the flooding at this early stage due to delays being experienced in obtaining costs from other fire authorities. These costs are being pursued and will be updated for final outturn reporting.

Environment & Infrastructure

5. There are no significant movements between the position reported at the end of February 2014 and the provisional outturn. Significant costs have been incurred in response to flooding and water damage, and flooding has also impacted on the delivery of other works planned for the final quarter of the year. For this reason there remains some uncertainty and it is possible that final costs may vary from the position estimated at the end of February 2014.

Business Services

6. There is no change to the provisional full year underspend of -£6.2m reported at the end of February 2014. The service requests carry forwards of: £1.0m for planned maintenance, £0.5m for the project to achieve a modern copying environment and £0.3m for HR to devolve to services to meet the council's target of employing 100 apprentices.
7. There have been delays to planned maintenance as a result of difficulties in letting contracts and the recent flooding, causing a likely underspend of £1.4m. The service requests to carry forward £1.0m for planned maintenance, as the works not delivered in 2013/14 will form part of 2014/15's programme. £1m of this is already commissioned.
8. The Making a Difference programme is on track to deliver savings of £6.6m each year from the office portfolio and has supported staff to work more flexibly with the benefits of new technology and a change in the way we work. The programme included implementing Electronic Data & Record Management (EDRM) across the council. EDRM solutions have been implemented for social care activity and will be implemented for the rest of the organisation by IMT alongside a Lotus Notes upgrade, the consequent saving this year is £1.1m. The service requests to carry forward £0.5m of this to ensure the successful implementation of the project to achieve a modern copying environment which is underway.

Chief Executive's Office

9. There are no material changes from the position reported at the end of February 2014. Some increased costs of responding to flooding have been offset by reduced expenditure elsewhere across the directorate, including the Chairman's Budget.

Public Health

10. The income (£3.3m) relating to the Genito-Urinary Medicine (GUM) services has not been received from the Clinical Commissioning Groups, so the final income is lower than originally budgeted.

11. Public Health forecasts an overspend of £0.2m, relating to the GUM services, as the provision of these services is mandatory. Public Health managed to absorb the majority of the spend (£3.1m) leaving only the £0.2m overspend.

Central Income & Expenditure

12. The projected variance at the end of February 2014 was -£5.6m underspent, this has moved to -£5.8m at provisional outturn for the following two reasons.
- The final quarter receipt of Education Support Grant was less than anticipated. This reduces during the year to reflect the number of schools that have transferred to academy status and will receive their proportion of funding directly. This reduced the underspend by £0.6m.
 - During March 2014, the council approved a number of redundancies. This enabled the redundancy budget outturn to be adjusted and it will now underspend by -£0.8m.
13. The outturn position for Central Income & Expenditure is still uncertain in relation to interest receivable as schedules and information in relation to our investments in our Money Market Funds have not been received to date; these are due during the first week of April 2014.
14. In addition, the Dedicated Schools Grant makes a contribution towards corporate costs at the end of each year. This figure is currently estimated to be £3.5m, although this will be finalised once the allocation of corporate costs to front line services calculation is completed during April.
15. The carry forward request of £0.15m for the Fire Service defibrillator project was approved at a Leader decision meeting.

Revenue carry forward requests

16. Table 2 shows services' requests for Cabinet approval to carry forward revenue budgets to 2014/15.

Table 2: Revenue carry forward requests

Directorate	Carry forward	£m	Reason
Adult Social Care	First Point	0.035	Unused Transitional grant received 2011/12 for set up of 'Social Work Pilot', (Firstpoint Community Interest Company) required to support the next phase of planning to achieve a sustainable business model, reducing both future financial risks and improving value for money from commissioned services.

Directorate	Carry forward	£m	Reason
Adult Social Care	Employability	0.039	Not in Education, Employment or Training (NEET) programme aims have not been fully achieved due to recruitment delays. Carry forward will reduce future reliance on Council funded services. Travel Smart programme - funding was received in Feb 2014 to roll out in West Redhill. The project is due to be completed in March 2015. The carry forward will enable development of the scheme reducing the level of Council funded services.
Adult Social Care		0.074	
Children, Schools & Families	Family Support	0.200	Implementation of Family Support programme
	Safeguarding Board	0.050	Underspend on Safeguarding Board pooled budget – external funding.
	Social Worker Academy	0.150	Social Worker Academy to reduce cost of locums
	LAC bursaries and savings match funding	0.120	Looked After Children bursaries and savings match funding.
	North West Area lead for pupil support	0.054	Pilot project relating to early intervention in Access 2 Education.
	Commercial Services	0.100	10 kitchen projects for primaries to meet free school meals legislative requirement.
Children, Schools & Families		0.674	
Customer & Communities	Community Improvement Fund	0.677	Underspend due to awaiting applicants meeting grant conditions before releasing funds. Approving this carry forward will enable committed payments to be made in the new financial year without impacting on the 2014/15 budgets.
	Member allocations (revenue)	0.160	Underspend is due to delays in receiving signed funding agreements to enable committed funds to be released. Approving this carry forward will enable these committed payments to be made within the new financial year without impacting on the 2014/15 budgets.
Customer & Communities		0.837	
Environment & Infrastructure	Road safety/Drivesmart	0.137	This budget includes a contingency for the Police to call on which was not required this year. A carry forward is requested so the Drivesmart board can allocate this funding in 2014/15.
	Flood enforcement	0.055	Enforcement action is required at a private nursery on the A22 Godstone Road. Due to legal timescales works did not start until 21 March 2014 and will be in 2014/15.

Directorate	Carry forward	£m	Reason
Environment & Infrastructure	Strategy/major schemes	0.265	Carry forwards are requested for modelling and development of: Kiln Lane (£36,000), Runnymede roundabout (£90,000), Egham sustainable package modelling (£37,000), and A30/31 Camberley (£102,000). Work has been delayed this year due to various issues including resourcing but is necessary in order to be ready to deliver major transport schemes
	Strategy/SGF	0.030	Carry forward requested for Surrey car club marketing and promotion.
Environment & Infrastructure		0.487	
Business Services	Planned maintenance	1.000	There have been significant delays to the planned maintenance programme due to the recent adverse weather. The service has already commissioned £1.0m of the outstanding 2013/14 schemes. If the carry forward is not approved then the 2014/15 planned maintenance programme will be reduced by £1.0m.
	My work project expenditure	0.500	Savings as result of EDRM implementation, £0.5m of this is needed in 2014/15 to ensure the successful implementation of the project to achieve a modern copying environment.
	HR Apprentices	0.300	In order to meet the internal target of 100 apprentices, HR would need a further £0.3m to devolve to services to employ apprentices.
Business Services		1.800	
Chief Executive's Office	Chairman's Budget	0.020	The Chairman continues a strong commitment to the voluntary sector and wider community in line with the Corporate Strategy. He is supporting this through a two year plan of activities. This carry forward will enable him to complete his programme.
Chief Executive's Office		0.020	
Various (collated by Business Services)	Apprentices	0.185	In August HR transferred a carry forward budget of £275,000 to services to help fund apprentices for one year. Services did not fully recruit these staff until late in 2013/14, as a result services are requesting a total carry forward of £185,000 to fund the ongoing commitment in 2014/15.
Various		0.185	
Central Income & Expenditure	New Homes Bonus	0.720	There is an underspend of £1.6m against the New Homes Bonus budget, £0.72m is requested as a carry forward as it related to identified schemes which are yet to be carried out and are due to complete during 2013/14

Directorate	Carry forward	£m	Reason
Central Income & Expenditure	Fire Service defibrillator project	0.150	Purchase of defibrillators and associated training
Central Income & Expenditure		0.870	
Total revenue carry forward requests		4.917	

Capital

17. Table 3 shows the provisional year end net capital programme position for services and the council overall compared to the position forecast at the end of February 2014.

Table 3: Provisional year end net capital position

February position £m		MTFP budget £m	Updated budget £m	Estimated outturn £m	Variance £m	Proposed carry forward £m
-0.4	Adult Social Care	1.3	1.9	1.6	-0.3	0.1
-0.3	Children, Schools & Families	2.8	8.9	8.2	-0.7	0.5
-2.7	Customer & Communities	2.0	4.8	2.3	-2.5	2.5
-4.9	Environment & Infrastructure	50.1	69.3	63.3	-6.0	6.0
-28.4	Business Services (including School Basic Need)	119.6	128.4	99.9	-28.5	28.5
-1.9	Chief Executive's office	11.4	11.4	9.6	-1.8	1.8
-38.6	Service programme total	187.2	224.7	184.9	-39.8	39.4
40.3	Central investment assets	0.0	0.0	40.3	40.3	0.0
1.7	Total capital programme	187.2	224.7	225.2	0.5	39.4

* some figures may not cast due to roundings.

Adult Social Care

18. There has been no change since the February 2014 budget monitoring report for this directorate.

Children, Schools & Families

19. The underspend for Children Schools & Families has increased by £0.4m since February 2014 as resources set aside to meet capital costs for schools broadband will not be incurred in 2013/14. The service requests a carry forward to support the implementation of the Unicorn project in schools in 2014/15.

Customer & Communities

20. There are no material changes from the position reported at the end of February 2014.

Environment & Infrastructure

21. The only significant change to the position reported at the end of February 2014 at this stage is Walton Bridge, where a number of factors, including flooding, have led to works planned for the final quarter of the year being delayed until the new financial year.

Allowance has been made for the impact of flooding on delivery of other planned works. However some uncertainty remains and it is possible that final costs will be different to the position estimated at the end of February 2014.

Business Services

22. There is no change to the capital full year forecast underspend of -£28.5m reported at the end of February 2014. There have been delays to schemes for various reasons including planning, changes to service requirements and the recent bad weather. All of the schemes will be delivered in future years.

Chief Executive's Office

23. There are no material changes from the position reported at the end of February 2014.

Capital carry forward requests

24. Table 4 shows services' requests to carry forward capital budgets to 2014/15.

Table 4: Capital carry forward requests

Directorate	Carry forward	£m	Reason
Adult Social Care	District and Borough (D&B) developments	0.055	Wellbeing centres are intended to be a universal service in each D&B. Eight centres are open providing preventative services for older people, particularly those with dementia. The carry forward is needed to fund one wellbeing centre due to implementation delays. These centres are increasingly important under the Care Bill and support the Family Friends & Community agenda which has MTFP savings in 2014/15 of £10m.
	In-house capital improvement scheme	0.075	Severe flooding resulted in delays to some schemes which will now be implemented in 2014/15. The carry forward is needed to fund these improvements.
Adult Social Care		0.130	
Children, Schools & Families	Harnessing ICT	0.440	To implementation the delayed Unicorn programme in schools into 2014/15.
	Services for Young People, IMT transformation	0.060	To complete IT projects in 2014/15.
	Extended Schools	0.018	To complete the Holly Lodge Primary School scheme
Children, Schools & Families		0.518	

Directorate	Carry forward	£m	Reason
Customer & Communities	Fire Vehicles & Equipment	1.500	This funding is from the Fire Vehicle & Equipment Replacement Reserve. There was a significant programme of purchases for 2013/14 and experienced delays due to the procurement lead time. If this carry forward is not approved, the service will not be able to complete the planned vehicle and equipment replacement programme.
	Fire Resilience	0.972	This grant funding was provided to support the service to increase resilience and efficiency of systems and facilitate joint working. Delays in the acquisition and refit of the primary and secondary control rooms has delayed other associated projects. The service has confirmation that it can use the unspent grant in 2014/15, therefore this carry forward would enable the budget to be reprofiled to facilitate project completion.
	Member Allocations (Capital)	0.046	The underspend is due to delays receiving signed funding agreements to enable release of committed funds. Approving this carry forward will enable these committed payments to be made within the new financial year without impacting on the 2014/15 budgets.
Customer & Communities		2.518	
Environment & Infrastructure	Environment	1.855	Completion of schemes and programmes including: cycling schemes delayed due to higher than expected costs and the need for extensive consultation with consequent revision to designs; rights of way maintenance; food waste initiatives.
	Highways	0.602	Completion of schemes and programmes including: Walton Bridge where spend has been delayed by various factors including: flooding; safety barrier maintenance which has been delayed due to Highway Agency requirements and ground conditions; local transport schemes and local structural repairs. These are offset by overspends following additional highway maintenance and bridge strengthening works.
	Economy, Transport and Planning	3.520	Completion of schemes and programmes including: Local Sustainable Transport Fund grant funded works which have been delayed due to: land acquisition issues, design changes and flooding; economic regeneration which is being held as a potential contribution to future major transport schemes; Redhill balanced network due to cost issues and grant profile, and developer funded works.
Environment & Infrastructure		5.977	

Directorate	Carry forward	£m	Reason
Business Services	Schools Basic Need	9.300	Delays due to planning £2.3m, weather £2.4m, site and contractor issues £4.6m. The service is increasing resources to deliver 2014/15 programme.
	Recurring maintenance	3.700	Significant delays due to recent adverse weather and difficulties in letting contracts. The service is targeting resources to deliver these schemes in 2014/15 alongside next year's programme.
	Projects	16.100	There have been to delays for various reasons, including changes to other service's requirements £8.1m, weather, planning and site issues £4.5m. The projects will be re-profiled into future years.
	IMT	-0.600	Future year's funding to be brought forward to match 2013/14 increased spend.
Business Services		28.500	
Chief Executive's Office	Superfast broadband	1.800	The speed of the rollout was initially delayed and the actual expenditure incurred is less than the original budget profile. The carry forward is required to complete this project which is in partnership with British Telecom.
Chief Executive's Office		1.800	
Total capital carry forward requests		39.443	

Consultation:

25. All Cabinet Members will have consulted their relevant Strategic Director on the financial positions of their portfolios.

Risk management and implications:

26. Risk implications are stated throughout the report and each Strategic Director has updated their strategic and or service risk registers accordingly. In addition, the Leadership Risk Register continues to reflect the increasing uncertainty of the Council's future funding.

Financial and value for money implications

27. The financial and value for money implications are considered throughout this report and will be further scrutinised in future budget monitoring reports. The council continues to have a strong focus on its key objective of providing excellent value for money.

Section 151 Officer commentary

28. Cabinet has received reports throughout the year on the forecast year-end financial position. This report provides an early provisional revenue and capital budget outturn for

the 2013/14 financial year. The final year end position will be reported to Cabinet at its meeting on 27 May 2014.

29. The reported year end outturn is based upon the revenue and capital transactions recorded in the council's financial ledger at 31 March 2014 and early estimates of any further necessary accruals and allocations.

Legal implications – Monitoring Officer

30. There are no legal issues or risks.

Equalities and Diversity

31. Any impacts of the budget outturn and carry forward requests will be evaluated by the individual services and reported as necessary.

Climate change/carbon emissions implications

32. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
33. Any impacts on climate change and carbon emissions to achieve the Council's aim will be considered by the relevant service affected as they implement any actions agreed.

WHAT HAPPENS NEXT:

34. The relevant adjustments agreed by Cabinet will be made to the Council's accounts.

Contact Officer:

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Consulted:

Cabinet / Corporate Leadership Team

Annexes:

Sources/background papers:

Monthly budget monitoring reports to Cabinet during the 2013/14 financial year.

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