

SURREY COUNTY COUNCIL

CABINET

DATE: 27 MAY 2014

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

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

SUBJECT: YEAR END FINANCIAL BUDGET OUTTURN 2013/2014



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SUMMARY OF ISSUE:

To note the revenue and capital budget outturn for 2013/14 financial year. The annexes present the final revenue and capital outturn for the 2013/14 financial year. This is based upon the final accounts at the end of March 2014. The carry forwards for revenue and capital were indicatively approved last month, but there are some minor changes between the indicative figures and actual. This report requests the minor changes and revenue reserve transfers.

As the outturn impacts upon the 2014 - 19 revenue and capital budget, there is a high level update and two revenue virement requests for allocating and distributing government grants and realigning the children's service contact centre. The capital budget will be reprofiled in July.

RECOMMENDATIONS:

Cabinet is asked to note the following.

1. note the 2013/14 net revenue budget underspend of £6.9m (Annex 1, paragraph 1);
2. approve the final 2013/14 revenue carry forward requests of £5.5m through transfer to the Budget Equalisation Reserve (Annex 1, paragraphs 2 and 36);
3. approve the residual revenue underspend of £1.4m is transferred to General Balances (Annex 1, paragraph 56);
4. note the capital budget outturn of £224.1m and approve the final capital carry forwards of £32.6m (Annex 1, paragraphs 79 to 82);
5. note the reserves movements and year end general balances and reserves (Annex 1, Appendix, Table App5)
6. note the revised revenue 2014/15 budget incorporating the 2013/14 transfers and carry forwards. (Annex 2, paragraph 1); and
7. approve the two 2014/15 revenue virements for SEN Reform Grant distribution and Children Service's contact centre realignment (Annex 2, paragraph 2 and 4).

REASON FOR RECOMMENDATIONS:

To review and manage the budget outturn for the 2013/14 financial year in the context of a multi-year approach to financial management.

To approve final carry forwards to enable on-going projects to continue.

DETAILS:

1. The Council's 2013/14 financial year ended on 31 March 2014. The accounts for the financial year closed on 17 April 2014 and included year-end adjusting transactions such as year end accruals, reconciliations and allocations required for the formal financial statements.
2. At its meeting on 22 April 2014, Cabinet noted an indicative outturn position of -£6.1m underspend. Cabinet approved £4.9m of 2013/14 revenue carry forwards.
3. This is the final and tenth budget monitoring report of 2013/14 (excluding the brief indicative outturn report presented to Cabinet on 22 April 2014). The budget monitoring reports for this financial year have had greater focus on material and significant issues, especially tracking the efficiency and spending reduction targets within the Medium Term Financial Plan (MTFP) 2013-18. The monitoring reports have given greater emphasis to proposed actions to resolve any issues and future impacts on subsequent budgets.
4. Annex 1 to this report sets out the Council's revenue budget outturn as at 31 March 2014. This reports final revenue income and expenditure and notes material variations from the budget, with a focus on staffing and efficiency targets. As a guide, an outturn variance of more than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so variances over 2.5% may also be material.
5. Annex 1 also provides an update on the capital budget and outlines the changes in the Council's reserves and balances over the year. Additionally, it summarises level of debt owed to the Council after the proposed write-off of irrecoverable debts.
6. Appendix 1 provides details of directorates' efficiencies and revenue and capital budget movements.
7. Annex 2 updates and summarises the impact of 2013/14 carry forwards on the 2014/15 revenue and capital budgets. Overall the carry forwards add £5.5m to the 2014/15 revenue budget and £32.6m to the 2014/15 and subsequent years' capital budgets.
8. MTFP 2013-18 includes two government grants the Council did not distribute fully to services. Annex 2 includes a 2014/15 virement request to allocate the Special Educational Needs and Adoption Reform Grants to Children, Schools & Families. Another virement request reflects the transfer of the Children's Services' contact centre from Customer & Communities to Children, Schools & Families.

9. The outturn position is part of the Statement of Accounts and Annual Report. Both these documents will be audited over the coming months and be presented to Audit & Governance at 31 July 2014 to approve them formally on the Council's behalf.
10. As part of the Council's commitment to openness and transparency, Annex 3 contains details of travel costs, members' expenses and allowances incurred during 2013/14 and the pay transparency statement for 2013/14. These details and will also form part of the Annual Report.

Consultation:

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

Risk management and implications:

12. 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 future funding likely to be allocated to the Council by central government. The Leadership Risk Register is regularly updated and reviewed at Audit & Governance committee.

Financial and value for money implications

13. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus. The Council continues to have a strong focus on its key objective of providing excellent value for money.

Section 151 Officer commentary

14. The Section 151 Officer confirms that the financial information presented in this report is consistent with the council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

Legal implications – Monitoring Officer

15. There are no legal issues and risks.

Equalities and Diversity

16. The impact of any actions taken during the year to manage the budget are evaluated by individual services

Climate change/carbon emissions implications

17. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.

18. Any impacts on climate change and carbon emissions to achieve the Council's aim have been considered by the relevant service.

WHAT HAPPENS NEXT:

The relevant adjustments from the recommendations will be made to the Council's accounts.

The County Council's formal, financial statements for 2013/14 will be presented to the Audit & Governance Committee at its meeting in July 2014, with a formal opinion from the External Auditors. The financial statements will reflect any adjustments arising from the audit of the accounts by the Council's external auditors, who are Grant Thornton. Any material changes made are required to be reported to Audit & Governance Committee. No material changes to either the revenue or capital outturn position as presented in this report and annexes are anticipated to arise from the audit.

The Council has been looking at the corporate external reporting provisions of an integrated annual report. Following this review, the 2013/14 annual report will contain elements include the following additions; Chief Financial Officer Report, abridged audited financial statements, consultancy expenses, energy report, pay banding and gender analysis, high level performance indicators and risk, as well as the efficiencies and member information. This will be presented at the Audit & Governance Committee on 31 July 2014. The annual report will be published shortly after.

Contact Officer:

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Consulted:

Cabinet / Corporate Leadership Team

Annexes:

Annex 1 – Revenue budget, staffing costs, efficiencies and capital programme summary, reserves and balances and debt summary.

Appendix 1 – Directorate financial information (revenue and efficiencies) and revenue and capital budget movements.

Annex 2 - 2014/15 Revenue budget and virement requests

Annex 3 – Annual report information

Sources/background papers:

None
