

SURREY COUNTY COUNCIL

CABINET

DATE: 28 APRIL 2015

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: YEAR END FINANCIAL BUDGET OUTTURN 2014/15



SUMMARY OF ISSUE:

The council takes a multiyear approach to its budget planning and monitoring, recognising that the two are inextricably linked. This report presents the Council's year end financial outturn position for 2014/15 and services' carry forward requests for commitments continuing into 2015/16.

The details of this financial position are covered in the Annexes to this report.

RECOMMENDATIONS:

Cabinet is asked to note the following.

1. The council achieved -£13.0m underspend for 2014/15, (Annex 1, paragraph 3). This includes £8.0m of carry forward requests for spending on planned service commitments that continue beyond 2014/15. Excluding the carry forward requests, the underspend is -£5.0m (less than 1% of the council's total expenditure budget of £1,675m).
2. Services achieved £74.1m efficiencies and savings (Annex 1, paragraph 85) up from £73.9m forecast at 28 February 2015 and the planned target of £72.3m.
3. The council invested £199.3m through its capital programme in 2014/15 (Annex 1, paragraphs 88 and 89).
4. The council's year end: balance sheet, reserves and balances and debt analysis (Annex 1, Appendix 1, paragraphs App17 to App 21).

Cabinet is asked to approve the following.

5. £1.8m school virement requests, reflecting grant adjustments (Annex 1, paragraph 12).
6. £8.0m revenue carry forward requests and transfer funding to the Budget Equalisation Reserve (Annex 1, paragraph 4 and Annex 2).
7. £5.0m transfer of remaining revenue underspend to the Budget Equalisation Reserve also (Annex 1, paragraph 4).
8. £30,000 allocation from the Central Income & Expenditure budget to Surrey Arts (Annex 1, paragraph 60)
9. £0.4m transfer of Revolving Infrastructure and Investment Fund net income back

into the fund (Annex 1, paragraph 76).

10. £17.8m capital programme adjustments, comprising £17.5m net effect of schemes brought forward and carried forward and £0.3m of extended schemes (Annex 1, paragraph 88 and Annex 2).
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REASON FOR RECOMMENDATIONS:

This report is presented:

- to review and manage the budget outturn for the 2014/15 financial year in the context of a multi-year approach to financial management; and
- to approve final carry forwards to enable on-going projects to continue.

DETAILS:

1. The Council's 2014/15 financial year ended on 31 March 2015. The accounts for the financial year closed on 17 April 2015 and include year-end adjusting transactions, such as accruals and apportionments required for the formal financial statements.
2. At its meeting on 24 March 2015, Cabinet noted a forecast revenue position for 2014/15 of of -£13.4m underspend. This included indications of the need to fund £6.2m revenue spending on planned service commitments that will continue beyond 2014/15.
3. Annex 1 to this report sets out the Council's revenue budget outturn as at 31 March 2015. This reports final revenue income and expenditure and explains 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.
4. Annex 1 also provides the Council's capital budget outturn 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.
5. Appendix 1 provides details of services' efficiencies and revenue and capital budget movements.
6. Annex 2 updates and summarises the impact of 2014/15 carry forwards on 2015/16 revenue budgets and 2015/16 and subsequent years' capital budgets.

Consultation:

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

Risk management and implications:

8. Risk implications are stated throughout the report and directors have updated their strategic and or service risk registers accordingly. In addition, the

leadership risk register (elsewhere on this agenda) continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council.

Financial and value for money implications

9. 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 providing excellent value for money.

Section 151 Officer commentary

10. 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

11. There are no legal issues and risks.

Equalities and Diversity

12. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary.

Climate change/carbon emissions implications

13. The Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
14. 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:

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

Following a similar timetable to last year, the County Council's formal, financial statements for 2014/15 will be presented, with Grant Thornton's external audit opinion, to the Audit & Governance Committee at its meeting on 27 July 2015. Any material changes to the financial statements arising during the audit of the accounts will 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 continues to seek to improve its corporate external reporting. Following progress last year, the 2014/15 annual report will be more succinct and better integrated. The annual report will also be presented at the Audit & Governance Committee on 27 July 2015. It will be published shortly afterwards.

Contact Officer:

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Consulted:

Cabinet / Strategic Directors

Annexes:

Annex 1 – the revenue and capital budget outturn at 31 March 2015

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

Annex 2 - 2015/16 Revenue budget and virement requests

Annex 3 – Annual report information

Sources/background papers:

None
