

SURREY COUNTY COUNCIL**CABINET****DATE: 26 APRIL 2016****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE****SUBJECT: FINANCIAL BUDGET OUTTURN 2015/16****SUMMARY OF ISSUE:**

The Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council's year end financial outturn position for 2015/16 and the impact of carry forward requests on 2016/17.

The annexes to this report give details of the Council's financial position.

RECOMMENDATIONS:

Cabinet is asked to note the following:

1. the Council achieved -£7.1m underspend for 2015/16 (Annex 1, paragraph 1). 2015/16 is the sixth year in succession, the Council has achieved a small underspend or balanced outturn
2. requests to carry forward £3.9m of the underspend for spending on planned service commitments that continue beyond 2015/16, leading to a net underspend of -£3.2m. This is less than 0.2% of the Council's full year gross expenditure budget of £1,675m (Annex 2)
3. services achieved £65.8m efficiencies and savings (Annex 1, paragraph 57) against the planned target of £67.4m
4. the Council invested £251.7m through its capital programme in 2015/16 (Annex 1, paragraph 68)
5. the Council's balance sheet, year end reserves and balances, debt analysis and treasury management report (Annex 1, Appendix 1, paragraphs App 6 to App 21).

Cabinet is asked to approve the following:

6. £3.9m revenue carry forward requests and transfer funding to the Budget Equalisation Reserve (Annex 1, paragraph 3 and Annex 2)
7. £3.2m transfer of remaining revenue underspend to the Budget Equalisation Reserve also (Annex 1, paragraph 4)
8. £4.3m draw down from the waste sinking fund to offset higher waste

management costs in 2015/16 (Annex 1, paragraph 31)

9. £18.0m additional funding to enhance existing 2015/16 Highways and Environment schemes (Annex 1, paragraphs 69 to 73)
10. £0.5m transfer of Revolving Infrastructure and Investment Fund net income back into the fund (Annex 1, paragraph 47)
11. £13.0m net capital programme re-profiling (Annex 1, paragraph 74 and Annex 2).
12. £2.1m to be earmarked from the capital programme efficiencies for future SuperFast Broadband initiatives, subject to robust business case proposals and subsequent Cabinet approval (Annex 1, paragraph 76 and Annex 2).
13. £40,000 contribution to commemorate the bicentenary of the artist G F Watts in 2017 (Annex 1, paragraph 77 and Annex 2).

REASON FOR RECOMMENDATIONS:

This report is presented:

- to review and manage the budget outturn for the 2015/16 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:

14. The Council's 2015/16 financial year ended on 31 March 2016. The accounts for the financial year closed on 15 April 2016 and include year end adjusting transactions, such as accruals and apportionments required for the formal financial statements.
15. Annex 1 to this report sets out the Council's revenue budget outturn as at 31 March 2016. This reports final revenue income and expenditure for 2015/16 and explains material variances from the budget with a focus on staffing and achievement of efficiency targets. As a guide, an outturn variance of more than £1m is material and requires comment. For some smaller services £1m may be too large a threshold or may not reflect the Service's political significance, so variances over 2.5% may also be material.
16. 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 the level of debt owed to the Council after the proposed write-off of irrecoverable debts.
17. Appendix 1 provides details of services' efficiencies and revenue and capital budget movements.
18. Annex 2 updates and summarises the impact of 2015/16 carry forwards on 2016/17's revenue and capital budgets.

CONSULTATION:

19. All Cabinet Members will have consulted their relevant director or head of service on the financial positions of their portfolios.

RISK MANAGEMENT AND IMPLICATIONS:

20. Risk implications are stated throughout the report and each relevant director or head of service 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.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

SECTION 151 OFFICER COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

23. There are no legal issues or risks.

EQUALITIES AND DIVERSITY

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

OTHER IMPLICATIONS:

25. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report.
Carbon emissions	No significant implications arising from this report.

WHAT HAPPENS NEXT:

26. The relevant adjustments from the recommendations will be made to the Council's accounts.
27. On 25 July 2016 the Audit & Governance Committee will consider the Council's formal financial statements for 2015/16, with Grant Thornton's external audit opinion. 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.
28. The Council continues to seek to improve its corporate external reporting. Following progress last year, the 2015/16 annual report will be more succinct. The annual report will also be presented at the Audit & Governance Committee on 25 July 2016. It will be published shortly afterwards.

Contact Officer:

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Consulted:

Cabinet
strategic directors
heads of service.

Annexes:

- Annex 1 – Revenue budget, staffing costs, efficiencies, capital programme.
- Appendix 1 – Service financial information (revenue and efficiencies), revenue and capital budget movements.
- Annex 2 –2015/16 revenue and capital carry forward requests.

Sources/background papers:

- None
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