

SURREY COUNTY COUNCIL

CABINET

DATE: 28 MAY 2013

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 2012/13



SUMMARY OF ISSUE:

To note the revenue and capital budget outturn for 2012/13 financial year. The annexes to this report will be circulated separately prior to the Cabinet meeting and will present the final revenue and capital budget outturn for the 2012/13 financial year. This is based upon the final accounts at the end of March 2013. The report will also request approval for any further capital carry forwards and revenue reserve transfers, where appropriate.

RECOMMENDATIONS:

It is recommended that the Cabinet:

- i. notes the revenue budget underspending; (Annex 1, Section A paragraph 4)
- ii. approves the transfer of £2.5m in respect of the write down of prior accruals to the Budget Equalisation Reserve; (Annex 1, Section A paragraph 4 and 68)
- iii. approves the transfer of £2.7m of higher than expected government grants to the Budget Equalisation Reserve; (Annex 1, Section A, paragraph 7)
- iv. notes the in-year capital budget outturn; (Annex 1, Section B,)
- v. note grant and reserves movements changes and approve that they are allocated to the relevant services (Annex 1, Section C)
- vi. approves the transfer of capital funding into future years (Annex 1, Section E)

REASON FOR RECOMMENDATIONS:

To review and manage the budget outturn for the 2012/13 financial year in the context of a multi-year approach to financial management.
To approve carry forwards to enable on-going projects to continue without delay.

DETAILS:

1. The council's 2012/13 financial year ended on 31 March 2013. The accounts for the financial year closed on 2 May 2013 and included year-end adjusting transactions, such as year end accruals, reconciliations and allocations to be completed for external audit.

2. At the 23 April 2013 meeting of the Cabinet, a provisional outturn position was outlined. This presented a revenue budget underspending of -£3.8m. Section A to Annex 1 of this report presents the updated and final revenue budget variance, due to final allocations and grant changes. Section B outlines the final capital budget outturn, with the proposed carry-forward requests for those capital schemes that had not completed by the 31 March 2013 cut-off date included in Section E. The information within the report is subject to external audit, which will start in late June 2013.
3. Section C of the Annex summaries the budgetary adjustments for 2012/13, including the in-year changes to government grants, and describes the final year end budget virements. Section D outlines the change over the year of the Council's level of reserves and balances. This annex also summarises council's level of debt owed after the proposed write-off of irrecoverable debts.
4. Annex 1, Section E shows the support to the 2013/14 and future years revenue and capital budgets to be met from the 2012/13 financial year. The revenue budget carry-forward requests were approved at the Cabinet meeting on 23 April 2013. This annex also includes the requests to use 2012/13 capital resources for continuing capital schemes in 2013/14. The outturn has identified some transfers to revenue reserves that are required to support ongoing projects and risks in future financial years.
5. As a part of the council's commitment to openness and transparency, Annex 1 Section F contains details of travel costs, Members' expenses and allowances during the 2012/13 financial year.

Consultation:

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

Risk management and implications:

7. Risk implications are stated throughout the report and annexes 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.

Financial and value for money implications

8. The financial and value for money implications are considered throughout this report and annexes 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

9. The Cabinet has received reports throughout the year on the forecast year-end financial position. This report provides the final revenue and capital budget outturn for the 2012/13 financial year as the final accounting entries are undertaken prior to the commencement of the external audit.
10. The reported year end outturn is based upon the revenue and capital transactions recorded in the council's financial ledger at 31 March.

Legal implications – Monitoring Officer

11. There are no legal issues or risks.

Equalities and Diversity

12. Any impacts of the budget outturn will be evaluated by the individual services and reported as necessary.

Climate change/carbon emissions implications

13. The County 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:

15. The relevant adjustments from the recommendations will be made to the council's accounts.
16. The County Council's formal, financial accounts for 2012/13 will be presented to the Audit and Governance Committee at its meeting on 28 June 2013, although the External Auditors are not expected to issue their formal opinion on the accounts until September. The financial statements will reflect any adjustments arising from the audit of the accounts by the Council's external auditors, Grant Thornton. Any material changes made are required to be reported back to Audit and 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.
17. The other elements (Chief Finance Officer Report and abridged unaudited financial statements) of the Annual report – Financial Statement will be presented to the Audit and Governance Committee at its meeting on 28 June 2013. The report will be published shortly after.

Contact Officer:

Sheila Little, Chief Finance Officer and Deputy Director for Business Services
020 8541 7012

Consulted:

Cabinet / Corporate Leadership Team

Annexes:

Annex 1, Section A – Revenue Outturn (including efficiencies and staffing)
Annex 1, Section B – Capital outturn
Annex 1, Section C – Final revenue budget movements
Annex 1, Section D Quarterly Financial information (Treasury report, Balance Sheet and Reserve & Balances, and debt)

Annex 1, Section E – Summary of Revenue Carry forward and proposed Capital carry forwards

Annex 1, Section F – Annual report information (Travel expenses, Consultancy, Members Allowances and travel expenses)

Sources/background papers:

Monthly budget monitoring reports to the cabinet during the financial year
