

From: Paul Carter, Leader
John Simmonds, Deputy Leader and Cabinet Member for
Finance and Procurement

To: Policy and Resources Cabinet Committee – 10 July 2014

Subject: Financial outturn report for 2013/14

Classification: Unrestricted

Summary:

The Cabinet Committee is asked to note the draft financial outturn for 2013-14

Recommendation:

The Policy and Resources Cabinet Committee is asked to note the provisional revenue and capital outturn for the Council for 2013/14.

1. Introduction

1.1 The provisional revenue and capital outturn was reported to Cabinet on 7 July, together with recommendations on rollover for committed projects, contributions to reserves for uncommitted underspends and the addition of the 2013-14 capital rephasing into 2014-15 and later years capital budgets.

1.2 For the 14th consecutive year the Council is able to demonstrate sound financial management by containing its revenue expenditure within the budgeted level (excluding schools). In the context of a savings requirement of around £95m and on the back of delivering £175m of revenue savings in the previous two years, together with continued high demand for services such as Specialist Children's Services, SEN Home to School Transport, school improvement and intervention and the unbudgeted Find and Fix repair of potholes even prior to the winter flooding, this has been a massive challenge and is a considerable achievement.

2. Provisional Capital and Revenue Outturn 2013-14

2.1 The provisional revenue outturn against the combined directorate revenue budgets is an underspend of -£9.865m (excluding schools). This is after £4m has been transferred to reserves to support the 2014-15 budget, as agreed by County Council in February, and before any committed rollovers. There may be minor variations to the figures during the final stage of the year-end process and the external audit.

2.2 The provisional capital outturn is a variance of -£53.038m. This is represented by re-phasing of -£53.337m and real overspends of £0.3m.

3. Outturn by Directorate

3.1 The following paragraphs give a very brief description of each directorate's outturn. The full report can be found using the following link:

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=115&MId=5548&Ver=4>

3.2 *Education, Learning and Skills:*

Revenue Underspend £1,828k

This underspend has been achieved over and above the overall savings required as part of the agreed MTFP. This is at the same time as absorbing the financial pressures arising from increased demand on activity around school improvement and intervention, the closure of two schools, pressure on Home to School Transport, as well as the set-up costs incurred on behalf of the whole authority with the establishment of the Kent Integrated Adolescent Support Service (KIASS). This was achieved by running a number of vacancies (where appropriate) and delivering higher levels of income from schools trading than initially planned, particularly within the Educational Psychology Service, School Improvement and Governor Services.

Capital Rephasing £22,596k, underspend £2,506k

The rephasing is largely around the Basic Need programmes - £9m, the Annual Planned Enhancement Programme £5m, Phase 2 of the Special Schools Review £2.5m and Academies £1.8m.

3.3 *Families and Social Care – Specialist Children's Services:*

Revenue Pressure £2,992k

Although specialist children's services has had a challenging year, and ended with an underlying pressure of £2,992k, significant progress has been made to stabilise the financial position of the division, following the improvement journey the service has been on since 2010. The children in care numbers have reduced steadily during the year and an overall reduction has been seen, which will contribute to lower costs going forward.

Capital Rephasing £468k, underspend £1,113k

Main variance is in relation to Transforming Short Breaks.

3.4 *Families and Social Care – Asylum:*

Revenue Pressure £2,132k

The Asylum budget outturn position was discussed at Cabinet on 2 June 2014. A corresponding -£2,132k underspend is within the Financing Items underspend.

3.5 Families and Social Care – Adult Social Care:

Revenue Underspend £466k

This underspend has been achieved over and above the overall savings required as part of the agreed MTFP, which included £18,115k for Adults Transformation Programme. The optimisation part of the Transformation Programme has looked at the staffing structure of the OP/PD service, leading to a new model of working being in place. Alongside this, the Directorate has used £22,064k of NHS monies for Social Care funding to invest in a number of initiatives to help achieve the Directorate's strategic objectives and in particular increased joint working with Health.

Capital Rephasing £948k, overspend £139k

Variances across the Older Persons strategy and IT projects.

3.6 Enterprise and Environment:

Revenue Pressure £3,330k

Through effective management action with all managers in the Highways and Transportation division working together, underspends on other budgets have been achieved to offset a significant proportion of the pressures which were largely as a result of the Find & Fix pothole repair programme and the additional costs in relation to the emergency response required as a result of the autumn and winter storms and floods.

Capital Rephasing £6,406k, underspend £349k

This variance is due to the rephasing of a large number of projects.

3.7 Customer and Communities:

Revenue Underspend £6,318k

This has largely been achieved through extending vacancy management, generating one-off additional income, varying contracts, delivering 2014-15 savings ahead of schedule and ensuring that only core activities/spend were taken forward in the second half of the year.

Capital Rephasing £1,407k, overspend £15k

This variance is due to a number of projects rephasing.

3.8 Business Strategy and Support:

Revenue Underspend £3,500k

This underspend has been achieved through strong management action. This includes; savings through good contract management within Public Health, maximising income where possible, in particular in the areas of teacher recruitment in HR, and schools appeals in Democratic Services. Legal Services generated additional external income for the Council whilst their Evolution programme reduced costs internally. The move to a new building at Kings Hill, designed to implement the New Ways of Working standards and reduce overall accommodation costs. Finance actively managed vacancies and reduced use of specialist services to deliver an underspend. Within ICT, the move to a system of unified communications led to reductions in telephony costs. Economic Development has attracted significant investment from external sources, i.e. £55m of Regional Growth Funding for interest free loans to growing businesses across Kent and over £16m in S106 agreements for schools and community facilities across the county.

Capital Rephasing £21,512k, overspend £4,113k

The big projects rephasing are the Regional Growth Fund £4,301k, £3,488k Modernisation of Assets, £3,076k LIVE Margate, and £2,300 TIGER. The overspend is across a number of projects.

3.9 *Financing Items:*

Revenue Underspend £6,207k

This has been achieved through a reduction in drawdowns from reserves and a reduction in debt charges due to the rephasing of capital in previous years.

4. Recommendation(s):

The Policy and Resources Cabinet Committee is asked to note the provisional revenue and capital outturn for 2013/14.

5. Contact details

Report Author
Cath Head
Telephone number: 01622 221135
Email address: cath.head@kent.gov.uk