

From: John Simmonds, Cabinet Member for Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

To: CABINET – 1 June 2015

Subject: **REVENUE & CAPITAL BUDGET MONITORING REPORT 2014-15**
– Provisional outturn

Classification: Unrestricted

Cabinet is asked to **note** the provisional outturn for revenue and capital for 2014-15 as set out below.

1. Introduction

1.1 Finance staff are currently involved in finalising the outturn position for 2014-15. The figures below are provided from the accounting system and should be very close to the final outturn position. Any amendments will be as a result of internal management reviews and external audit findings.

The final outturn report will be presented to Corporate Board on 22 June and Cabinet on 6 July and will provide further detail behind this very satisfactory outcome against a very challenging budget.

2. REVENUE

2.1 The current net revenue position as at the 12th May, compared with the previous reported position in the January monitoring report presented to Cabinet on 27 April of -£8.653m, is -£10.746m. This is detailed by directorate in the table below and details of the main movements will be provided in the outturn report:

Table 1: 2014-15 Provisional Revenue Outturn by directorate and roll forward requirements

Directorate	Net Budget	Provisional Outturn	Net Variance	Variance per last report	Movement
	£000s	£000s	£000s	£000s	£000s
Education & Young People's Services	65,938.0	57,263.8	-8,674.2	-6,271.0	-2,403.2
Social Care, Health & Wellbeing (SCH&W) - Specialist Children's Services	127,517.0	128,871.8	1,354.8	+2,418.0	-1,063.2
SCH&W - Asylum	280.0	1,409.3	1,129.3	+1,686.0	-556.7
SCH&W - Special Operations	0.0	1,028.8	1,028.8	+981.0	+47.8
<i>Sub Total SCH&W - Specialist Children's Services</i>	127,797.0	131,309.9	3,512.9	+5,085.0	-1,572.1
SCH&W - Adults	338,595.6	337,188.3	-1,407.3	-2,873.0	+1,465.7
SCH&W - Public Health	0.0	0.0	0.0	0.0	0.0
Growth, Environment & Transport	179,972.3	177,597.0	-2,375.3	-80.0	-2,295.3
Strategic & Corporate Services	83,102.0	81,154.2	-1,947.8	-2,051.0	+103.2
Financing Items	158,686.7	158,831.9	145.2	-2,463.0	+2,608.2
TOTAL (excl Schools)	954,091.6	943,345.1	-10,746.5	-8,653.0	-2,093.5
<i>Schools (E&YP Directorate)</i>	<i>0.0</i>	<i>-1,554.1</i>	<i>-1,554.1</i>	<i>+11,265.0</i>	<i>-12,819.1</i>
TOTAL	954,091.6	941,791.0	-12,300.6	2,612.0	-14,912.6
Variance per table above (excl schools)			-10,746.5	-8,653.0	-2,093.5
roll forwards					
- committed			+867.9	+544.0	+323.9
- re-phased			+3,825.8	+3,048.0	+777.8
- bids			+87.6	+25.0	+62.6
Total roll forward requirements			+4,781.3	+3,617.0	+1,164.3
uncommitted balance			-5,965.2	-5,036.0	-929.2

2.2 In total, schools underspent against their delegated budgets by £2.626m, which has been transferred to school reserves. This includes a £2.332m drawdown from school reserves as a result of 33 schools converting to new style academy status, which allows them to take their reserves with them, a £0.038m drawdown as a result of school closures and a £4.996m underspend against delegated budgets for the remaining Kent schools. In addition, there was £1.072m of overspending on the unallocated schools budget for schools related items, giving a £1.554m underspend in total against the delegated schools budget line in table 1.

2.3 In addition, as a result of variances within the non-delegated education budgets, the unallocated schools budget reserves have increased by £6.725m. This is due to an underspend on Early Years Education of £9.153m because of lower than affordable levels of parental demand, particularly for places for two year olds; partially offset by a net overspend on High Needs Education budgets of £2.428m. Both Early Years and High Needs Education are funded by Dedicated Schools Grant, so any under or overspending must be carried forward, via the unallocated schools budget reserve, in accordance with Government regulations.

2.4 As a result of paragraphs 2.2 and 2.3 above, schools reserves have increased by £8.3m in 2014-15, a movement of +£14.4m since the January monitoring report. This includes an

increase in schools committed reserves of £1m, an increase in schools uncommitted reserves of £1.7m and an increase in the unallocated schools budget reserve of £5.6m. Further details will be provided in the outturn report in July.

2.5 The provisional outturn position shown in table 1 includes some underspending which is requested to roll forward. Roll forward of £4.781m is requested, as shown at the bottom of table 1, and relates to:

- i) legally committed items, where we have no choice but to incur this spend in 2015-16,
 - ii) projects which are re-phasing into 2015-16, and
 - iii) bids for roll forward, for example to pump-prime delivery of 2015-16 budgeted savings.
- This will leave an uncommitted balance of £5.965m.

Details of the committed roll forwards, re-phased projects and bids will be provided in the outturn report.

2.6 It is suggested that the uncommitted balance of £5.965m is used as follows:

- £2m to be earmarked for Find and Fix programme of pothole repairs;
- the balance of £3.965m to be transferred to reserves to help balance the 2016-17 budget gap.

Cabinet will be asked to approve these in July.

3. **CAPITAL**

3.1 The Capital Programme 2014-15 has a working budget of £260.765m (excluding Schools and PFI). The expected outturn on capital expenditure for this financial year is expected to be £205.767m, giving a variance of -£54.998m, the vast majority of which relates to re-phasing of projects.

Table 2: 2014-15 Provisional Capital Outturn by directorate

Directorate	2014-15 Budget £000s	2014-15 Provisional Outturn £000s	2014-15 Variance £000s
Strategic & Corporate Services	25,803	18,217	-7,586
Social Care, Health & Wellbeing - Children's Services	1,958	801	-1,157
Social Care, Health & Wellbeing - Adults Services	6,775	4,654	-2,121
Education & Young People's Services	94,959	80,594	-14,365
Growth, Environment & Transport	131,270	101,501	-29,769
TOTAL (excluding Schools & PFI)	260,765	205,767	-54,998

Details of the major variances will be provided in the outturn report.

4. **CONCLUSIONS**

- 4.1 For the 15th 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 £81m in 2014-15 and on the back of delivering approximately £270m of savings in the previous three years, together with the continued high demand for services such as social care and waste, an overall underspending position is a considerable achievement.

5. **RECOMMENDATIONS**

- 5.1 **Cabinet** is asked to **note** the provisional outturn for revenue and capital for 2014-15.

6. **BACKGROUND DOCUMENTS**

- 6.1 The [January monitoring position](#) as reported to Cabinet on 27 April 2015.

7. **CONTACT DETAILS**

- 7.1 Report authors:

Chris Headey
Central Co-ordination Manager
Revenue Finance
03000 416228
chris.headey@kent.gov.uk

Julie Samson/Sara Brise
Capital Finance Manager
03000 416950 / 416922
julie.samson@kent.gov.uk
sara.brise@kent.gov.uk

- 7.2 Director:

Andy Wood
Corporate Director of Finance and Procurement
03000 416854
andy.wood@kent.gov.uk