

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

**To:** Policy and Resources Cabinet Committee – 1 July 2015

**Subject:** Provisional Financial outturn report for 2014-15

**Classification:** Unrestricted

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**Summary:**

The Cabinet Committee is asked to note the draft financial outturn for 2014-15

**Recommendation:**

The Policy and Resources Cabinet Committee is asked to note the provisional revenue and capital outturn for the Council for 2014-15.

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**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 was presented to Corporate Board on 22 June and will be presented to 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 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 £000s	Provisional Outturn £000s	Net Variance £000s	Variance per last report £000s	Movement £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&amp;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
<b>TOTAL (excl Schools)</b>	<b>954,091.6</b>	<b>943,345.1</b>	<b>-10,746.5</b>	<b>-8,653.0</b>	<b>-2,093.5</b>
<i>Schools (E&amp;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>
<b>TOTAL</b>	<b>954,091.6</b>	<b>941,791.0</b>	<b>-12,300.6</b>	<b>2,612.0</b>	<b>-14,912.6</b>
Variance per table above (excl schools)			-10,746.5	-8,653.0	-2,093.5
roll forwards			+867.9	+544.0	+323.9
- committed					
- re-phased			+3,825.8	+3,048.0	+777.8
- bids			+87.6	+25.0	+62.6
<b>Total roll forward requirements</b>			<b>+4,781.3</b>	<b>+3,617.0</b>	<b>+1,164.3</b>
<b>uncommitted balance</b>			<b>-5,965.2</b>	<b>-5,036.0</b>	<b>-929.2</b>

- 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.

- 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 the July meeting.

### 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
<b>TOTAL (excluding Schools &amp; PFI)</b>	<b>260,765</b>	<b>205,767</b>	<b>-54,998</b>

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

### 4. CONCLUSIONS

- 4.1 For the 15<sup>th</sup> 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 The Policy and Resources Cabinet Committee is asked to note the provisional revenue and capital outturn for 2014-15.

## **6. CONTACT DETAILS**

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