

To: Policy and Resources Cabinet Committee - 16 June 2017

From: John Simmonds, Cabinet Member for Finance
Andy Wood, Corporate Director, Finance

Subject: **REVENUE & CAPITAL BUDGET MONITORING REPORT
2016-17 – PROVISIONAL OUTTURN**

Classification: Unrestricted

1. Introduction

- 1.1 This report presents the provisional outturn position for 2016-17 for both revenue and capital budgets. 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 Cabinet on 26 June and will provide further detail behind this very satisfactory outcome against an extremely challenging budget.

2. REVENUE

- 2.1 The current net revenue position as at the 5th May, compared with the previous reported position in the January monitoring report presented to Cabinet on 27 March of +£224k, is -£3,771.6k. However, after roll forwards that need to be applied, that figure reduces to -£1,116.1k, and a further £518.5k of bids for roll forward would reduce the final underspend to -£597.6k. This is presented by directorate in the table below and details of the main movements will be provided in the final outturn report.

Table 1a: 2016-17 Provisional Revenue Outturn by directorate and roll forward requirements

Directorate	Budget £'000	Provisional Outturn £'000	Net Variance £'000	Variance per last Cabinet report £'000	Movement £'000
Education & Young People's Services	49,078.4	+48,373.1	-705.3	+953	-1,658.3
Social Care, Health & Wellbeing - Specialist Children's Services	128,464.9	+132,963.6	+4,498.7	+4,894	-395.3
Social Care, Health & Wellbeing - Asylum	550.0	+1,516.1	+966.1	+1,679	-712.9
<i>Sub Total SCH&W - Specialist Children's</i>	<i>129,014.9</i>	<i>+134,479.7</i>	<i>+5,464.8</i>	<i>+6,573</i>	<i>-1,108.2</i>
Social Care, Health & Wellbeing - Adults	362,182.1	+361,940.9	-241.2	-1,861	+1,619.8
Social Care, Health & Wellbeing - Public Health	-	-0.2	-0.2	-	-0.2
Growth, Environment & Transport	166,947.5	+165,845.9	-1,101.6	-485	-616.6
Strategic & Corporate Services	71,112.6	+69,659.2	-1,453.4	-628	-825.4
Financing Items	142,711.3	+136,976.6	-5,734.7	-4,328	-1,406.7
TOTAL (excl Schools)	921,046.8	+917,275.2	-3,771.6	+224	-3,995.6
<i>Schools (E&YP Directorate)</i>	<i>-</i>	<i>+23,644.6</i>	<i>+23,644.6</i>	<i>+20,857</i>	<i>+2,787.6</i>
TOTAL	921,046.8	+940,919.8	+19,873.0	+21,081	-1,208.0
Variance per table above (excl schools)			-3,771.6	+224	-3,995.6
roll forwards - committed			+589.4	+1,594	-1,004.6
- re-phased			+2,066.1	+832	+1,234.1
- bids			+518.5	+64	+454.5
Total roll forward requirements			+3,174.0	+2,490	+684.0
uncommitted balance			-597.6	+2,714	-3,311.6

Table 1b: 2016-17 Provisional Directorate revenue positions after roll forwards:

Directorate	Variance £'000	Roll forwards				Revised Variance £'000
		Committed £'000	Re-phased £'000	Bids £'000	TOTAL	
Education & Young People's Services	-705.3	+42.0	+1,619.1	+100.0	+1,761.1	+1,055.8
Social Care, Health & Wellbeing - Specialist Children's Services	4,498.7	+91.6	+286.6	-	+378.2	+4,876.9
Social Care, Health & Wellbeing - Asylum	966.1	-	-	-	-	+966.1
<i>Sub Total SCH&W - Specialist Children's</i>	<i>5,464.8</i>	<i>+91.6</i>	<i>+286.6</i>	<i>-</i>	<i>+378.2</i>	<i>+5,843.0</i>
Social Care, Health & Wellbeing - Adults	-241.2	+19.9	-	-	+19.9	-221.3
Social Care, Health & Wellbeing - Public Health	-0.2	+0.2	-	-	+0.2	-
Growth, Environment & Transport	-1,101.6	+427.7	-	+418.5	+846.2	-255.4
Strategic & Corporate Services	-1,453.4	+8.0	+160.4	-	+168.4	-1,285.0
Financing Items	-5,734.7	-	-	-	-	-5,734.7
TOTAL (excl Schools)	-3,771.6	+589.4	+2,066.1	+518.5	+3,174.0	-597.6

2.2 In total, the schools delegated budget overspent by £23,644.6k, which has been drawn down from school reserves. This includes:

- a £2,219.1k drawdown from school reserves as a result of 21 schools converting to new style academy status, which allows them to take their reserves with them;
- a £7,120.2k overspend against delegated budgets for the remaining Kent schools;
- £10,302.8k of overspending on the unallocated schools budget for schools related items, particularly growth in both mainstream and high needs pupil numbers within Kent schools and academies;
- £3,235.1k use of schools unallocated budget to offset pressures on High Needs (for Kent children in non KCC schools and colleges);
- £767.4k use of schools unallocated budget to offset pressures on Early Years education.

(Although both Early Years and High Needs Education are within the non-delegated education budgets, they are both fully 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).

- 2.3 The provisional outturn position shown in table 1a includes some underspending which Cabinet will be requested to roll forward. This amount is shown at the bottom of table 1a and by directorate in table 1b, and relates to:
- i) legally committed items, where we have no choice but to incur this spend in 2017-18,
 - ii) projects which are re-phasing into 2017-18, and
 - iii) bids for roll forward, for example use of the underspend on the adverse weather budget as a result of a mild winter to offset the pressures a mild winter places on highway soft landscaping maintenance during the following summer.
- This will leave an uncommitted balance of £597.6k.

Details of the committed roll forwards, re-phased projects and bids will be provided in the outturn report to Cabinet on 26 June.

3. **CAPITAL**

- 3.1 The Capital Programme 2016-17 has a working budget of £307,758k (excluding Schools and PFI). The expected outturn on capital expenditure for this financial year is expected to be £226,707k, giving a variance of -£81,051k, the vast majority of which relates to re-phasing of projects.

Table 2: 2016-17 Provisional Capital Outturn by directorate

Directorate	2016-17 Working budget	Provisional Outturn	Variance
	£m	£m	£m
Education & Young People's Services	145.094	119.506	-25.588
Social Care, Health & Wellbeing - Specialist Children's Services	0.109	0.150	0.041
Social Care, Health & Wellbeing - Adults	6.499	1.491	-5.008
Social Care, Health & Wellbeing - Public Health	0.360	0.000	-0.360
Growth, Environment & Transport	135.314	89.499	-45.815
Strategic & Corporate Services	20.382	16.061	-4.321
Financing Items	0.000	0.000	0.000
TOTAL	307.758	226.707	-81.051

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

4. **CONCLUSIONS**

- 4.1 For the 17th consecutive year the Council is able to demonstrate sound financial management by containing its revenue expenditure within the budgeted level (excluding schools). This is a remarkable accomplishment considering the forecast position throughout the year. Also, when taken in the context of a savings requirement of around £81m in 2016-17 and on the back of delivering approximately £434m of savings in the previous five years, together with the continued high demand for services such as social care, SEN Transport, and waste, an overall underspending position is a considerable achievement.

5. RECOMMENDATIONS

- 5.1 The Policy and Resources Committee is asked to **note** the provisional outturn for revenue and capital for 2016-17.

6. BACKGROUND DOCUMENTS

- 6.1 The January monitoring position as reported to Cabinet on 27 March 2017.

7. CONTACT DETAILS

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