

<b>Title of Report:</b>	<b>Provisional Financial Outturn Report 2013-14</b>
<b>Report to be considered by:</b>	Executive
<b>Date of Meeting:</b>	19 June 2014
<b>Forward Plan Ref:</b>	EX2671

**Purpose of Report:** To inform members of provisional financial outturn for the Council for the financial year 2013-14. To note that these figures are provisional and may change during closedown and as a result of External Audit.

**Recommended Action:** To note the report

**Reason for decision to be taken:** This report forms part of the budget monitoring framework.

**Other options considered:** None

**Key background documentation:** None

The proposals will help achieve the following Council Strategy principle: <input checked="" type="checkbox"/> <b>CSP6 - Living within our means</b>
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<b>Portfolio Member Details</b>	
<b>Name &amp; Telephone No.:</b>	Councillor Alan Law - Tel (01491) 873614
<b>E-mail Address:</b>	alaw@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	19 May 2014

<b>Contact Officer Details</b>	
<b>Name:</b>	Andy Walker
<b>Job Title:</b>	Head of Finance
<b>Tel. No.:</b>	01635 519433
<b>E-mail Address:</b>	awalker@westberks.gov.uk

## Implications

**Policy:** n/a

**Financial:** The provisional year end position is an under spend of £449k. It should be noted that these figures are provisional and may change as a result of closedown and External Audit.

**Personnel:** n/a

**Legal/Procurement:** n/a

**Property:** n/a

**Risk Management:** n/a

Is this item relevant to equality?	Please tick relevant boxes		Yes	No
Does the policy affect service users, employees or the wider community and:				
• Is it likely to affect people with particular protected characteristics differently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
• Is it a major policy, significantly affecting how functions are delivered?	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
• Will the policy have a significant impact on how other organisations operate in terms of equality?	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
• Does the policy relate to an area with known inequalities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
<b>Outcome</b> (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)				
Relevant to equality - Complete an EIA available at <a href="http://www.westberks.gov.uk/eia">www.westberks.gov.uk/eia</a>			<input type="checkbox"/>	<input checked="" type="checkbox"/>
Not relevant to equality				<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>
Report is to note only		<input checked="" type="checkbox"/>

# Executive Summary

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## 1. Introduction

- 1.1 This report summarises the provisional financial outturn for the Council in respect of the 2013-14 financial year.
- 1.2 The provisional year end position is an under spend of £449k. It should be noted that these figures are provisional and may change as a result of closedown and External Audit.

## 2. Proposals

- 2.1 For the Executive to note this report.

## 3. Equalities Impact Assessment Outcomes

- 3.1 This report is not relevant to equality.

## 4. Conclusion

- 4.1 The Council has managed to achieve a relatively small under spend, maintain levels of reserves and help reduce known pressures for the 2014-15 financial year. This has been achieved through effective management of its finances over the last twelve months against a back drop of continued local and national financial volatility.

# Executive Report

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## 1. Summary provisional financial outturn

- 1.1 The financial performance reports provided to Members throughout the financial year are concerned with the under or over spend against the Council's approved budget.
- 1.2 The Council's provisional year end position is an under spend of £449k. It should be noted that these figures are provisional and may change as a result of closedown or External Audit.

## 2. Background to the 2013-14 budget

- 2.1 2013-14 saw fundamental changes to how Councils were funded by Central Government. From the 1st April 2013, the Formula Grant system was replaced with Revenue Support Grant and Retained Business Rates. Since the start of the financial year, a proportion of the Council's Business Rate income is retained by the Council to help fund the budget requirement.
- 2.2 For 2013-14, the Council took over some of the functions for Public Health, previously commissioned by the NHS. A specific ring-fenced grant of £4.4m was provided for this.
- 2.3 The Council faced a number of challenges during 2013-14, most notably the flooding which put pressure on the Highways budget. This was mitigated by the Bellwin fund which has made funding available for 100% of expenditure above a threshold of £230k. The poor weather also put pressure on the highways budget from repairs to the highway network. The Children's social care budget continues to be one of the financial pressure points for the Council. Children's placement budgets are demand led and fostering services have faced higher demand than anticipated during 2013-14.

## 3. Directorate Year End Positions

- 3.1 Communities Directorate:

Communities	Month 6 £k	Month 9 £k	Year End £k
Variance to budget	202	122	6

- 3.2 The Communities Directorate was forecasting an over spend of £202k at the end of Quarter Two, largely due to pressures in Children's Services from fostering services and non residential placements. In order to address the increased projected over spend, expenditure across Children's non placement budgets and all Communities budgets was deliberately slowed. By the end of Quarter Three the forecast over spend had reduced by £80k to £122k. The year end position for Communities is an over spend of £6k against a budget of £68million, with the Children's Services over spend of £220k being offset by savings in Education and Care Commissioning, Housing and Safeguarding. The improved position in the final quarter was predominantly as a result of an additional unanticipated £136k contribution received from Public Health to fund substance misuse services.

### 3.3 Environment Directorate:

Environment	Month 6 £k	Month 9 £k	Year End £k
Variance to budget	114	123	-97

3.4 The Environment directorate was forecasting an over spend of £114k at the end of Quarter Two, which was largely due to income pressures in Highways and Transport from car parking and S278. By the end of Quarter Three, the over spend forecast increased by £9k, with an increase in the Highways and Transport pressure as a result of the storms and flooding, being offset by a forecast under spend in Culture and Environmental Protection. The year end position for Environment is an under spend of £97k. Highways & Transport pressures were reduced as a result of Government funding which was made available for the flooding. The main fund we have been able to claim against is the Bellwin fund which is available for immediate emergency response to the flooding. The Government announced that they will cover 100% of expenditure above a threshold, which is the case of WBC is £230k. Expenditure below this threshold has been funded from 2013-14 Council budgets.

3.5 A summary of costs to date is shown below:

<b>Bellwin Claim - Summary of costs to date</b>	
Payments to staff/agency	46,000
Specialist tree safety work	18,000
Transport hire	2,000
Equipment purchase and hire	12,000
Catering and clothing	3,000
Professional fees	3,000
Leaflets and information packs/advertising	5,000
Emergency welfare payments	1,500
Payments to contractor - inc pothole repair, signage, tree clearance, materials	646,000
	<b>736,500</b>
<b>Funded by:</b>	
In year under spend	230,000
Bellwin Claim	506,500
	<b>736,500</b>

### 3.6 Resources Directorate:

Resources	Month 6 £k	Month 9 £k	Year End £k
Variance to budget	-130	-483	-664

3.7 The Resources directorate was forecasting an under spend of £130k at the end of Quarter Two, of which £80k was the planned contribution from Public Health to central overheads. By the end of Quarter Three, the forecast was an under spend of £483k. Strategic Support were forecasting an under spend of £136k due to Public Health funding and increased income. A further under spend of £258k was due to the release of the Drug and Alcohol Action Team budget after all service

commitments were funded. The year end position for Resources is an under spend of £664k. During the last quarter, a grant was received to cover costs incurred in Legal Services and there was a change in legislation regarding the accounting treatment of discretionary relief given to ratepayers, both of which increased the under spend.

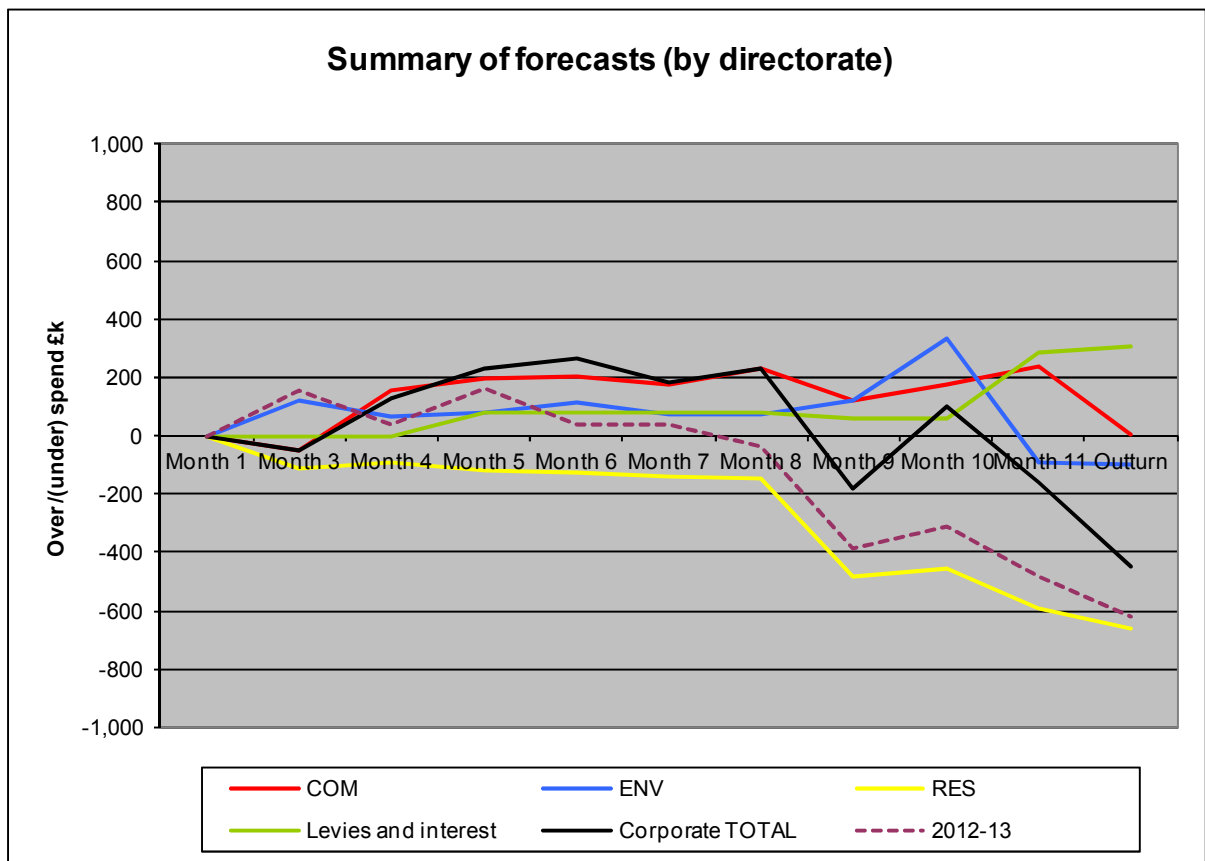
3.8 Levies and Interest:

Levies and Interest	Month 6 £k	Month 9 £k	Year End £k
Variance to budget	76	56	306

3.9 Levies and interest year end position is an over spend of £306k. Of this, £230k is the threshold that the Council has to fund before we can claim on the Bellwin fund for flooding as described above. The balance is mainly due to a lower return on temporary investments than expected.

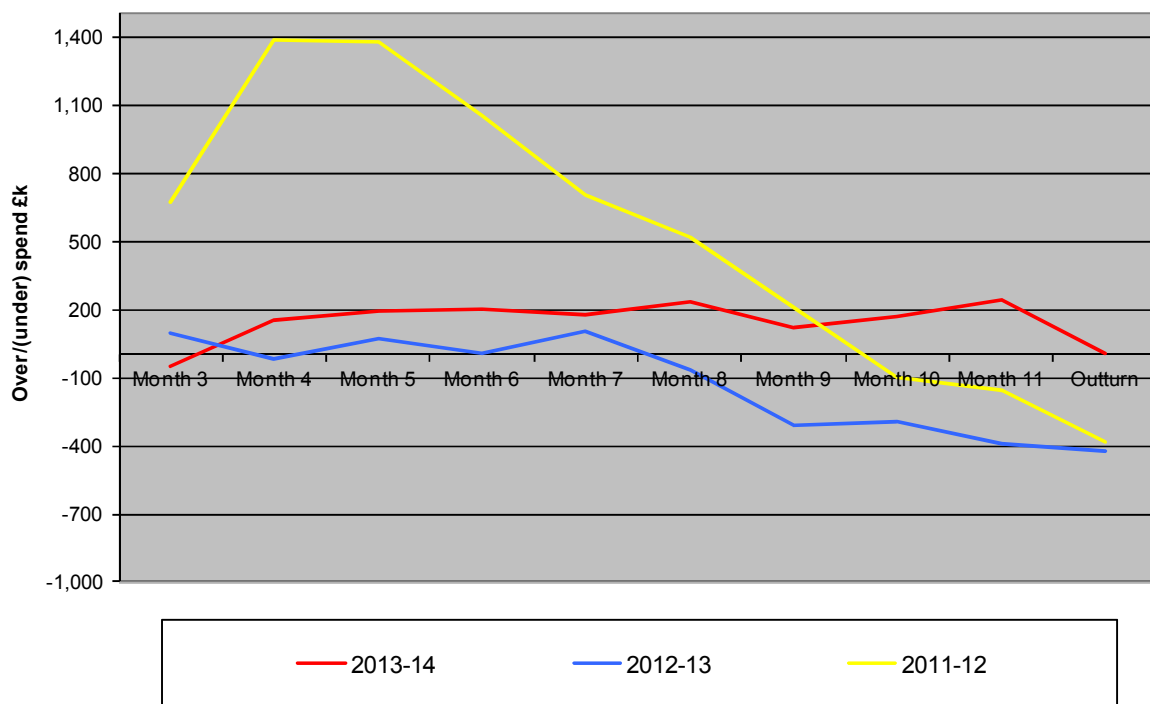
4. Summary of Forecasts by Directorate

4.1 The graph below highlights the forecasts by Directorate during 2013-14

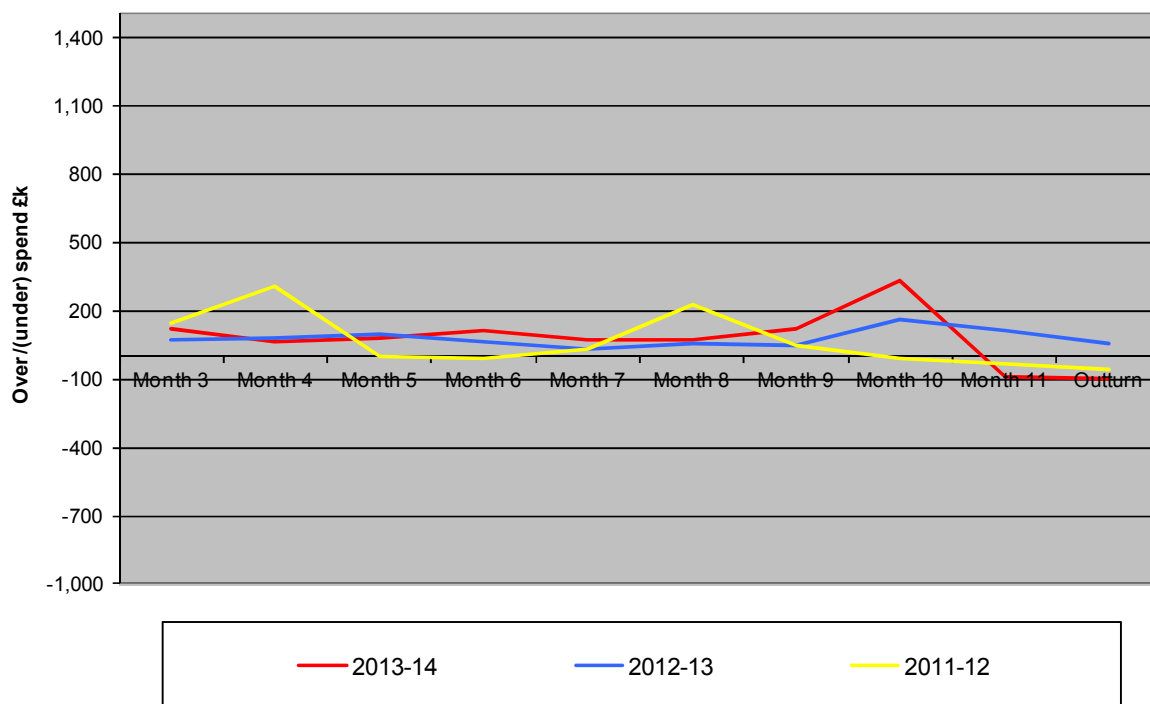


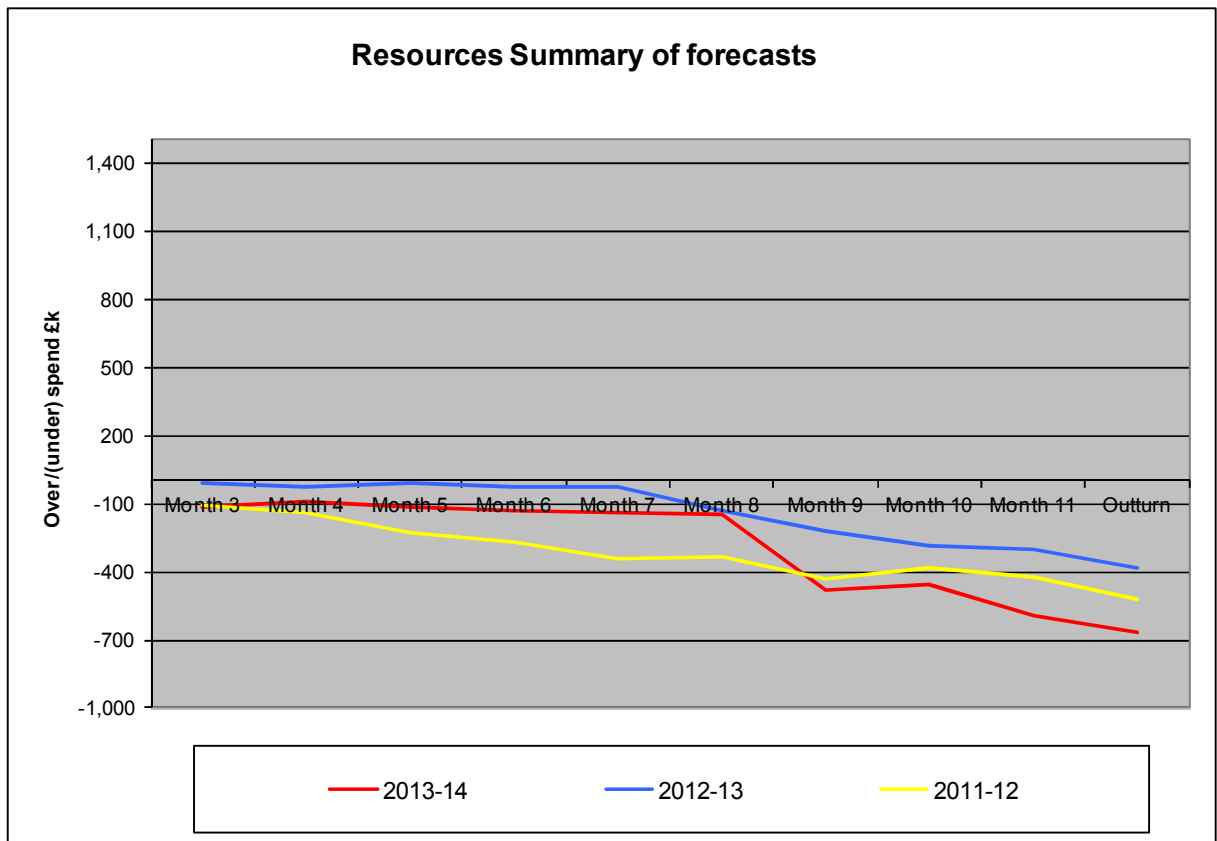
4.2 The graphs below show the past three years forecasting trends per directorate

### Communities Summary of forecasts



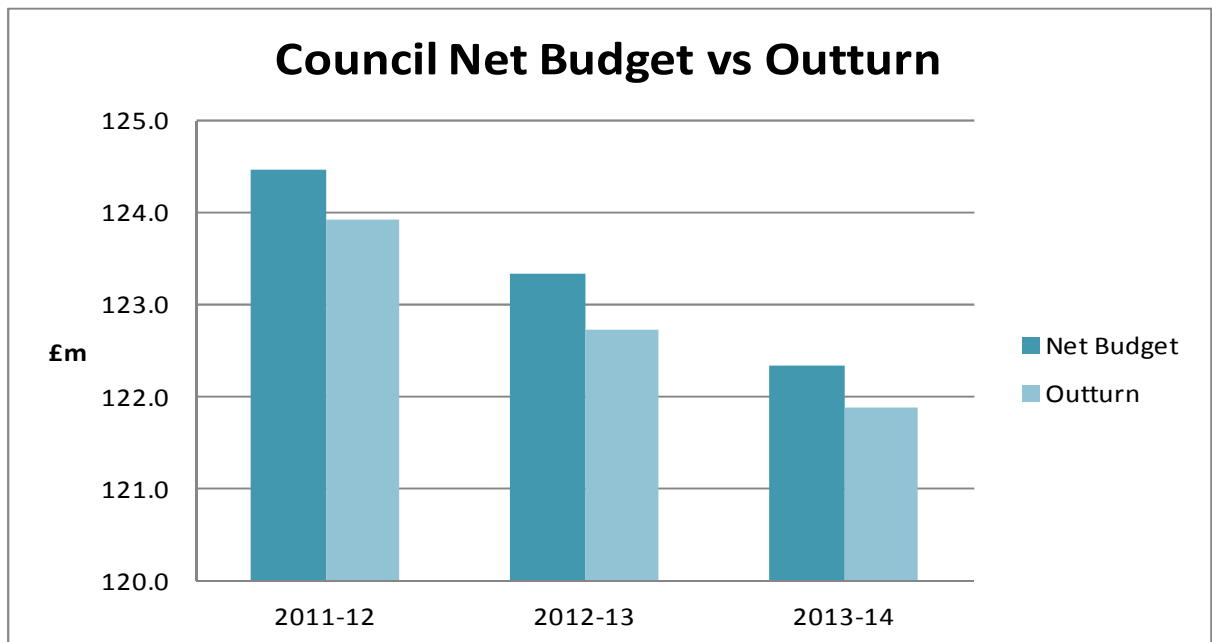
### Environment Summary of forecasts





**5. Key items contained within the 2013-14 provisional outturn**

5.1 The graph below highlights the outturn compared to net budget since 2011-2012.



5.2 As per the above graph, the Council has delivered outturns close to its budget requirement over recent years. The under spend as a percentage of net budget was 0.44% in 2011-12, 0.5% in 2012-13 and 0.37% in 2013-14.



5.3 The majority of services came in close to budget. The largest over spends were in Children's Services (£220k) largely as a result of pressures in fostering and non-residential placements, and Highways & Transport (£79k) largely as a result of hand patching repairs to the highways.

## 6. The impact on the Council's Reserves and the financial statements

6.1 The figures included within this report are all provisional until the production of the Council's financial statements later this month. However, there has been very little movement in recent years between the provisional outturn under spend figure reported in this report and the final position.

## 7. Provisional Capital Outturn 2013/14

	Original Capital Budget 2013/14 £000	Revised Capital Budget 2013/14 £000	Total Outturn 2013/14 £000	Total Variance £000	% Variance	Committed (orders placed but not yet paid) £000	% Un - Committed/ Committed from next year's budget (-)
Communities	17,656	14,310	12,452	1,858	13.0%	3,238	-9.7%
Resources	966	1,740	1,038	702	40.4%	72	36.3%
Environment	11,319	15,356	12,776	2,580	16.8%	775	11.8%
<b>Total</b>	<b>29,941</b>	<b>31,406</b>	<b>26,266</b>	<b>5,140</b>	<b>16.4%</b>	<b>4,085</b>	<b>3.4%</b>

7.1 Total capital expenditure in 2013/14 was £26.3 million. This represents an under spend of £5.1 million, or 16.4%, against the revised budget of £31.4 million. (The budget was revised during the course of the year to take account of funds brought forward from 2012/13, additional grant and section 106 funding allocated to schemes during the year and funds re-profiled into 2014/15). The Capital Strategy Group (CSG) has reviewed the outturn in detail and has recommended that £4.9m of the under spend should be carried forward into 2014/15 to enable schemes already underway to be completed.

### Communities

7.2 The under spend of £1.9m includes:

7.3 In adult Social care: an under spend of £29,000 in respect of planned maintenance and improvements to buildings, including Willows Edge. The full amount will be carried forward to enable the completion of these schemes in 2014/15.

7.4 In Care Commissioning, Housing & Safeguarding: an under spend of £784,000, of which £305,000 consists of disabled facilities and home repair assistance grants which have been awarded but not yet paid. In addition to this amount a further £224,000 of the 2013/14 budget will be carried forward to enable the completion of the Priory Extra Care scheme and other social care building projects. However there was lower than expected demand for disabled facilities and home repair

assistance grants in 2013/14 which has resulted in a one off saving of £225,000, which is not required to be carried forward.

- 7.5 In Education Services: an under spend of £1.0 million. This includes £301,000 of planned maintenance, of which the majority was completed but not yet paid for at the end of March; £282,000 for additional places at John Rankin Infant and Junior schools which has been delayed because of bad weather; £152,000 savings from the budgets for the Downs Science Block and the Kennet Hearing and Visual Impairment Unit which will be reallocated to help meet the pressure on the scheme to improve John O Gaunt School; £106,000 government grant to provide additional nursery places for 2 year olds which will continue in 2014/15 and £50,000 for the age extension of Purley Infant School for which the overall funding and scope is still being assessed.
- 7.6 Expenditure on capital funded salaries in the Property Services team was £55,000 over budget, because insufficient salary costs had been offset against scheme budgets by year end. CSG has recommended that this amount should be proportionally offset against under spends on the projects on which the relevant staff have worked which include schools, corporate buildings and the town centre development projects.
- 7.7 Resources
- 7.8 The under spend of £702,000 includes:
- 7.9 Of the Chief Executive's schemes - £40,000 for London Road Industrial Estate and the Market Street Development, which is required to be carried forward to 2014/15 to meet the remaining commitments on these schemes and £10,000 funds not allocated in 2013/14 but required in 2014/15 by the Eastern Area Vision Task Group.
- 7.10 In Finance - £138,000 from the members bids fund, of which £95,000 has been allocated to projects but not yet claimed and £43,000 is proposed to be added to the budget for allocation in 2014/15; £40,000 which is required for the completion of the Agresso 5.6 project and £62,000 which remains unallocated from the corporate allocation, which it is proposed to carry forward to help cover unforeseen cost increases in 2014/15.
- 7.11 In ICT - an under spend of £336,000 which includes £150,000 for the Superfast Broadband project which is now planned to be spent in 2014/15 in line with the latest contract schedule. The remainder consists of minor under spends on a number of schemes, including members ICT and Citrix upgrades, which will be ongoing in 2014/15
- 7.12 Environment
- 7.13 The under spend of £2.6 million consists of:
- 7.14 In Highways - an under spend of £903,000. This mainly relates to road schemes which were delayed due to the flooding emergency. The majority of this work was committed by year end and will be completed in the first quarter of 2014/15.
- 7.15 In Planning and Countryside - an under spend of £155,000, much of which was due projects delayed by bad weather which will be completed in 2014/15.

7.16 In Culture and Environmental Protection - an under spend of £1.5m. This includes £717,000 which remained to be paid for the Museum project as at the end of March, although this project is now substantially complete; £513,000 required to settle claims relating to the contract for preparation of the site for the Padworth waste facility; £108,000 of the budget for modernisation of leisure centres, which is now planned to be spent in 2014/15; and £86,000 of the carbon management budget for improving the energy efficiency of Council buildings, which is also planned to be spent in 2014/15.

## **Appendices**

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Appendix 1 - Summary provisional outturn figures

Appendix 2a-c – Directorate summaries

Appendix 3 - capital outturn and slippage report

## **Consultees**

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**Local Stakeholders:** Budget Holders

**Officers Consulted:** Corporate Board

**Trade Union:** N/a