

Title of Report: **Provisional Financial Outturn Report
2014/15**

Report to be considered by: Executive on 23 July 2015

Forward Plan Ref: EX2832

Purpose of Report: To inform Members of provisional financial outturn for the Council for the financial year 2014/15. 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.

The proposals will help achieve the following Council Strategy principles:

- CSP6 - Living within our means**
- CSP8 - Doing what's important well**

Portfolio Member Details

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Date Portfolio Member agreed report:	18 June 2015

Contact Officer Details

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Implications

Policy:	N/A
Financial:	The provisional year end position is an over spend of £30k which will result in a reduction to the General Fund. 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"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)				
Relevant to equality - Complete an EIA available at http://intranet/EqIA				<input 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

1. Introduction

- 1.1 This report summarises the provisional financial outturn for the Council in respect of the 2014/15 financial year. It should be noted that these figures are provisional and may change as a result of closedown and External Audit.
- 1.2 Total revenue expenditure in 2014/15 was £121m with a provisional year end over spend of £30k or 0.02% of net budget. This will lead to a reduction in the General Fund of £30k.
- 1.3 Total capital expenditure in 2014/15 was £30.5m, with an under spend of £4.7m or 13.5 %, against the revised budget of £35.2m. It is proposed to carry forward the under spend to 2015/16 to meet ongoing capital commitments.
- 1.4 The Council has delivered revenue outturns close to its budget requirement over recent years. The revenue under spend as a percentage of net budget was 0.44% in 2011/12, 0.5% in 2012/13, 0.37% in 2013/14 and an over spend of 0.02% in 2014/15.
- 1.5 The Communities Directorate year end position was an over spend of £605k, which is 0.9% against a budget of £68 million, with Children's Services over spending by £946k and Care Commissioning, Housing and Safeguarding under spending by £331k. The remainder of services came close to budget. The Children's Services over spend has been as a result of higher than budgeted placement expenditure and agency usage, with 34 additional children receiving care packages funded from the placement budget at 31.3.2015 compared with this time last year.
- 1.6 The Environment Directorate year end position is an under spend of £324k, which is 1% of the total net budget of £32.8m, with Highways and Transport under spending by £186k, Planning and Countryside by £61k and Culture and Environmental Protection by £52k.
- 1.7 The Resources Directorate year end position is an under spend of £272k, which is 2% of the net budget of £12.9m. The largest service under spend was £155k in Strategic Support as a result of increased income from land charges, salary savings and savings in Members' National Insurance.

2. Proposals

- 2.1 To note this report.

3. Equalities Impact Assessment Outcomes

- 3.1 This item is not relevant to equality.

4. Conclusion

- 4.1 The Council has managed to achieve a relatively small revenue over spend in what has been a challenging 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

1. Introduction

- 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. This report summarises the provisional financial outturn for the Council in respect of the 2014/15 financial year. It should be noted that these figures are provisional and may change as a result of closedown or External Audit.
- 1.2 Total revenue expenditure in 2014/15 was £121m with a provisional year end over spend of £30k or 0.02% of net budget. This will lead to a reduction in the General Fund of £30k.
- 1.3 Total capital expenditure in 2014/15 was £30.5m, with an under spend of £4.7m or 13.5 %, against the revised budget of £35.2m. It is proposed to carry forward the under spend to 2015/16 to meet ongoing capital commitments.

2. Background to the 2014/15 budget

- 2.1 The Council faced a number of challenges during 2014/15, most notably the Children's social care budget which 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 2014/15.

3. Summary Revenue Provisional Outturn

Service	Current Net Budget	Annual Net Forecast	Forecast (under)/over spend				Change from last quarter
			Quarter One	Quarter Two	Quarter Three	Year End	
	£000	£000	£000	£000	£000	£000	£000
DSG	(721)	(721)	0	0	0	0	0
Corporate Director - Communities	282	281	0	0	0	(1)	(1)
Adult Social Care	36,828	36,828	0	0	0	0	0
Care Commissioning, Housing & Safeguarding	5,858	5,527	0	(59)	1	(331)	(332)
Children's Services	13,739	14,685	220	475	525	946	421
Education	11,429	11,415	81	81	14	(14)	(28)
Adult Social Care Change Programme	699	704	0	0	0	5	5
Communities	68,114	68,719	301	497	539	605	66
Corporate Director	166	161	0	0	0	(5)	(5)
Highways & Transport	7,422	7,223	(84)	(18)	(13)	(199)	(186)
Planning & Countryside	3,867	3,802	29	30	(4)	(65)	(61)
Culture & Environmental	21,393	21,338	53	76	(3)	(55)	(52)
Environment	32,848	32,524	(2)	88	(20)	(324)	(304)
Chief Executive	519	481	0	0	(36)	(38)	(2)
Customer Services	1,890	1,841	0	(55)	(58)	(49)	9
Finance	2,206	2,206	0	0	0	0	0
Human Resources	1,223	1,183	(14)	(2)	0	(40)	(40)
Information Technology	2,757	2,714	0	6	(25)	(43)	(18)
Legal	946	999	0	62	53	53	0
Public Health	-214	(214)	0	0	0	0	0
Strategic Support	3,551	3,396	(86)	(93)	(122)	(155)	(33)
Resources	12,878	12,606	(100)	(82)	(188)	(272)	(84)
Levies and Interest	7,318	7,339	0	0	15	21	6
Total	121,158	121,188	199	503	346	30	(316)

Nb rounding differences may apply to nearest £k

4. Directorate Year End Positions

4.1 Communities Directorate:

Communities	Quarter One	Quarter Two	Quarter Three	Year End
	£000	£000	£000	£000
Variance to budget	301	497	539	605

4.2 The Communities Directorate has forecast a year end over spend position throughout the financial year. The over spend has steadily increased from £301k at Quarter One to £605k at year end, which is 0.9% against a budget of £68 million,

with Children's Services over spending by £946k and Care Commissioning, Housing and Safeguarding under spending by £331k. The remainder of services came close to budget.

- 4.3 The Children's Services over spend of £946k equates to 6.9% of the £13.7million budget. The over spend has been as a result of higher than budgeted placement expenditure and agency usage. 34 additional children are receiving care packages funded from the placement budget at 31.3.2015 compared with this time last year, and this, together with changes in needs has led to a placement over spend of £1.2million, against a budget of £5.3million. The past three years has seen a significant increase in both the number of children entering the care system and an increase in the complexity of needs requiring support. Investment has been made into the placement budgets but has not been able to keep track with increasing demand and costs. A further £688k investment has been made in 2015/16. Agency usage in the Child Protection Teams is as a result of a national shortage of children's social workers which is having an adverse effect on the Council's ability to recruit on a permanent basis. The resulting over spend in the Child Protection Teams is £400k after utilising salary and other savings.
- 4.4 In response to the increasing pressures, the Directorate deliberately slowed expenditure and delivered in year savings most notably in the Youth Service (£171k). It utilised Troubled Families payments by results funding (£76k), transferred budget on a one year only basis from Community Care Housing & Safeguarding into Children's Services (£260k), and reallocated Children's Services expenditure against Public Health funding were possible (£70k).
- 4.5 The £331k under spend on Community Care Housing and Safeguarding was as a result of Discretionary Housing Payments funding no longer being repayable to government.
- 4.6 In Adult Social Care, although the year end position is break even, £245k has been released from the Risk Reserve to support expenditure relating to those risks which have been realised during the year. These risks largely relate to increased client costs and are detailed in Appendix 2a.
- 4.7 Environment Directorate:

Environment	Quarter One	Quarter Two	Quarter Three	Year End
	£000	£000	£000	£000
Variance to budget	(2)	88	(20)	(324)

- 4.8 The Environment Directorate year end position is an under spend of £324k, which is 1% of the total net budget of £32.8m, with Highways and Transport under spending by £186k, Planning and Countryside by £61k and Culture and Environmental Protection by £52k.
- 4.9 The Directorate was forecasting an over spend of £88k at the end of Quarter Two, due to a range of small pressures across the Directorate offset by savings from concessionary fares and additional income from car parking. By the end of Quarter Three, these pressures had been further reduced by reductions in the costs of tree safety works, gritting and salary savings. In the last quarter, Directorate expenditure

was slowed, particularly in Highways and Transport, in order to assist the Council's overall budget position.

4.10 Resources Directorate:

Resources	Quarter One	Quarter Two	Quarter Three	Year End
	£000	£000	£000	£000
Variance to budget	(100)	(82)	(188)	(272)

4.11 The Resources Directorate year end position is an under spend of £272k, which is 2% of the net budget of £12.9m. The largest service under spend was £155k in Strategic Support as a result of increased income from land charges, salary savings and savings in Members' National Insurance. Legal and Electoral Services were over spent by £53k due to increased costs for the Coroners Service and reduced fee income. All other services produced under spends of less than £50k or came in on budget.

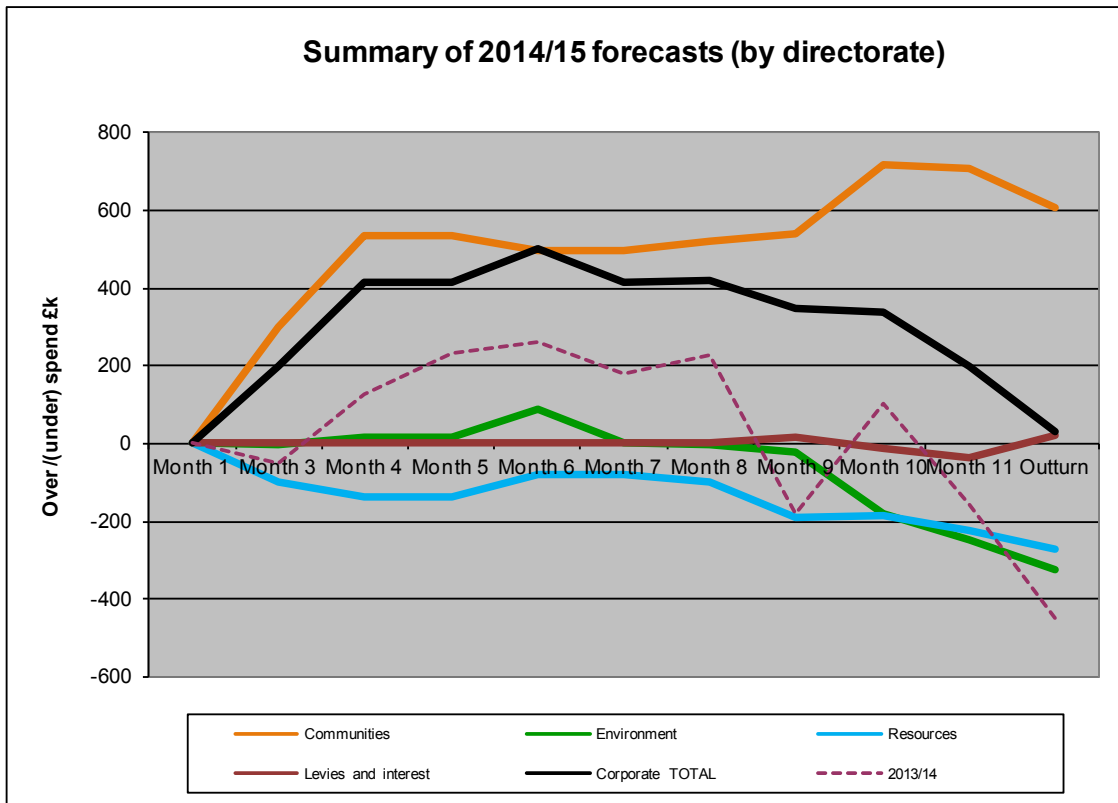
4.12 Levies and Interest:

Levies and Interest	Quarter One	Quarter Two	Quarter Three	Year End
	£000	£000	£000	£000
Variance to budget	0	0	15	21

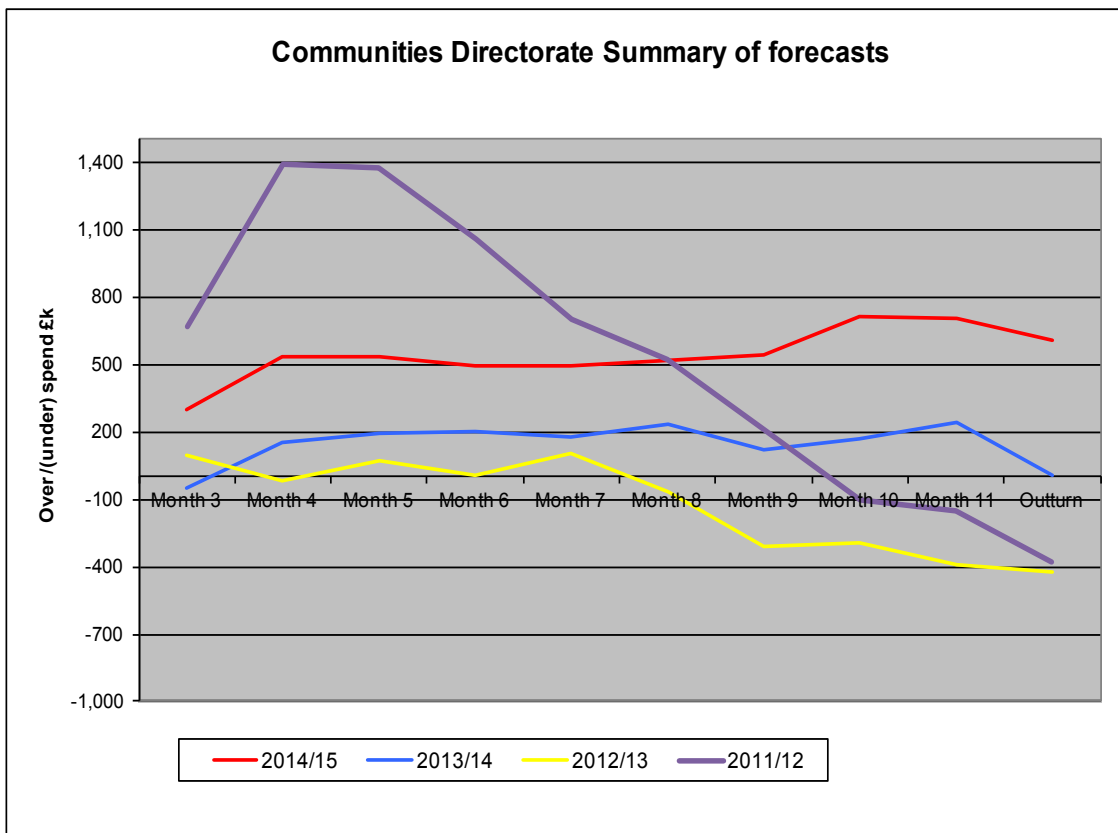
4.13 The Levies and Interest year end position is an over spend of £21k, mainly due to a lower return on temporary investments than expected.

5. Summary of Forecasts by Directorate

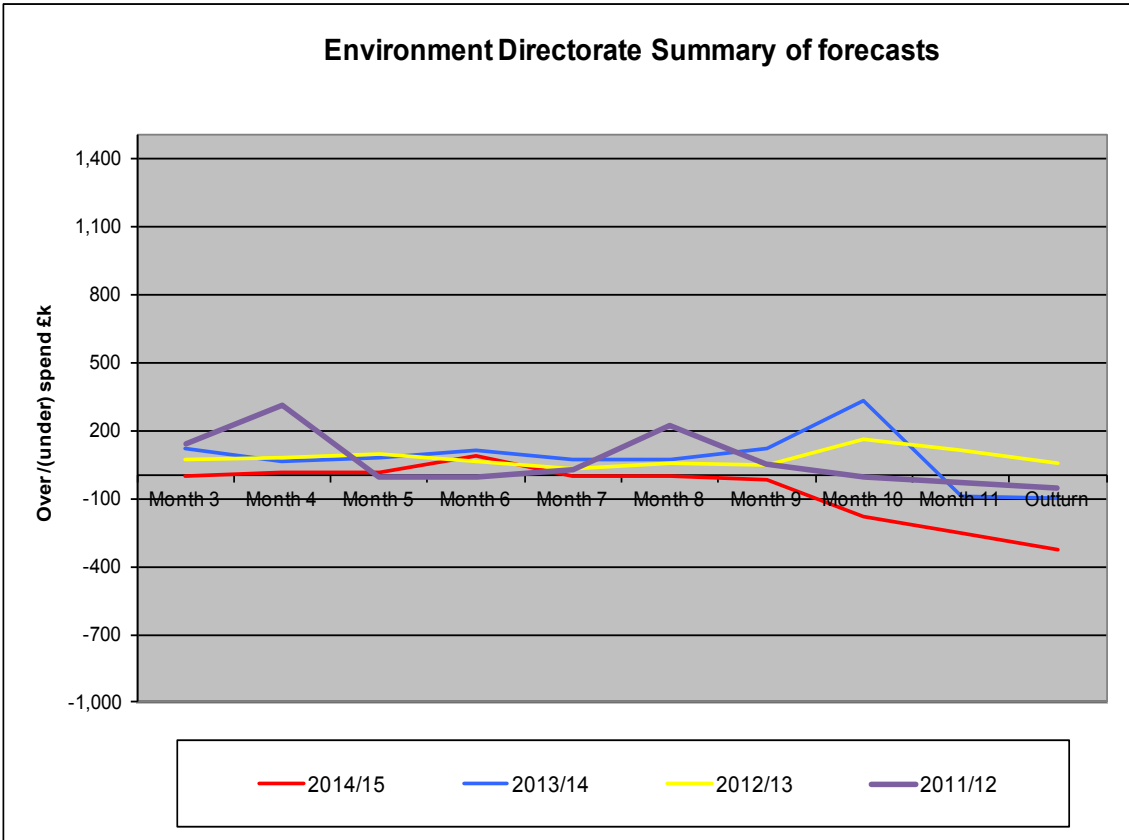
5.1 The following graph highlights the forecasts by Directorate during 2014/15.



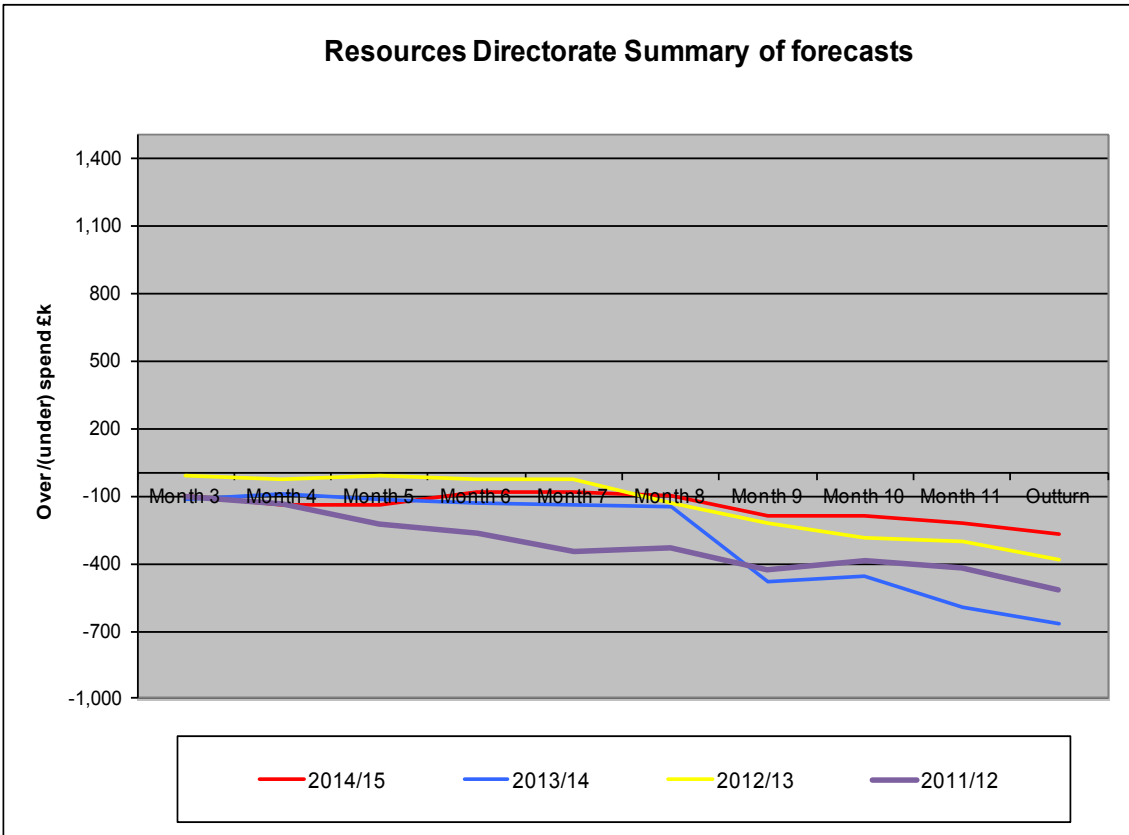
5.2 The following graphs show the past four years forecasting trends per directorate:



Environment Directorate Summary of forecasts

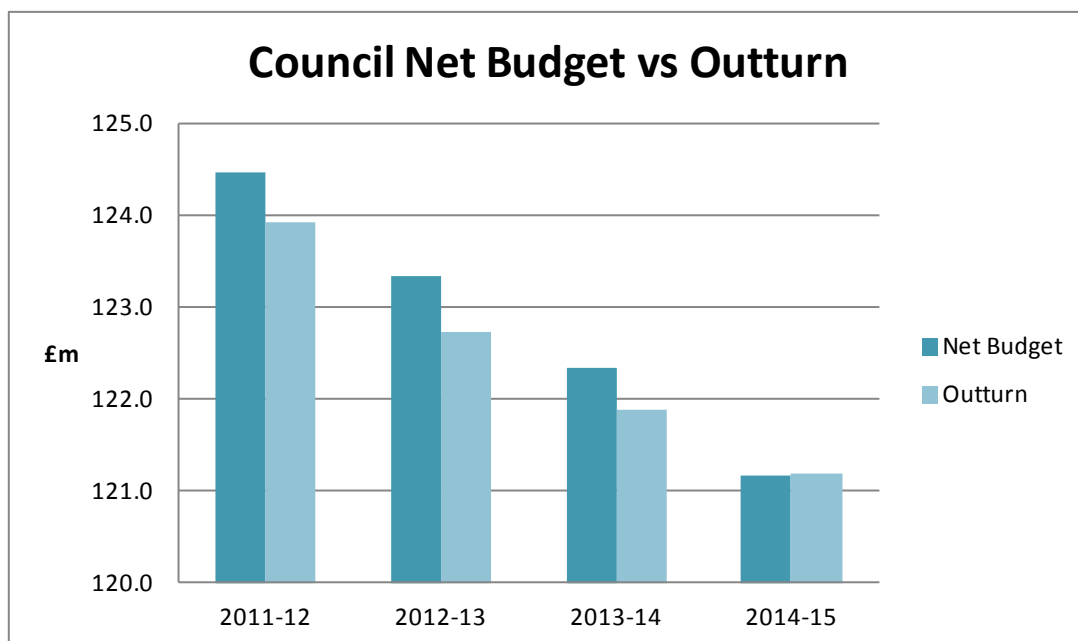


Resources Directorate Summary of forecasts



6. Outturn Trends

6.1 The graph below highlights the outturn compared to net budget since 2011/2012.



6.2 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, 0.37% in 2013/14 and an over spend of 0.02% in 2014/15.

7. The impact on the Council's General Reserves and the financial statements

7.1 The figures included within this report are all provisional until the production of the Council's financial statements. However, there has been very little movement in recent years between the outturn figure reported in this report and the final adjustments to the Council's General Reserve.

8. Provisional Capital Outturn 2014/15

	Original Capital Budget 2014/15 £000	Revised Capital Budget 2014/15 £000	Total Outturn 2014/15 £000	Variance from Revised Budget £000	% Variance
Communities	17,637	15,359	13,037	2,322	15.1%
Resources	1,070	3,026	2,455	571	18.9%
Environment	12,736	16,854	14,997	1,857	11.0%
Total	31,443	35,239	30,489	4,750	13.5%

8.1 Total capital expenditure in 2014/15 was £30.5m. This represents an under spend of £4.7m, or 13.5 %, against the revised budget of £35.2m. (The budget was revised during the course of the year to take account of funds brought forward from

2013/14, additional grant and section 106 funding allocated to schemes during the year and funds re-profiled into 2015/16 - these changes have been explained in the quarterly budget monitoring reports to the Executive). The Capital Strategy Group (CSG) has reviewed the outturn in detail and has recommended that the full £4.7m under spend should be carried forward into 2015/16 to enable schemes already underway to be completed and/or to meet future capital commitments, as explained below.

Communities:

- 8.2 In Adult Social care there was an under spend of £230k on schemes funded from Community Capacity Capital Grant (now part of the Better Care Fund) to provide pre-payment card and telecare systems, equipment and adaptations and supported living. CSG has recommended that the full amount should be carried forward to enable the continuation of these schemes in 2015/16, but progress on all these schemes will be reviewed in detail by CSG in July 2015.
- 8.3 In Care Commissioning, Housing & Safeguarding (CCHS) there was an under spend of £1.3m. £860k of this relates to disabled facilities and home repair assistance grants, of which £554k consists of grants which have been awarded but not yet paid. The remainder of the under spend on these grants is due to performance issues in the Housing Improvement Agency, who administer these grants (as has been reported throughout the year). In addition £120k was set aside for the refurbishment of the 4 Houses Corner Gypsy and Traveller Site. This work has not yet proceeded as the requirement for more extensive work on the site has now been identified. CSG has therefore recommended that all of the over spend for CCHS should be carried forward to 2015/16 and that any funds which are not required to meet commitments to disabled facilities and home repair assistance grants should be set aside to meet the cost of works required at 4 Houses Corner.
- 8.4 In Education Services there was an under spend of £768k. This mainly consists of delays to the schemes for the expansion of Lambourn, the Willows, Kennet Valley and Spurcroft Primary Schools due to bad weather, environmental and procurement issues. CSG has recommended that the full amount of the under spend on the Education Services programme should be carried forward to enable the continuation/completion of schemes already in the programme.

Resources:

- 8.5 The Chief Executive's programme was overspent by £3k in respect on work to facilitate the London Road Industrial Estate redevelopment - this sum will be met from the 2015/16 budget.
- 8.6 In Finance there was an under spend of £207k. This mainly consists of £161k which had not been paid from the members' bids fund at year end, although since the last members' bids panel in March 2015, all of this sum has been allocated to schemes. In addition £25k remains for the completion of the Agresso 5.6 project and £21k remains unallocated from the corporate allocation, which it is proposed to carry forward to help cover unforeseen cost increases in 2015/16.
- 8.7 In ICT there was an under spend of £336k which includes £88k to update the data back-up system which has been delayed due to the need to review alternative options; £97k for replacement of corporate hardware which has been delayed

because ICT staff were diverted to other priorities; £35k for replacement of Members' ICT equipment which could not be completed until after the Council election and £41k for the Server Windows Licensing project which has been delayed because of business continuity issues.

- 8.8 In Strategic Support there was an under spend of £30k. This consists of £15k parish planning grants which have been awarded but not yet paid and £15k which was owed to Greenham Common Trust at the end of March 2015 in respect of the vibrant villages programme
- 8.9 CSG has recommended that the full amount of the Resources under spend should be carried forward to 2015/16 to meet ongoing commitments.

Environment:

- 8.10 In Highways there was an under spend of £766k. This mainly relates to road schemes which were completed by year end for which invoices have been paid in the first quarter of 2015/16.
- 8.11 In Planning and Countryside there was an under spend of £153k. This mainly consists of rights of way schemes which were fully committed at year end and will be completed early in 2015/16.
- 8.12 In Culture and Environmental Protection (CEP) there was an under spend of £938k which will be re-profiled into 2015/16. This relates to the energy efficiency programme budget, leisure centre refurbishment, the museum project and waste management.
- 8.13 CSG has recommended that the full amount of the Environment under spend should be carried forward to 2015/16 to meet on going commitments. However CSG proposes to review in more detail future plans for use of the Carbon Management Budget.

Appendices

Appendix 1 - Summary provisional outturn figures
Appendix 2a-c – Directorate summaries
Appendix 3 - Capital outturn and slippage report

Consultees

Local Stakeholders:

Officers Consulted: Corporate Board

Trade Union: