

# North Tyneside Council Report to Cabinet 8 June 2015

Item 6(a)

2014/15 Provisional Finance  
Outturn Report

**Portfolios:** Elected Mayor  
Finance and Resources

**Cabinet Member:** Norma Redfearn  
Cllr Ray Glindon

**Report from Service  
Area**

**Finance**

:

**Responsible Officer:** Janice Gillespie, Strategic Manager      **Tel: 643 5701**  
Finance

**Wards affected:** All

## PART 1

### 1.1 Purpose:

1.1.1 This report, and the supporting Annex 1 and its Appendices, set out details in respect of the provisional outturn for the General Fund, Housing Revenue Account, School balances position, the financial and delivery aspects of the Investment Plan and the delivery of the Treasury Management Strategy for the financial year 2014/15.

1.1.2 The purpose of this report is therefore to:

- (a) Advise Cabinet of the provisional 2014/15 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Advise Cabinet of decisions made under the Reserves and Balances Policy (Annex 1, Paragraphs 1.19 to 1.24, Table 1 and Appendix Q);
- (c) Inform Cabinet of the Authority's Investment Plan spend during 2014/15, and the financing put in place (Annex 1, Section 5);
- (d) Seek Cabinet approval for approval of further reprogramming of £8.841m within the Investment Plan (Annex 1, Section 5, Paragraph 5.8 and Appendix P);
- (e) Advise Cabinet of the Council's Treasury Management performance (Annex 1, Section 6); and
- (f) Advise Cabinet of the performance of both Capital and Treasury Management Prudential Indicators (Annex 1 Section 7).

## 1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Notes the provisional 2014/15 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Notes the decisions made under the Reserves and Balances Policy (Annex 1, Paragraphs 1.16 to 1.24, Table 1 and Appendix Q);
- (c) Notes the Authority's Investment Plan spend during 2014/15, and the financing put in place (Annex 1, Section 5);
- (d) Approves further reprogramming of £8.841m within the Investment Plan (Annex 1, Section 5, Paragraph 5.8 and Appendix P);
- (e) Notes the Council's Treasury Management performance (Annex 1, Section 6); and,
- (f) Notes the performance against the Capital and Treasury prudential indicators (Annex 1 Section 7).

## 1.3 Forward Plan

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 9 March 2015.

## 1.4 Council plan and policy framework.

The budget is a key strand of the Authority's Budget and Policy Framework.

## 1.5 Information - Executive Summary

1.5.1 Annex 1 to this report sets out the provisional outturn for 2014/15 for the General Fund, the Housing Revenue Account, Schools Finances and the Investment Plan. It also provides a summary position on the achievement of the Treasury Management Strategy during the year together with the associated Prudential Indicators for capital and treasury.

1.5.2 **General Fund Revenue Budget:** As at 31 March 2015 the provisional General Fund revenue outturn position is an under spend of £5.135m. This is an improvement on the £2.129m forecast outturn reported to Cabinet on 9 March 2015. Services show an under spend of £3.423m at the 31 March 2015, an improvement of £1.940m against the year-end projections reported to Cabinet on 9 March 2015. Corporate and Non-delegated items showed an under spend against budget of £5.450m, this included £0.982m unused contingency budget. Transfers to reserves (set out in Annex 1 paragraphs 1.16 to 1.23 and Table 1) of £1.958m would result in a surplus of £5.135m which is proposed to be added to the Strategic Reserve Annex 1 (paragraph 1.24 and Table 1).

1.5.3 **Reserves, Balances and Provisions:** As part of the 2014/15 final accounts, amounts have been set aside as provision and reserves for known liabilities and uncertainties that still remain in future years.

1.5.4 **Housing Revenue Account:** The Housing Revenue Account has year-end balances of £3.732m, which is £1.083m above budget.

- 1.5.6 **School Finances:** School balances have increased from £6.647m to £7.637m, these balances include a significant amount of committed funds and the permitted carry forward of grants for the remainder of the academic year. School balances continue to be monitored closely.
- 1.5.7 **Investment Plan:** The final capital expenditure for the year was £64.378m, with a recommendation noted above for Cabinet to approve reprogramming of £8.841m into 2015/16.
- 1.5.8 **Treasury Management:** The Authority has acted prudently during the year, confirming that the security of the Authority's resources is of greater importance than returns on investments. The level of investments at 31 March 2015 was £13.900m. The level of borrowing (excluding PFI) was £440.539m.

## 1.6 Decision options:

### Option 1

Cabinet can agree the recommendations as set out in Section 1.2 of this report.

### Option 2

Cabinet can disagree with all or some of the individual recommendations set out in section 1.2 of the report.

Option 1 is the recommended option.

## 1.7 Reasons for recommended option:

Cabinet is recommended to agree the proposals set out in section 1.2 of this report as it is important that Cabinet continues to monitor performance against the Council Plan and Budget. Reprogramming of the Investment Plan will ensure that the delivery and financing of the Plan is balanced over the medium term.

## 1.8 Appendices:

Annex 1	2014/15 Provisional Finance Outturn Report
Appendix A	Chief Executive's Office
Appendix B	Business and Economic Development
Appendix C	Commercial and Business Redesign
Appendix D	Corporate Strategy
Appendix E	Digital Strategy
Appendix F	Human Resources and Organisational Development
Appendix G	Law and Governance
Appendix H	Public Health
Appendix I	Adult Social Care
Appendix J	Children, Young People and Learning
Appendix K	Commissioning and Investment
Appendix L	Environment and Leisure
Appendix L	Housing General Fund
Appendix L	Deputy Chief Executive Central Costs
Appendix M	Corporate Items
Appendix N	Housing Revenue Account (HRA)
Appendix O	Investment Plan Financing Summary
Appendix P	Investment Plan outturn
Appendix Q	Earmarked reserves and balances at 31 March 2015
Appendix R	CEI Programme 2014/15: Progress report
Appendix S	Glossary of Terms

## **1.9 Contact officers:**

Janice Gillespie - Corporate Finance Matters - Tel 643 5701

Cathy Davison – Investment Plan and Corporate Finance matters - Tel 643 5727

Margaret Keith –Treasury Management matters - Tel 643 5747

Alison Campbell – Senior Business Partner - Tel 643 7038

## **1.10 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) [Revenue Budget 2014/15 \(P\)](#)
- (b) [Approved Investment Plan 2014-18 \(P\)](#)
- (c) [Council Reserves and Balances Policy \(P\)](#)
- (d) [Investment Programme Board - End of Year Report 2014-15](#)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

As this is a financial report, implications are covered in the body of the report and Annex 1. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 17 June 2015.

### **2.2 Legal**

The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

### **2.3 Consultation/community engagement**

#### **Internal consultation**

Internal consultation has taken place with the Cabinet Member for Finance and Resources, the Elected Mayor, the Senior Leadership Team and Senior Finance Officers.

#### **Community engagement**

The 2014/15 budget was completed after widespread consultation in line with the Council's approved Budget Engagement Strategy. The report to Council on 6 February 2014 entitled "2014-2018 Financial Planning and Budget Process report" summarises the outcome of this engagement (see Appendix B of the report).

### **2.4 Human rights**

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

### **2.5 Equalities and diversity**

There are no direct equalities and diversity implications arising from this report.

## 2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

## 2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

## 2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

### PART 3 - SIGN OFF

- Deputy Chief Executive
- Head of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy