

# **P&R SELECT COMMITTEE BRIEFING**

End of Year 2014/15

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# 2014/15 Revenue Outturn

- Net service underspend of £6.9m (transferred to cost of change reserves – successful strategy to date)
- £2.4m overspend within Children's Services as a result of Children Looked After
- Actual overspend of £10.7m of which the Department met £8.3m and agreement that corporate centre would pick up the balance
- Other net underspends / savings in treasury management and contingencies of £4.9m after allowing for £2.1m increase in doubtful debts
- Net overall saving of £2.5m to Grant Equalisation Reserve

# Treasury Management

- All activity undertaken within prudential indicators and borrowing limits
- Continue to use cash reserves to avoid long term borrowing and the 'cost of carry' – long term borrowing decreased by £8.8m
- Looking at options for medium term investments returning around 4% on £90m of portfolio
- Holding off but missing the boat? Property still a good bet at the moment.
- Bond Investments now in the portfolio to spread risk and avoid 'bail in' – moving away from banks and building societies
- Abolition of the PWLB!



# Reserves Strategy

Strategy is based on :

- **Planning ahead of time and implementing efficiencies and savings in advance of need**
  - **Generating surplus funds in the early part of the programme**
  - **Using these resources to fund investment and transformation in order to achieve the next phase of savings**
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- Large part of earmarked reserves is funding the capital programme
  - Time lag between adding schemes and spending is quite significant
  - Starting to see the use of other reserves as part of our overall strategy – eg staff reductions

# Reserves

	Balance 31.3.2014 £'000	Balance 31.3.2015 £'000	% of Total %
<b><u>Fully Committed to Existing Spend Programmes</u></b>			
Capital Grants Unapplied	71,778	48,368	10.5%
Revenue Grants Unapplied	40,667	36,161	7.8%
General Capital Reserve	129,272	133,926	28.9%
Street Lighting Reserve	3,893	6,263	1.4%
Community Transport Reserve / Other	1,651	1,795	0.4%
	<b>247,261</b>	<b>226,513</b>	<b>49.0%</b>
<b><u>Departmental / Trading Areas</u></b>			
Trading Accounts	14,691	15,725	3.4%
Departmental - Cost of Change Reserve	30,543	42,651	9.2%
	<b>45,234</b>	<b>58,376</b>	<b>12.6%</b>

# Reserves

	Balance 31.3.2014 £'000	Balance 31.3.2015 £'000	% of Total %
<b><u>Risk Reserves</u></b>			
Insurance Reserve	24,837	26,808	5.8%
Interest Risk	0	500	0.1%
Local Government Resource Review	6,150	0	0.0%
	<b>30,987</b>	<b>27,308</b>	<b>5.9%</b>
<b><u>'Available' Reserves</u></b>			
Corporate Policy Reserve	3,676	3,976	0.9%
Invest to Save	10,073	9,461	2.0%
Corporate Efficiency Reserve	8,931	8,981	1.9%
Organisational Change Reserve	7,854	3,593	0.8%
Grant Equalisation Reserve	50,464	50,881	11.0%
	<b>80,998</b>	<b>76,892</b>	<b>16.6%</b>

# Reserves

	Balance 31.3.2014 £'000	Balance 31.3.2015 £'000	% of Total %
<b>HCC Earmarked Reserves</b>	<b>404,480</b>	<b>389,089</b>	<b>84.1%</b>
Schools Reserves	49,572	52,462	11.4%
<b>Total Earmarked Reserves</b>	<b>454,052</b>	<b>441,551</b>	<b>95.5%</b>
<b>General Fund Balance</b>	<b>27,697</b>	<b>20,598</b>	<b>4.5%</b>
<b>Total Reserves and Balances</b>	<b>481,749</b>	<b>462,149</b>	<b>100.0%</b>

# Capital Programme

- Total programme of £335.9m for the year (including carry forwards from previous years)
- £274.7m of 'starts' were committed in the year
- £61.2m carry forward to future years (18%)
- Capital expenditure of £244.6m incurred in the year – compares to an average of around £180m in past years