

REPORT OF THE  
**Cabinet**  
 PART I

**7. 2016/17 END OF YEAR FINANCIAL REPORT**

7.1 The Cabinet received a report of the Director of Corporate Resources on the end of year financial position for 2016/17 at its meeting on 19 June 2017.

7.2 Net service cash-limited expenditure was £33.8m lower than budgeted against an overall gross budget of approaching £1.9bn, a variance of less than 2%. This position reflects the County Council's continuing successful financial strategy of early achievement of savings in advance of need, which provides funding that can then be used to meet the cost of change and provide for invest to save or transformational projects in future years.

7.3 The position for each of the departments is summarised in the table below:

	<b>Variance (Under) / Over Budget £'000</b>
Adults' Health and Care	(12,293)
Children's Services - Non Schools	0
Economy, Transport and Environment	(7,282)
Policy and Resources	(14,248)
<b>Total Departmental Expenditure</b>	<b>(33,823)</b>

7.4 Savings on non-cash limited budgets total £24.6m. This is mainly as a result of changes to capital financing and treasury management activity and unused contingencies. The report recommends that £22m of these corporate savings be added to the Invest to Save Reserve and set aside to begin to make provision for the investment in enabling IT required to deliver Digital 2 and the Tt2019 Programme, which it is already recognised will be the most challenging programme to date.

7.5 In addition, it is proposed that:

- £1.23m is allocated to enable the County Council to continue to pursue funding through the free schools initiative and minimise calls on our capital resources.
- The balance of approaching £1.4m is transferred to the Grant Equalisation Reserve (GER) bringing the level in the reserve up to £40.8m, in preparation for the large draw required in 2018/19 and as agreed by the

County as part of the Medium Term Financial Strategy (MTFS) in July 2016.

- 7.6 Several approvals are sought in respect of the new Enterprise Zone (EZ) within the Enterprise M3 LEP boundaries and funding to provide resource to maximise the utilisation of the newly introduced Apprenticeship Levy.
- 7.7 The section on reserves and balances highlights that in line with the MTFS, the level of reserves has risen as we prepare for planned draws in the period to 2019/20 after which it is currently anticipated that they will begin to decline as our financial plans are delivered over the medium term.
- 7.8 The report also recommends approval of:
- The annual report on the operation of the treasury management strategy, for subsequent approval by the County Council.
  - The council's end of year prudential indicators.
  - A revised capital financing plan for 2017/18.
- 7.9 The overall report is attached as Annex 1 to this report and is submitted to the County Council for approval.

The full report to Cabinet can be found at the following link:

[Cabinet 19 June 2017](#)

## **RECOMMENDATIONS**

That the County Council approves:

- a) A sum of £8.6m from the Invest to Save Reserve to progress the Digital 2 Programme, a Corporate Wi-Fi Upgrade and other enabling IT infrastructure.
- b) An initial sum of £7.5m, from the Invest to Save Reserve to plan, scope, design and deliver other enabling IT projects to support the Transformation to 2019 Programme subject to business cases being approved by the Director of Corporate Resources.
- c) The report on the County Council's treasury management activities and prudential indicators set out in Appendix 3.