

ITEM NO:9(ii)

DECISION-MAKER:	COUNCIL			
SUBJECT:	GENERAL FUND REVENUE OUTTURN 2008/09			
DATE OF DECISION:	15 JULY 2009			
REPORT OF:	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING PORTFOLIO			
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

The purpose of this report is to summarise the overall General Fund revenue outturn for 2008/09. It compares actual spending against the revised budget approved at Council in February 2009, adjusted for approved changes throughout the year.

The report also considers any requests for carry forwards and the allocation of funds for corporate purposes or other additional expenditure.

The overall position on the General Fund shows that portfolios had a net under spend of £3.7M against the working budget. After taking into account the outturn on other spending items and approved movements from balances, there was an overall favourable variance of £7.1M for the year. This report seeks to commit £752,800 of carry forwards to be funded from the surplus, together with other spending and provisions totalling £4.0M.

The level of General Fund balances at 31st March 2009, after taking into account the outturn on the revenue account, the capital programme and movements from the Strategic Reserve is £15.1M which reduces to £6.2M in the medium term after taking into account the commitments outlined in this report.

RECOMMENDATIONS:

That Council:

- (i) Notes the final outturn for 2008/09 detailed in Appendix 1.
- (ii) Notes the performance of individual portfolios in meeting their budget targets as set out in paragraph 7 of this report and notes the major variances in Appendix 2.
- (iii) Approves the addition to the Revenue Development Fund of £391,400 as set out in paragraph 15.
- (iv) Notes the use of £100,000 of the 2008/09 under spend which has already been approved as outlined in paragraph 16.
- (v) Approves the carry forward requests totalling £752,800 as outlined in paragraph 17 and set out in detail in Appendix 3.

- (vi) Approves the use of £3,474,500 of the 2008/09 under spend to fund the cost of the corporate items set out in paragraph 18.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn for 2008/09 forms part of the approval of the statutory accounts.

CONSULTATION

2. Not applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The final accounts have been prepared in accordance with statutory accounting principles.

DETAIL

4. Each Portfolio within the General Fund is responsible for monitoring its net controllable spending against its approved budget through out the financial year. The original budget as set by Council on 20th February 2008 was revised by Council in February 2009. The revised budget then remains fixed, however, the working budget is amended throughout the year and takes account of various budget adjustments and virements which managers can make under delegated powers as well as those that go to Cabinet for approval.
5. Whilst there are significant numbers of under and overspends highlighted in this report (Appendix 2), many of these have already been reported to Cabinet and Scrutiny as part of the corporate financial monitoring process throughout the year. In general terms, portfolios are required to manage their budgets “within the bottom line” and where there are potential problems identified, Executive Directors have prepared action plans to bring spending back in line.
6. This report covers the outturn position for 2008/09 and analyses the spending against the working budget and identifies where applicable, where any under spend has been requested to be carried forward into 2009/10.

Overall General Fund Revenue Position

7. The overall year end position on under and over spends is summarised overleaf.

	(Under) / Over Spend
	£000's
Portfolio Total	(3,701)
Levies & Contributions	3
Capital Asset Management	(1,754)
Direct Revenue Financing of Capital (DRF)	(719)
Net Housing Benefit Payments	(800)
Bad Debt Provision	484
BSF / Revenue Development Fund	(391)
Other Income & Expenditure	(271)
NET GF SPENDING	(7,149)

8. This summarises the key reasons for the total net under spend during the year. Further details can be found in Appendix 1. It should be noted that the format of the accounts in Appendix 1 is different from the Income and Expenditure Account in the Statement of Accounts as the Income and Expenditure Account format is prescribed in Codes of Practice. It should also be noted that Appendix 1 does not take account of requests for carry forwards detailed in this report.
9. In a change to previous years, the Council set up a Risk Fund to deal with potential pressures that might arise during 2008/09. A net sum of £3.2M was included in the original budget to cover these pressures, to be released during the year if additional expenditure against the specific items was identified. At Month 9, it was estimated that pressures within Portfolios would require a net draw of 1.2M and as a consequence, there remained an element of the Risk Fund which would not be utilised. The revised budget reduced the sum held in the Risk Fund to this level. The final gross draw on the Risk Fund totalled £1.9M compared to £2.0M forecast at Month 9 with the net draw being approximately £375,000 lower than anticipated.
10. Details of significant variations in net controllable spending on portfolios which take into account amounts held in the Risk Fund for specific service areas are given in Appendix 2.

Non-Portfolio Variances

11. Capital Asset Management (£1,753,700) - The variance on Capital Asset Management is due an end of year accounting adjustment of £1.0M in relation to a Commutation Adjustment and the favourable part year impact of the debt restructuring exercise completed earlier in the year and reported to Council in February 2009 as part of the Annual Treasury Management Strategy Report.

The Commutation Adjustment reflects a change in legislation relating to prudential borrowing which means that a reserve set up to cover borrowing costs under previous accounting arrangements is no longer required and can be released.

12. Direct Revenue Financing (DRF) (£718,500) – Slippage on the capital programme detailed in the Capital Outturn report, also on the agenda, has meant that not all of the DRF has been required in year. However, this funding will be needed in future years when the capital spending takes place.
13. Net Housing Benefit Payments (£800,000) – The favourable variance is due to the increased income achieved from the improved recovery rate on overpayments.
14. Bad Debt Provision (£484,000) - It was highlighted in the 2007/08 Outturn report presented to Council in July 2008 that the Audit Commission opinion on the final accounts for 2007/08 raised concerns over the level of outstanding Adult, Social Care and Health (ASCH) debt compared to the bad debt provision that was available. In response to this, an analysis and examination of all outstanding ASCH debt was undertaken together with a review of other sundry debt that was transferred onto the Council's new financial information system from the previous FMS system. Further work has been undertaken during 2008/09 and an updated view taken as to the likely collection of this outstanding debt. It is considered prudent that a final additional bad debt provision of £484,000 should be made centrally in 2008/09. Going forward this issue will now be managed by the service through the application of accepted accounting procedures.
15. It should be noted that only a small element of this relates to the ongoing problems being experienced with ASCH billing and the actual level of total bad debt outstanding in each year is not out of line with expectations. The issue is that in previous years, a larger bad debt provision should have been made for older debts in each year rather than making a single provision in this financial year.
16. Building Schools for the Future (BSF) (£391,400) – During 2008/09 the funding set aside for BSF has not been fully utilised due delays in the recruitment of the Head of Service. In recognition of the fact that there are uncertainties in relation to timing and speed of progress of such complex and strategic projects, the funding for these revenue developments has been placed into a Revenue Development Fund from 2009/10 to enable the Council to retain flexibility in funding. It is proposed that this under spend is carried into 2009/10 and added to the Revenue Development Fund.
17. Other Income and Expenditure (£271,200) – A major element of this relates to the general contingency of £110,000 which was not required in 2008/09. However, as part of the budget report which went to Council on 18th February 2009, it was approved that £100,000 of the unspent amount could be utilised in 2009/10 to fund additional one off expenditure in 2009/10 to undertake a range of feasibility and technical studies in order to progress the Town Depot.

Carry Forward Requests and Other Spending

18. Carry forward requests totalling £752,800 have been put forward by officers and details of the requests are given in Appendix 3. Council is asked to approve the carry forwards which would then be incurred in 2009/10 and be funded from balances.
19. Funding for a further three corporate issues is also requested from Council:
- Organisational Development Reserve (£2,202,100) - Every year as part of the outturn position officers review the funding within the strategic reserve to deal with organisational change. It is proposed this year given the overall under spend to contribute an additional £2.2M into the Organisational Development Reserve which is used for restructuring, re-training, redeployment and redundancy costs in future years.
 - Accommodation Reserve (£1,172,400) – Full Council has agreed to automatically carry forward any surplus/deficit on the central repairs and maintenance budget at year-end subject to the overall financial position of the Authority. However as work associated with the implementation of the Accommodation Strategy (including the major works associated with the civic centre) will commence shortly, it was felt that a more flexible approach to building related budgets was required in the future. Consequently, Cabinet has approved the delegation of authority to the Executive Director of Resources following consultation with the Cabinet Member for Resources and Workforce Planning to allocate premises related resources (revenue and capital) in order to maximise the efficient use of resources in respect of general repairs and maintenance, major works to civic buildings and the implementation of the accommodation strategy. It is recommended that the under spend on the central repairs and maintenance budget of £1,172,400 is added to the Strategic Reserve to ensure that this can be achieved.
 - Pot Holes (£100,000) - In March, it was announced at Full Council that an additional spend of £100,000, funded from within existing resources within the 2009/10 Environment & Transport Portfolio budget, would be directed towards repairing pot holes, to help address the impact caused by the adverse winter weather conditions. It is proposed to fund this expenditure from the overall under spend in order to reduce the budgetary pressure on the Portfolio in 2009/10.
20. Taking into account the budget commitments in paragraph 15 and 16, the carry forward requests and the corporate issues means that the overall impact on balances would be £4,718,700, if all of the items in this report are approved. This would leave an uncommitted value of balances totalling £6.2M which is £1.7M above the minimum level recommended by the Chief Financial Officer.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

21. As set out in the report details.

Revenue

22. As set out in the report details.

Property

23. None.

Other

24. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

25. The Council's accounts must be approved by Council in accordance with the Accounts and Audit Regulations 2003.

Other Legal Implications:

26. None.

POLICY FRAMEWORK IMPLICATIONS

27. The proposals contained in the report are in accordance with the Council's Policy Framework Plan

SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	General Fund Revenue Outturn 2008/09
2.	Main Variances on Portfolio Spending
3.	Carry Forward Requests

Documents In Members' Rooms

1.	None
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Background Documents

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	Cabinet report on Corporate General Fund Revenue Financial Monitoring for the Period to the End of December 2008 approved on 16 th February 2009	
2.	Council report on the General Fund Revenue Budget 2009/10 to 2011/12 approved on 18 th February 2009	

Background documents available for inspection at: Online

FORWARD PLAN No: N/A **KEY DECISION?** N/A

WARDS/COMMUNITIES AFFECTED:	N/A
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