

DECISION-MAKER:	COUNCIL		
SUBJECT:	GENERAL FUND REVENUE OUTTURN 2012/13		
DATE OF DECISION:	17 JULY 2013		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
NOT APPLICABLE

BRIEF SUMMARY

The purpose of this report is to summarise the overall General Fund revenue outturn for 2012/13. It compares actual spending against the revised budget approved at Council in February 2013, adjusted for approved changes made subsequently.

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 £6.1M 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 £7.4M for the year. This report seeks to commit £0.9M of carry forwards to be funded from the surplus, together with other provisions totalling £1.8M.

The level of General Fund balances at 31 March 2013 after taking into account the outturn on the revenue account, the capital programme and movements from the Strategic Reserve is £14.5M, which reduces to £10.5M over the medium term after taking into account the commitments outlined in this report and previously approved decisions.

RECOMMENDATIONS:

It is recommended that Council:

- i) Notes the final outturn for 2012/13 detailed in Appendix 1 which is an under spend of £7.4M.
- ii) Notes the performance of individual Portfolios in managing their budgets as set out in paragraph 9 of this report and notes the major variances in Appendix 2.
- iii) Notes re-phasing on the capital programme means that funding of £313,000 will be needed in future years when the capital spending takes place, as set out in paragraph 14.

- iv) Approves the carry forward requests totalling £926,300, (of which £690,600 relates to central repairs and maintenance), as outlined in paragraph 15 and set out in detail in Appendix 3.
- v) Approves the allocation of £300,000 of the 2012/13 under spend to increase Contingencies in 2013/14, as set out in paragraph 16.
- vi) Approves the use of £1.5M of the 2012/13 under spend to fund the cost of the corporate items, as set out in paragraph 17.
- vii) Approves the transfer to balances of £500,000 previously allocated within the 2013/14 budget to the Leaders Portfolio, as set out in paragraph 18.
- viii) Notes that the forecast level of General Fund balances at 31 March 2013 is £14.5M, which reduces to £10.5M over the medium term after taking into account the commitments outlined in this report and previously approved decisions.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn for 2012/13 forms part of the approval of the statutory accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None as the final accounts have been prepared in accordance with statutory accounting principles.

DETAIL (Including consultation carried out)

CONSULTATION

3. Not applicable.

GENERAL FUND REVENUE BUDGET

4. The original budget as approved by Council on 15 February 2012 was revised by Council in February 2013. Whilst the revised budget remains fixed, 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. Each Portfolio within the General Fund is responsible for monitoring net controllable spend against the working budget throughout the financial year.
5. Whilst there are significant numbers of under and over spends 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 potential problems have been identified, Directors have prepared and implemented action plans to bring spending back in line.

6. This report covers the outturn position for 2012/13 and analyses spending against the working budget, identifying where applicable, where any under spend has been requested to be carried forward into 2013/14.

OVERALL GENERAL FUND REVENUE POSITION

7. The overall year end position is an under spend of £7.4M, the key reasons for which are summarised below:

	(Under) / Over Spend £000's
Portfolio Total	(6,093.0)
Levies & Contributions	5.8
Capital Asset Management	(810.6)
Direct Revenue Financing of Capital (DRF)	(313.0)
Other Variances	(179.2)
NET GF SPENDING	(7,390.0)

8. 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 Comprehensive Income and Expenditure Account in the Statement of Accounts as the Comprehensive 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. As shown in the above table, the Portfolio revenue outturn is an under spend of £6.1M and this is analysed below:

Portfolio	(Under) / Over Spend	
	£000's	%
Adult Services	(286.1)	0.4
Children's Services	76.6	0.2
Communities	(460.4)	9.6
Environment & Transport	(1,521.5)	6.5
Housing & Leisure Services	125.3	0.9
Leader's Portfolio	(527.2)	12.3
Resources	(2,326.9)	5.1
Net Controllable Spend Total	(4,920.2)	2.5
Environment Trading Areas	29.4	
Risk Fund	(1,202.2)	
Portfolio Total	(6,093.0)	2.8

10. Potential pressures that arose during 2012/13 relating to volatile areas of expenditure and income have been managed through the Risk Fund. A sum of £3.4M was included in the revised budget to cover these pressures, to be released during the year if additional expenditure against the specific items was identified. The final draw on the Risk Fund totalled £2.2M, being £1.2M lower than estimated.
11. Details of corporate issues and significant variations in net controllable spending on Portfolios, including those which take into account amounts held in the Risk Fund for specific service areas, are given in Appendix 2.

NON-PORTFOLIO VARIANCES

12. Levies & Contributions (£5,800 Adverse) – Additional charges have been incurred from Hampshire County Council for the provision of the Coroner's Service, although this has been partially offset by under spends on other levies and contributions.
13. Capital Asset Management (£810,600 Favourable) – Net interest payable was below that estimated as a consequence of the fact that we have borrowed at lower rates than assumed. Lower rates have been achieved through a conscious decision to continue to utilise short term variable rate debt which remains available at lower rates than long term fixed rate debt due to the depressed market. In addition interest earned on temporary balances invested externally was higher than originally forecast, mainly due to the use of Money Market Funds and call accounts which currently pay a higher rate than short term fixed rates and also the reintroduction of the rolling yearly investment programme from November 2012.

14. Direct Revenue Financing (DRF) (£313,000 Favourable) – Re-phasing 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.

CARRY FORWARD REQUESTS AND OTHER NEW SPENDING

15. Carry forward requests totalling £235,700 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 2013/14 and be funded from balances. In addition there is an under spend of £690,600 on the central repairs and maintenance budget which Council has agreed to automatically carry forward subject to the overall financial position of the Authority.
16. In addition, Council is asked to add £300,000 to the General Fund Contingency in 2013//14 to meet possible unplanned pressures in that year.
17. Funding for a further three corporate issues is also requested from Council:
- Pay Reserve (£1.4M) – It is proposed this year to add £1.4M to the Pay Reserve to make provision for any costs that may be incurred in relation to pay related issues. This will increase the total sum set aside in the Reserve in 2013/14 to just over £1.7M.
 - Festivals (£50,000) – It is proposed to allocate £50,000 to enable events to be progressed and supported in the City in 2013/14. This will include support for Music in the City which is Southampton’s premier music event celebrating and promoting musical talent within the City for the benefit of all residents and city visitors.
 - Internships (£25,000) – It is proposed to allocate £25,000 to enable an internship scheme to be developed and implemented in 2013/14. The aim is to offer 20 six week placements.
18. In February 2013 Council approved the addition of funding to the Leader’s Portfolio to provide investment for a number initiatives in 2013/14 and future years with the aim of “Getting Our Economy Moving”. It is proposed that this funding which totals £500,000 is returned to balances.
19. The table below shows the position for balances after taking into account the commitments outlined in this report and the funding required for the current capital programme.

	2012/13	2013/14	2014/15	2015/16	Future Years
	£000's	£000's	£000's	£000's	£000's
Opening Balance	23,529.6	29,923.5	14,507.1	14,807.6	13,415.5
(Draw to Support) / Contribution from Revenue	9,561.5	875.2	4,384.4	2,782.0	1,687.4
Draw to Support Capital		(522.6)			
Contributions (to) / from Other Reserves	(1,300.0)	(1,400.0)			
Draw for Strategic Schemes	(1,867.6)	(14,369.0)	(4,083.9)	(4,174.1)	(4,627.2)
Closing Balance	29,923.5	14,507.1	14,807.6	13,415.5	10,475.7

20. The uncommitted value of balances totals £10.5M which is £5.0M above the minimum level recommended by the Chief Financial Officer following a risk assessment of the required level to be maintained.

RESOURCE IMPLICATIONS

Capital/Revenue

21. As set out in the report details.

Property/Other

22. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

23. The Council's accounts must be approved by Council in accordance with the Accounts and Audit Regulations 2011.

Other Legal Implications:

24. None.

POLICY FRAMEWORK IMPLICATIONS

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

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:

SUPPORTING DOCUMENTATION

Appendices

1.	General Fund Revenue Outturn 2012/13
2.	Main Variances on Controllable Portfolio Spending
3.	Carry Forward Requests

Documents in Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

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.	GENERAL FUND REVENUE BUDGET 2013/14 2015/16 – Council 13 February 2013	
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