

<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND REVENUE OUTTURN 2014/15		
<b>DATE OF DECISION:</b>	15 JULY 2015		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
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None
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### **BRIEF SUMMARY**

The purpose of this report is to summarise the overall General Fund revenue outturn for 2014/15. It compares actual spending against the revised budget approved at Council in February 2015 adjusted for approved changes made since that date.

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 £3.9M 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 £13.9M for the year. However, it should be noted that this favourable variance includes the impact of a significant one off adjustment in the sum of £8.8M which relates to accounting amendments around the council's capital financing. The Council has utilised capital receipts to fund its Minimum Revenue Provision (MRP) in lieu of revenue resulting in a £6.2M underspend and has used capital receipts in lieu of revenue resources to fund capital expenditure.

From within the overall underspend of £13.9M, this report seeks to fund £0.3M of carry forwards. In addition, there have been transfers of £6.2M to the Medium Term Financial Risk Reserve, £2.0M to a Taxation Reserve.

The level of General Fund balances at 31 March 2015 is £19.9M which, after taking into account the commitments outlined in this report and other planned draws from General Fund balances, reduces to £12.8M over the medium term to 2018/19. The minimum level of General Fund balances as recommended by the CFO is £5.5M, which means that there are available reserves above the minimum of £7.3M.

### **RECOMMENDATIONS:**

It is recommended that Council:

- i) Notes the final outturn for 2014/15 detailed in Appendix 1 is an under spend of £13.9M which after allocations to reserves provides a net contribution to general fund balances of £5.7M.
- ii) Notes that including the £5.7M above the level of General Fund balances at 31 March 2015 was £19.9M, reducing to £12.8M by

31 March 2016.

- iii) Notes the transfer of £6.2M to the Medium Term Financial Risk Reserve and £2.0M to the Taxation Reserve as detailed in paragraph 20 and is in line with the reserves prioritisation as detailed in the Medium Term Financial Strategy (MTFS) approved by Council in February 2015.
- iv) Notes the performance of individual Portfolios in managing their budgets as set out in paragraph 8 of this report and notes the major variances in Appendix 2.
- v) Approves the carry forward requests totalling £0.3M and as outlined in paragraph 15 and set out in Appendix 3 to be funded from reserves.
- vi) Notes the creation of a Revenue Grants Reserve as detailed in paragraph 16.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn for 2014/15 forms part of the approval of the statutory accounts.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. Reporting of outturn is undertaken in line with Local Government Accounting Practice. This is the only option appropriate.

### **DETAIL (Including consultation carried out)**

#### **CONSULTATION**

3. Not applicable.

#### **GENERAL FUND REVENUE BUDGET**

4. The original budget as approved by Council in February 2014 was revised by Council in February 2015. 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 allocated resources" 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 2014/15 and analyses spending against the working budget, identifying where applicable, where any under spend has been requested to be carried forward into 2015/16.

#### **OVERALL GENERAL FUND REVENUE POSITION**

7. The overall year end position is an under spend of £13.9M, as summarised in Appendix 1 and in the table below:

	(Under) / Over Spend £M
<b>Portfolio Total</b>	<b>(3.9)</b>
Levies & Contributions	(0.2)
Capital Asset Management	(8.8)
Other Expenditure & Income	(1.0)
<b>Net General Fund Spending</b>	<b>(13.9)</b>
Allocation to Earmarked Reserves	8.2
<b>Addition to General Fund Balances</b>	<b>(5.7)</b>

8. As shown in the above table the Portfolio revenue outturn is an under spend of £3.9M and this is analysed in the table below:

Portfolio	(Under) / Over Spend	
	£M	%
Health & Adult Social Care	0.4	0.7
Children's Services	2.1	5.1
Communities	(0.3)	11.5
Environment & Transport	(0.4)	1.5
Housing & Sustainability	(0.1)	5.3
Leader's Portfolio	(0.7)	14.5
Resources & Leisure	(3.6)	7.1
<b>Net Controllable Spend Total</b>	<b>(2.6)</b>	<b>1.4</b>
Environment Trading Areas	0.1	
Risk Fund	(1.4)	
<b>Portfolio Total</b>	<b>(3.9)</b>	<b>1.8</b>

9. Potential pressures that arose during 2014/15 relating to volatile areas of expenditure and income have been managed through the Risk Fund. A sum of £3.1M 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 £1.7M, being £1.4M lower than estimated.
10. It should also be noted that although Health & Adult Social Care report a relatively small overspend of £0.4M this was after the allocation of one off monies that will not be available in future years. Without this additional funding the position would have been in the region of a £4.0M overspend. In addition, Children's Services reported a £2.1M overspend mainly linked to increased numbers of Looked After Children. These ongoing impact of these

pressures will need to be reviewed in 2015/16 and future years.

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 (£0.2M Favourable)  
Reduced charges from Hampshire County Council for the provision of the Coroner's Service, average cost per case in 2014/15 was £225 compared to £350 for 2013/14.
13. Capital Asset Management (£8.8M Favourable)  
As set out in Appendix 4 of the Review of Prudential Limits and Treasury Management Outturn 2014/15 report, elsewhere on this agenda, there has been accounting amendments around the council's Minimum Revenue Provision (MRP). The Council has utilised capital receipts to fund its MRP in lieu of revenue resulting in a £6.2M underspend and has used capital receipts in lieu of revenue resources to fund capital expenditure £2.6M.
14. Other Expenditure & Income (£1.0M Favourable)  
The main element of this favourable variance is unused contingency budget of £0.2M and a net favourable variance of £0.8M on non-specific government grants and Non Domestic Rates.

### **CARRY FORWARD REQUESTS AND OTHER NEW SPENDING**

15. Carry forward requests totalling £0.3M have been put forward by Officers and details of the requests are given in Appendix 3. Council is asked to approve the carry forwards, the spend for which would then be incurred in 2015/16 and be funded from balances.
16. It should also be noted that a revenue grants reserve has been set up totally £1.3M for the carry forward of grants, the spend for which will be incurred in 2015/16 and funded from this reserve.

### **MEDIUM TERM POSITION ON RESERVES AND BALANCES**

17. The table below shows the position for General Fund revenue balances after taking into account the commitments outlined above and other planned draws.

	2014/15	2015/16	2016/17	2017/18	Future Years
	£M	£M	£M	£M	£M
<b>Opening Balance</b>	<b>53.4</b>	<b>19.9</b>	<b>12.8</b>	<b>12.8</b>	<b>12.8</b>
(Draw to Support)/ Contribution from Revenue	5.7	(7.1)	0	0	0
(Draw to Support	(0.1)	0	0	0	0

Capital)					
Contributions (to) / from Other Reserves	(37.0)	0	0	0	0
Draw for Strategic Schemes	(2.1)	0	0	0	0
<b>Closing Balance</b>	<b>19.9</b>	<b>12.8</b>	<b>12.8</b>	<b>12.8</b>	<b>12.8</b>

18. The General Fund balance stands at £19.9M at 31 March 2015 reducing to £12.8M by 31 March 2016 after a draw of £7.1M in 2015/16 in line with the budget strategy. The uncommitted value of balances totals £12.5M which is £7.0M above the minimum level of £5.5M recommended by the Chief Financial Officer following a risk assessment of the required level to be maintained. Given the Council's medium term financial position, the availability of balances above the minimum level does provide the Council with some flexibility, albeit limited, to be able to use those reserves to contribute to the management of the overall financial position through until 2018/19.
19. A full review of reserves and balances was undertaken as part of closing the 2014/15 accounts. The General Fund balance has reduced significantly in 2014/15 as provision for commitments, previously held within general fund balances, have now been allocated to earmarked reserves. Earmarked Reserves now total £62.8M this includes £10.9M of Schools Balances.
20. It should be noted that new reserves have been created, namely a Medium Term Financial Risk Reserve and Taxation Reserve, to assist the Council in meeting the risks that have been identified within the Council's Medium Term Financial Strategy and as per the Reserves Prioritisation Scheme set out in Appendix 10 of the Revenue Budget Report approved by Council in February 2015.

## **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 2014/15
2.	Main Variances on Controllable Portfolio Spending
3.	Carry Forward Requests

**Documents In Members' Rooms**

1.	
2.	

**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	Yes/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 2015/16 2017/18 – Council 11 February 2015	