

DECISION-MAKER:	COUNCIL		
SUBJECT:	GENERAL FUND REVENUE OUTTURN 2015/16		
DATE OF DECISION:	20 JULY 2016		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
<p>The purpose of this report is to summarise the overall General Fund revenue outturn for 2015/16. It compares actual spending against the revised budget approved at Council in February 2016 adjusted for approved changes made since that date.</p> <p>The report also considers any requests for carry forwards and the allocation of funds for corporate purposes or other additional expenditure.</p> <p>The overall position on the General Fund shows that Portfolios had a net over spend of £4.65M against the working budget. After taking into account the outturn on other spending items and approved movements from balances, the Councils outturn was a balanced position, following a transfer to earmarked reserves of £2.1M, and a transfer to the revenue grant reserves of £1.15M</p> <p>This report also seeks to fund £0.13M of carry forwards.</p> <p>The level of General Fund balances at 31 March 2016 is £12.8M which, after taking into account planned draws from General Fund balances, reduces to £8.9M over the medium term to 2019/20.</p>	
RECOMMENDATIONS:	
It is recommended that Council:	
	(i) Notes the final outturn for 2015/16 detailed in Appendix 1 is a balanced position following the transfer to earmarked reserves and the revenue grants reserve totalling £3.25M as noted in paragraph 7.
	(ii) Notes that the level of General Fund balances at 31 March 2016 was £12.8M, reducing to £8.9M by 31 March 2017.
	(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 £0.13M and as outlined in paragraph 12 and set out in Appendix 3 to be funded from reserves.
	(vi)	Notes that £1.15M has been transferred to the Revenue Grants Reserve as detailed in paragraph 13.
REASONS FOR REPORT RECOMMENDATIONS		
1.	The reporting of the outturn for 2015/16 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 BUDGET		
4.	The original budget as approved by Council in February 2015 was revised by Council in February 2016. 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 2015/16 and analyses spending against the working budget, identifying where applicable, where any under spend has been requested to be carried forward into 2016/17.	
OVERALL GENERAL FUND REVENUE POSITION		
7.	The overall year end position is a balanced position following a transfer to earmarked reserves of £2.1M and a transfer to the revenue grants reserve of £1.15M as summarised in Appendix 1 and in the table below:	

			(Under) / Over Spend £M
		Portfolio Total	4.65
		Levies & Contributions	(0.07)
		Capital Asset Management	(2.11)
		Other Expenditure & Income	(4.70)
		Transfers to reserves in year	(0.44)
		Transfer to reserves - year-end balance	2.10
		Transfer to Revenue Grants Reserve	1.15
		Grants	(0.60)
		Final Position following transfer to reserves	0.00
8.	As shown in the above table the Portfolio revenue outturn is an overspend of £4.65M and this is analysed in the table below:		
			(Under) / Over Spend
	Portfolio	£M	%
	Communities, Culture & Leisure	(0.23)	3.7
	Education and Children's Social Care	6.84	17.5
	Environment & Transport	(1.10)	5.0
	Finance	(1.57)	4.1
	Health & Adult Social Care	3.50	6.0
	Housing & Sustainability	(0.14)	5.1
	Leader's Portfolio	(2.65)	21.6
	Transformation	(0.00)	0.2
	Net Controllable Spend Total	4.65	2.6
9.	Details of corporate issues and significant variations in net controllable spending on Portfolios are given in Appendix 2.		
	NON-PORTFOLIO VARIANCES		
10.	<u>Capital Asset Management (£2.1M Favourable)</u> The net underspend of £2.1M against budget was due to: <ul style="list-style-type: none"> • £2.3M lower borrowing costs due to lower than expected need to borrow. • £0.5M increase in interest received on investments • Offset by £0.7M increase Minimum Revenue Provision (MRP) requirement as a result of a change in the policy for funding MRP to generate additional revenue savings. 		

11.	<p><u>Other Expenditure & Income (£4.7M Favourable)</u></p> <p>The main element of this favourable variance is the release of the risk fund to offset the net portfolio overspend.</p>										
CARRY FORWARD REQUESTS AND OTHER NEW SPENDING											
12.	<p>A carry forward requests of £0.13M has been put forward by Officers. This is detailed in Appendix 3. Council is asked to approve the carry forward, and note that the spend will be incurred in 2016/17 and be funded from the Medium Term Financial Strategy reserve.</p>										
13.	<p>It should also be noted that a sum of £1.15M has been transferred to the revenue grants reserve which was set up for the carry forward of grants. Spend will be incurred in 2016/17 and funded from this reserve.</p>										
MEDIUM TERM POSITION ON RESERVES AND BALANCES											
14.	<p>The General Fund balance stands at £12.8M. This is a net reduction of £7.13M compared to a balance of £19.9M at the end of 2014/15. This is line with the approved budget for 2015/16.</p>										
	<p>The General Fund Balance consists of the following allocations:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right;">£M</th> </tr> </thead> <tbody> <tr> <td>Amount Required to support 2016/17 budget</td> <td style="text-align: right;">3.9</td> </tr> <tr> <td>Minimum Balance as per Risk Assessment</td> <td style="text-align: right;">5.5</td> </tr> <tr> <td>Amount over and above minimum balance</td> <td style="text-align: right;">3.4</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">12.8</td> </tr> </tbody> </table>		£M	Amount Required to support 2016/17 budget	3.9	Minimum Balance as per Risk Assessment	5.5	Amount over and above minimum balance	3.4	Total	12.8
	£M										
Amount Required to support 2016/17 budget	3.9										
Minimum Balance as per Risk Assessment	5.5										
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Total	12.8										
15.	<p>The level of General Fund balances at 31 March 2016 is £12.8M which, after taking into account planned draws from General Fund balances, reduces to £8.9M over the medium term to 2019/20. The minimum level of General Fund balances as recommended by the CFO is £5.5M.</p>										
16.	<p>Within the Medium Term Financial Strategy (MTFS), the financial risks facing the Council in the medium term are identified. This includes assessing the risk of continuing reductions in Central Government Funding. The subsequent budget shortfalls that the Council then faces and overall local and national economic factors which can affect the financial stability of the council.</p>										
17.	<p>In light of the increasing level of risk and uncertainty identified within the MTFS and the increased probability of resources being required to support its delivery, a full review of useable reserves and provisions has been undertaken. In closing the accounts for 2015/16 a view has been taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk resulting in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside.</p>										
18.	<p>The Council transferred £2.1M to the Organisation Design Reserve to meet the costs of redundancy over the medium term, where it has previously been identified as there being a shortfall in resources</p>										

19.	The Council maintains a number of useable reserves these totalled £72.3M at year end. This includes £63.9M of General Fund Reserves and £8.5M of school balances are also held. A breakdown of useable reserves is shown in Appendix 4.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
20.	As set out in the report details.
<u>Property/Other</u>	
21.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
22.	The Council's accounts must be approved by Council in accordance with the Accounts and Audit Regulations 2011.
<u>Other Legal Implications:</u>	
23.	None.
POLICY FRAMEWORK IMPLICATIONS	
24.	The proposals contained in the report are in accordance with the Council's Policy Framework Plan.

KEY DECISION?	Yes/No	
WARDS/COMMUNITIES AFFECTED:	All	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	General Fund Revenue Outturn 2015/16	
2.	Main Variances on Controllable Portfolio Spending	
3.	Carry Forward Requests	
4.	Useable Reserves at 31 st March 2016	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		Yes/No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
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 TO 2017/18 – Council 11 February 2015	