

Southend-on-Sea Borough Council

Report of Corporate Director of Corporate Services
to
Cabinet
on
23 June 2015

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Agenda
Item No.

Provisional Revenue Outturn 2014/15
Policy and Resources Scrutiny Committee
Executive Councillor: Councillor Woodley
A Part 1 Public Agenda Item

1 Purpose of Report

To advise the Cabinet of the provisional revenue outturn for 2014/15, and therefore the likely level of revenue balances going into 2015/16.

2 Recommendation

- 2.1 That the provisional revenue outturn for the General Fund and HRA for 2014/15 be noted; and
- 2.2 That following due consideration, Cabinet approve the appropriation of revenue funds to and from earmarked reserves, as set out in paragraph 4.6 (General Fund) and paragraph 5.4 (HRA).

3 Background

- 3.1 This report provides an overall summary of the provisional revenue outturn for the financial year 2014/15. The closure of the 2014/15 accounts is still ongoing at the time of drafting this report, and therefore there is some potential for change.

4 General Fund

- 4.1 The table below summarises the provisional revenue outturn for the General Fund and the consequential use of balances for 2014/15. The outturn has been prepared on the assumption that all appropriations to and from earmarked reserves are approved. Members are invited to consider the appropriate level of appropriations later in this report.

Portfolio	Original Budget £000	Probable Outturn £000	Forecast Period 11 £000	Actual £000
Adult Social Care, Health & Housing	47,806	49,307	48,667	48,469
Children & Learning	33,267	36,141	37,411	31,350
Community Development	3,091	4,867	3,752	2,577
Enterprise, Tourism & Economic Development	12,724	16,995	18,604	19,233
Leader	6,212	6,453	9,733	8,936
Public Protection, Waste & Transport	23,682	24,605	26,137	26,161
Regulatory Services	2,421	2,439	2,338	2,170
Portfolio Net Expenditure	129,203	140,807	146,642	138,896
Reversal of Depreciation	(12,216)	(20,208)	(27,915)	(26,165)
Levies	516	512	512	515
Financing Costs	16,205	15,455	15,272	15,206
Contingency	5,525	2,326	2,260	0
Pension Adjustments etc	9,564	9,564	9,564	11,138
Net Operating Expenditure	148,797	148,456	146,335	139,297
Government Grants	(4,465)	(4,465)	(4,465)	(4,541)
Corporate Savings	(235)	0	0	0
Revenue Contribution to Capital	656	1,108	1,108	1,594
Contribution to / (from) Earmarked Reserves	(11,372)	(11,718)	(9,597)	(1,091)
Net Expenditure / (Income)	133,381	133,381	133,381	135,259
Government Grants and Local Taxation	(133,381)	(133,381)	(133,381)	(135,259)
Contribution (to) / from General Reserves	0	0	0	0

Use of Reserves				
Balance as at 1 April 2014	11,000	11,000	11,000	11,000
Use in Year	0	0	0	0
Balance as at 31 March 2015	11,000	11,000	11,000	11,000

4.2 The table above shows that net expenditure for 2014/15 totalled £135.259 million. This was £1.878 million (1.41%) above the month 11 forecast. This was compensated by additional retained business rate income of £1.878 million, and as a result there has been no draw down from the General Fund Reserve to support expenditure. Given that the overall gross spend of the Council is in the region of £419 million, these variances are within acceptable parameters.

4.3 Members have been in receipt of monthly budget monitoring information, so most variances have been well documented. This report therefore concentrates on variances between the month 11 forecast and the outturn.

- 4.4 Although the outturn is in line with the period 11 forecast, there are of course numerous under and overspends on individual services. In particular Directors have continued to bear down on in year costs in preparation for the further budget reductions in place for 2015/16, giving rise to savings over and above the period 11 forecast.
- 4.5 Additionally year end accounting differs from that employed during the year, as management accounts are transformed into statutory reporting formats. This involves many self-balancing adjustments between accounting lines to display income and expenditure in its “appropriate” place together with final allocations from the contingency fund. In particular in compliance with International Accounting Standard 20 and the Local Government Statement of Recommended Practice, service grant income received in year has been fully recognised, even where it has not necessarily been or planned to be spent. In these cases the spending power of the grant has been preserved through the use of earmarked reserves. There are however a number of principal variances:

	£000
Housing Benefits & Rate Reliefs	(467)
Revenue Contribution to Capital	532
Treasury Management etc	(82)
Waste and Cleansing	(253)
Various net underspends	(373)
One-off income received from grants, backdated business rate and VAT refunds	(369)
Various self-balancing appropriations, particularly relating to the carry forward of the spending power of service specific grants	
Additional appropriations relating to capital, business transformation and other earmarked contingency sums	3,272
Unused contingency budget	(2,260)
Total Variance	0

Appropriations to and from Earmarked Reserves

4.6 Set out below are the recommended appropriations to and from () earmarked reserves, subject to the approval of Cabinet, annotated as appropriate where the appropriation is materially different from that planned.

Reserve	Planned £000	Self- Balancing* £000	Additional £000	Total £000
Capital Reserves Additional reserves have been set aside for future capital programme items	(844)		2,013	1,169
Insurance Reserves Following a review, there has been a realignment of the balance between the insurance provision and reserve	0	(386)	886	500
Corporate Reserves Surplus business rate income and general grants have been taken to the business rate retention reserve to guard against possible future adverse movements.	(7,057)	1,878	187	(4,992)
Service Reserves Additional reserves have been set aside in particular to facilitate the continuance of the Social Fund that is used to other some assistance to those most affected by welfare reform	(691)	945	(17)	237
Grant Reserves Preservation of the spending power of service grants between years	(1,005)	3,000		1,995
	(9,597)	5,437	3,069	(1,091)

* Self Balancing appropriations are particularly those where an underspend in grant received is matched by a balancing underspend in expenditure, with the unspent grant being carried forward through earmarked reserves. Another example would be where there has been a need to top up the Insurance provision (via the revenue account) from the Insurance Reserve.

5 Housing Revenue Account

5.1 The table below summarises the provisional revenue outturn for the Housing Revenue Account and the consequential use of balances for 2014/15.

	Original Budget £000	Revised Budget £000	Forecast Period 11 £000	Actual £000
Employees	288	288	288	288
Premises (including repairs)	5,953	5,953	5,953	5,685
Supplies and Services	65	215	140	82
Management Fee	9,217	9,217	9,217	9,217
MATS	933	933	933	933
Provision for Bad Debts	350	350	350	232
Depreciation, Impairment etc	7,215	8,626	8,626	9,039
Interest Charges	3,560	3,560	3,560	3,663
Debt Management	43	43	43	54
Total Expenditure	27,624	29,185	29,110	29,193
Fees and Charges	(3,916)	(4,188)	(3,961)	(4,265)
Dwelling Rents	(25,250)	(25,500)	(25,500)	(25,856)
Other Rents	(385)	(380)	(335)	(374)
Other	(227)	(230)	(227)	(238)
Contribution from GF	(80)	(80)	(80)	(80)
Contribution from Leaseholders	0	0	0	(341)
Interest	(90)	(90)	(90)	(109)
Recharged to Capital	(570)	(570)	(570)	(611)
Total Income	(30,518)	(31,038)	(30,763)	(31,848)
Net Operating Expenditure	(2,894)	(1,853)	(1,653)	(2,681)
Statutory Mitigation on Capital Financing	(262)	(1,678)	(1,678)	(1,750)
Appropriation to Earmarked Reserves	3,156	3,531	3,331	4,431
(Surplus) or Deficit in Year	0	0	0	0

Use of Reserves				
Balance as at 1 April 2014	3,502	3,502	3,502	3,502
Used in year	0	0	0	0
Balance as at 31 March 2015	3,502	3,502	3,502	3,502

5.2 The table above shows a balanced outturn for 2014/15 as anticipated.

5.3 There are however a number of under and overspends on individual budget lines. These include addition rental income coupled with additional fees and charges, and slightly higher net interest charges. Further there are savings arising from premises and supplies and service. Finally, rather than build a higher general reserve for the HRA, additional net appropriations to HRA earmarked reserves are proposed.

5.4 Therefore the recommended HRA appropriations are;

HRA Reserve	Planned £000	Additional £000	Total £000
Repairs Contract Pensions Reserve	60	100	160
Heating Reserve	0	(353)	(353)
Capital Investment Reserve	3,096	1,528	4,624
	3,156	1,275	4,431

6 Other Options

- 6.1 This is a factual report setting out the provisional outturn. As such there are no other options. Members are of course able to suggest changes to the amounts appropriated to and from earmarked reserves, which would result in a compensating adjustment to the amount taken to or from general reserves.

7 Reasons for Recommendations

- 7.1 As part of the year end processes, Members need to approve any appropriations to or from earmarked reserves. This report fulfils that purpose.

8 Corporate Implications

8.1 Contribution to Council's Vision & Critical Priorities

This report outlines the delivery of the Council's objectives and priorities in financial terms

8.2 Financial Implications

As set out in the report

8.3 Legal Implications

None

8.4 People Implications

None

8.5 Property Implications

None

8.6 Consultation

None

8.7 Equalities Impact Assessment

None

8.8 Risk Assessment

None

8.9 Value for Money

As set out in the report

8.10 Community Safety Implications

None

8.11 Environmental Impact

None

9 Background Papers

None

10 Appendices

None