

Southend-on-Sea Borough Council

Report of Corporate Director of Corporate Services
to
Cabinet
on
1 July 2014

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Agenda
Item No.

Provisional Revenue Outturn 2013/14
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 2013/14, and therefore the likely level of revenue balances going into 2014/15.

2 Recommendation

- 2.1 That the provisional revenue outturn for the General Fund and HRA for 2013/14 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 2013/14. The closure of the 2013/14 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 2013/14. 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	Revised Budget £000	Forecast Period 11 £000	Actual £000
Adult Social Care, Health & Housing	50,669	51,246	51,290	42,895
Children & Learning	34,141	33,738	34,262	30,559
Corporate Support Services	3,335	3,880	6,713	3,080
Culture & Tourism	12,031	12,153	17,918	19,369
Deputy Leader	3,083	2,993	2,936	2,618
Leader Policy & Finance	3,551	2,967	2,697	3,281
Public Protection, Waste & Transport	25,763	26,230	27,081	27,243
Planning	1,597	1,538	1,548	1,385
Portfolio Net Expenditure	134,170	134,745	144,445	130,430
Reversal of Depreciation	(16,482)	(15,067)	(25,847)	(24,779)
Levies	458	498	498	476
Financing Costs	15,894	14,197	14,146	14,093
Contingency	7,036	1,119	1,036	0
Miscellaneous Income	0	0	0	(222)
FRS 17 Interest Cost etc	0	0	0	3,485
Net Operating Expenditure	141,076	135,492	134,278	123,483
Government Grants	(3,382)	(4,339)	(4,339)	(4,032)
Corporate Savings	(1,232)	0	0	0
Revenue Contribution to Capital	393	1,075	1,075	812
Contribution to / (from) Earmarked Reserves	1,715	6,689	7,902	19,780
Net Expenditure / (Income)	138,570	138,917	138,916	140,043
Government Grants and Local Taxation	(138,570)	(138,570)	(138,570)	(139,198)
Contribution (to) / from General Reserves	0	347	346	845

Use of Reserves				
Balance as at 1 April 2013	11,845	11,845	11,845	11,845
Use in Year	0	(347)	(346)	(845)
Balance as at 31 March 2014	11,845	11,498	11,499	11,000

4.2 The table above shows that net expenditure for 2013/14 totalled £140.043 million, which after allowing for additional “returned” revenue support grant and retained business rate income of £628,000 was £845,000 (0.61%) above the original estimate, £498,000 (0.36%) above the revised budget, and £499,000 (0.36%) above the month 11 forecast. As a result £845,000 is being drawn down from the General Fund Reserve. Given that the overall gross spend of the Council is in the region of £433 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 2014/15, 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
Children’s Commissioning	(187)
Adult Social Care	(214)
Partnership Team	(100)
Treasury Management etc	(184)
Library Service	(108)
Waste and Cleansing	(251)
Various net overspends	209
One-off income received from grants, backdated business rate and VAT refunds	(222)
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	2,592
Unused contingency budget	(1,036)
Total Variance	499

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	1,399	235	193	1,827
Insurance Reserves Following a review, there has been a realignment of the balance between the insurance provision and reserve	0	(351)	700	349
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.	4,733	561	287	5,581
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	870	1,069	1,350	3,289
Grant Reserves Preservation of the spending power of service grants between years	900	7,834	0	8,734
	7,902	9,348	2,530	19,780

* 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 2013/14.

	Original Budget £000	Revised Budget £000	Forecast Period 11 £000	Actual £000
Employees	342	349	349	348
Premises (excluding repairs)	620	620	620	577
Repairs	5,152	5,152	5,152	5,077
Supplies and Services	65	71	71	32
Management Fee	9,380	9,380	9,380	9,380
MATS	910	910	910	910
Provision for Bad Debts	282	282	282	189
Depreciation, Impairment etc	6,820	7,955	7,955	8,390
Interest and Debt Management Charges	3,553	3,663	3,663	3,747
Total Expenditure	27,124	28,382	28,382	28,650
Fees and Charges	(3,824)	(3,808)	(3,808)	(3,886)
Dwelling Rents	(24,000)	(24,300)	(24,300)	(24,554)
Other Rents	(374)	(374)	(374)	(392)
Other	(227)	(227)	(227)	(236)
Contribution from GF	(80)	(80)	(80)	(80)
Contribution from Leaseholders	0	0	0	(373)
Interest	(50)	(90)	(90)	(82)
Recharged to Capital	(600)	(600)	(600)	(506)
Total Income	(29,155)	(29,479)	(29,479)	(30,109)
Net Operating Expenditure	(2,031)	(1,097)	(1,097)	(1,459)
Statutory Mitigation on Capital Financing	(100)	(1,227)	(1,236)	(1,227)
Revenue Contribution to Capital	0	31	31	33
Appropriation to Earmarked Reserves	2,131	2,293	2,302	2,653
(Surplus) or Deficit in Year	0	0	0	0

Use of Reserves				
Balance as at 1 April 2013	3,068	3,502	3,502	3,502
Used in year	0	0	0	0
Balance as at 31 March 2014	3,068	3,502	3,502	3,502

5.2 The table above shows a balanced outturn for 2013/14 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, additional depreciation charges following an impairment review 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 appropriations to earmarked reserves for HRA capital investment are proposed.

5.4 Therefore the recommended HRA appropriations are;

Reserve	Planned £000	Additional £000	Total £000
Repairs Contract Pensions Reserve	60	0	60
Capital Investment Reserve	2,242	351	2,593
	2,302	351	2,653

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