

**REVENUE OUTURN 2011/12**

- 1.1 Appendix 2 outlines the Council's provisional financial outturn for the 2011/12 financial year at both Directorate and Portfolio level. Despite a number of major pressures during 2011/12, the provisional outturn shows the budget has been managed in total with an under spend/surplus. After carry forwards and transfers to reserves, the Council underspent by £253,000, equating to 0.1% of the Council's gross revenue budget (excluding Dedicated Schools Grant) for 2011/12.
- 1.2 Underlying the Council's "bottom line" figure, prior to carry forwards and transfers to reserves, are a number of variations (at a Directorate level):
- Service overspends of £0.736m
  - Service underspends of £0.387m
  - A £1.431m underspend on Corporate and Agency budgets.
- 1.3 The Council has used a robust action plan system for addressing Service overspends, which were monitored on a monthly basis, and has helped offset some of the previously reported spending pressures. Significant pressures relating to parking and park & ride income achievement during the financial year have been contained at the bottom line level. The expenditure on Change Programme projects for 2011/12 has also been contained within the revenue budget parameters rather than drawing on the Medium Term Financial Challenge reserve.
- 1.4 The explanations for the 2011/12 outturn variations are given in Appendix 3, and some are highlighted below.
- 1.5 The main area contributing to the underspend are:

**Corporate Budgets - Investment interest:**

Additional investment interest of £373,000 was earned due to higher than anticipated cash balances.

**Corporate Budgets - Places for Change:** A £230,000 provision for the financing of the Places for change project was not required in 2012/13 following the decision not to progress with the scheme.

**Corporate Budgets - Carbon Trading Levy:** Underspend of £239,000 based on estimates of the first year charges and clarification that schools are funding their share of costs.

**Corporate Budgets – Housing & Council Tax Benefit Subsidy:**

The element of non-recoverable subsidy was £211,000 less than budgeted.

**Heritage Services –** underspend of £786,000 due to additional income from the higher level of performance during the summer and increased spend per visitor head.

Commercial Estate – underspend of £242,000 due to income being over forecast following an acquisition and reviews of existing leases, as well as reduced management fees.

- 1.6 The main areas of overspending have occurred in the Transport portfolio mainly due to income shortfalls in car parking and park & ride. A range of mitigating action is being progressed to stimulate parking income. These include improving the customer experience by better site management and procuring more flexible permit and payment systems. Alternative sources of income are being investigated to replace custom lost to Southgate. Other options, such as variable charging to stimulate off peak demand, are also being considered together with an increased marketing profile through the Council’s website.

### **DECISIONS REQUIRED RELATING TO OVER AND UNDERSPENDS**

- 1.7 Decisions are needed on some of the items in Appendix 4 relating to under and overspending in 2011/12. Each section of Appendix 4 is clearly marked for information or for decision. In particular, decisions are required in Tables 2 and 3 of Appendix 4. If all these items are approved, including the service earmarking requests referred to in paragraph 1.12 this would give a final underspend of £253,000.
- 1.8 Table 3 of Appendix 4 contains requests to write off overspends as an exception to the Budget Management Scheme rules, which would require recovery by service over a maximum of 3 years. The write off is requested as it is not considered practical to recover the overspend against the continuing financial pressures in 2012/13 and future years.

### **OTHER 2011/12 MOVEMENTS AFFECTING RESERVES**

- 1.9 The net underspend position of £253,000 reported above does not include the following unbudgeted transactions, which are one-off in nature, or relate to previous years so are reported separately from the regular monitoring figures:

<b>Item</b>	<b>Amount (-ve = increase in reserves) £k</b>	<b>Description</b>
General Bad Debt Provision	45	Increase in Council’s general bad debt provision following review as part of closedown activities.
NNDR Historical Refunds on Council Properties	-263	Refunds on NNDR paid during 2010/11 and earlier years.
Other minor transactions	-14	Other smaller transactions.
<b>Total</b>	<b>-232k</b>	<b>Increase in un-earmarked reserves</b>

- 1.10 The net effect of the above transaction is an increase in unearmarked reserves of £232k.

1.11 Appendix 5 provides details of corporately earmarked reserves reflecting the outturn revenue budget position.

### USE OF UNDERSPEND TO MAKE EARMARKED RESERVES

1.12 The underspend provides for the following reserves for costs which are likely to arise, and which are not allowed for in the budget agreed during February 2012, Cabinet are requested to approve these reserve provisions:

- Skills & Employment Reserve: £170k
- Queens Jubilee Events: £140k
- Casino Project Costs: £100k

The balance of £485k is proposed to be transferred to the Revenue Budget Contingency Reserve.

The proposed transfer to the Revenue Budget Contingency would increase the amount available in the reserve to £1.866m, prior to any agreed drawdowns in 2012/13.

After allowing for the earmarked reserves referred to above, the net amount returned to un-earmarked reserves would be £nil.

### REVENUE RESERVES

1.13 If the requests shown in recommendations 2.2 and 2.3 are approved by the Cabinet, the overall situation would be as follows:

<b>Description of the Revenue Reserves Movements</b>	<b>£'000</b>
Estimated General Un-earmarked Reserves following February Budget Report 2012*	<b>10,480</b>
2011/12 Outturn position, including additional use in carry forward of underspends, write off of overspends and creation of earmarked reserves for Skills & Employment, Queens Jubilee Events and Casino Project Costs	+253
Net transfers into reserve (see paragraph 1.10)	+232
Increase in earmarked Revenue Budget Contingency Reserve	-485
Remaining available reserves would then be	<b>10,480</b>
<i>Recommended optimal level based on corporate risk assessment</i>	<b>10,480</b>

\*Excluding Invest to Save drawdowns which are repayable in future years.

1.14 As a result, the Council is meeting the reserves strategy outlined in the budget report to Council on 14<sup>th</sup> February 2012.

## **SCHOOLS**

1.15 The bottom line out-turn position in relation to schools is an underspend of £1.5m, while the centrally held elements of the DSG has an underspend of £1.6m. The DSG underspend includes the changes to standards fund grants being switched from a separate grant into the DSG. There is also a balance of £2.8m held in respect of academies for those schools that converted during 2011/12 and those that will convert during 2012/13. All of these items are automatically carried forward under the DSG arrangements, and hence these figures are excluded from this report.

1.16 The balances held by schools have increased by £1.5m from £2.5m to £4m. The schools balances are closely monitored by Schools Forum which has an excessive balances policy in line with DFE guidance. All schools with balances deemed to be excessive are challenged to explain their position. Most excessive balances are planned in preparation for capital projects in schools.

## **COLLECTION FUND OUTTURN POSITION**

1.17 As part of the 2012/13 Budget, an estimate was made on the position of the Council Tax Collection Fund as at the 31<sup>st</sup> March 2012. The estimate was for a surplus of £500k, of which the Council's share was £422k (the balance is paid to the Police and Fire Authorities). The actual outturn position on the Collection Fund for 2011/12 is a surplus of £806k (the Council's share is £680k). The difference will be taken into consideration when estimating the closing 2012/13 Collection Fund position as part of the 2013/14 budget process.

## **CAPITAL OUTTURN 2011/12**

1.18 The outturn capital spend of £45.84m was £13.06m less than the 2011/12 revised budget of £58.9m.

1.19 It is proposed to write off the remaining net underspends of £1.53m which includes:-

- £493k – Transformation IT Projects
- £519k – Property Schemes

1.20 Services are requesting rephasing of variances (project rephasing) to 2012/13 of £11.53m, which includes:-

- £921k Workplaces Programme
- £970k Spend at School Level (devolved school budgets)
- £1.1m Other School Projects
- £657k Property Schemes
- £510k Public Realm Programme

- £926k Bath Western Riverside Infrastructure
- £361k Adult Social Services & Housing Projects
- £427 Bath Transport Package
- £329k Highways Structural Maintenance Programme
- £351k ANPR Parking System
- £356k Neighbourhood Vehicles
- £292k Roman Baths Kitchen

1.21 Details of the overall capital outturn position are given in Appendix 7, with further detail on the rephasing requests and over/underspends in Appendix 8.

### **CAPITAL RESOURCES**

1.22 The 2011/12 outturn expenditure of £45.839m was financed mainly through the use of capital grants, third party contributions and borrowing.

1.23 The 2011/12 outturn expenditure was financed as follows:

	<b>£'000</b>
Total Capital Spending:	<b>45,839</b>
<b>Funded by:</b>	
Capital Receipts	2,546
Capital Grants	13,435
3 <sup>rd</sup> Party Receipts (inc S106)	1,339
Revenue	1,692
Prudential Borrowing (Implied Need)	26,827
<b>Total</b>	<b>45,839</b>

1.24 The £1.692m of revenue funding is predominantly in respect of the IT investment programme, Disabled Facilities Grants and Highway Maintenance emergency works where a Department for Transport revenue grant was received with part set aside to make a revenue contribution to capital.

1.25 The Council's provisional Capital Financing Requirement (CFR) as at 31<sup>st</sup> March 2012 is £136 million. This represents the Council's requirement to borrow to finance capital expenditure, and demonstrates that total borrowing of £120 million remains below this requirement as at 31<sup>st</sup> March 2012.