

REVENUE OUTURN 2013/14

- 1.1 Appendix 2 outlines the Council's budget outturn for the 2013/14 financial year at both Directorate and Portfolio level. The outturn shows the budget has been managed in total with a very small under spend. After carry forwards, the Council underspent by £83,000.
- 1.2 The position reflects that the funding of one-off costs relating to the delivery of the £11.63m savings required as part of the 2013/14 budget have been offset against underspends achieved during the year rather than using earmarked reserves. This approach does result in some service areas showing an overspend position due to the non draw down of reserves that were previously anticipated.
- 1.3 Underlying the Council's "bottom line" figure, prior to carry forwards and after funding one-off costs related to savings delivery, are a number of variations (at a Directorate level):
- Service overspends of £2.034m
 - Service underspends / over achievement of income of £1.249m
 - A £1.195m underspend on Corporate and Agency budgets.
- 1.4 The explanations for the 2013/14 outturn variations are given in Appendix 3, and some are highlighted below.
- 1.5 The main areas contributing to the underspend and over achievement of income position occurred in the following areas:

Heritage Services

Underspend of £1,124,000. There has been an exceptional return generated this year by the Heritage estate, in particular the Roman Baths. This has been based on the exceptional increase in visitors following on from the Olympics last year.

Planning Services

Underspend of £325,000. This is due to increased volumes of planning applications and the resulting additional income achieved by the service.

Waste Services

Underspend of £268,000. The service has achieved one off underspends from inflation savings on the waste contract, lower disposal tonnages and staff turnover savings.

Park & Ride

Underspend of £263,000. There has been increased income reimbursed for concessionary fares, unbudgeted income from bus penalties and savings from a renegotiated bus contract.

Corporate Budgets: Capital Financing & Interest

Underspend of £557,000. Position due to the net savings achieved in debt costs and interest following the repayment of Council borrowing during the year.

Corporate Budgets – Other

Underspend of £435,000. The underspend mainly relates to savings of £147,000 in the costs of external auditors following the government's rationalisation of the external audit regime, a £153,000 favourable adjustment to prior years' Housing Benefit subsidies, and the final Council Tax Freeze Grant being £50,000 higher than originally forecast.

- 1.6 The main areas of overspending not relating to the non draw down of reserves have occurred in the following areas:

Children Social Care

Overspend due to costs resulting from an individual remand case, estimated to cost £580 a day resulting in unbudgeted costs of £106,000. The Placements budget also came under pressure in particular from Court directed parent and baby residential assessments as a result of the family justice review. Each assessment costs at least £20,000 and the overall overspend has amounted to £107,000.

Commercial Estate

Overspend of £276,000. The overspend relates to increased costs for insurance, rates, consultancy and an increase in the service bad debt provision.

Neighbourhoods

Overspends relating to public conveniences, cemeteries and crematorium budgets.

- 1.7 The Council's net budget outturn position has accommodated non draw down of reserves that were planned totalling £3.7m, consisting £2.8m earmarked from the severance reserve and £0.9m from the financial planning reserve which included the delayed implementation of the corporate travel plan savings.

DECISIONS REQUIRED RELATING TO OVER AND UNDERSPENDS

- 1.8 Decisions are needed on some of the items in Appendix 4 relating to under and overspending in 2013/14. 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 this would give a final underspend of £83,000.
- 1.9 Table 3 of Appendix 4 contains requests to write off overspends as an exception to the Budget Management Scheme rules. The write off is requested as it is not considered practical to recover the overspend against the continuing financial pressures in 2014/15 and future years.

OTHER 2013/14 MOVEMENTS AFFECTING RESERVES

- 1.10 The net underspend position of £83,000 reported above does not include technical transactions, such as the change to the Council's corporate bad debt provision, which are one-off in nature, or relate to previous years so are reported separately from the regular monitoring figures.
- 1.11 The net effect of these transactions is an increase in unearmarked reserves of £149,000.
- 1.12 Appendix 5 provides details of corporately earmarked reserves reflecting the outturn revenue budget position.

USE OF UNDERSPEND

- 1.13 It is proposed that the overall underspend is transferred to the Revenue Budget Contingency Reserve.

The proposed transfer to the Revenue Budget Contingency would increase the amount available in the reserve to £1.332m

REVENUE RESERVES

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

Description of the Revenue Reserves Movements	£'000
Estimated General Un-earmarked Reserves following February Budget Report 2013*	10,480
2013/14 Outturn position, including additional use in carry forward of underspends and write off of overspends	+83
Net transfers into reserve (see paragraph 1.10)	+149
Increase in earmarked Revenue Budget Contingency Reserve	-232
Remaining available reserves would then be	10,480
<i>Recommended optimal level based on corporate risk assessment</i>	10,480

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

- 1.15 As a result, the Council is meeting the reserves strategy outlined in the budget report to Council on 18th February 2014.

SCHOOLS

1.16 The bottom line out-turn position in relation to schools is an overspend of £101k, while the centrally held elements of the DSG have underspent by £674k. The DSG overspend results in a DSG balance to be carried forward of £4.459m up from £3.758m in 2012-13. The main reason for the increase in the DSG balance is an underspend on early years funding reflecting the new requirements for 2 year olds which have yet to be fully implemented. These items are automatically carried forward under the DSG accounting arrangements, and budget adjustments have been made to reflect this.

1.17 The balances held by schools have decreased by £101k from £3.3m to £3.2m. This reduction reflects the conversion of 2 schools to academies which reduces the balances held by the Local Authority. 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

1.18 As part of the 2014/15 Budget, an estimate was made on the position of the Collection Fund as at the 31st March 2014. The estimate is split into two elements, one relating to Council Tax and the other relating to Business Rates. The estimated and actual position for each is shown in the following table. The figures relate to the Council's share of the surplus / deficit, excluding preceptor and central government shares.

	Estimated surplus / (deficit) £m	Actual surplus / (deficit) £m	Difference £m
Council Tax	1.600	2.231	0.631
Business Rates	(0.589)	(0.546)	0.043
Total	1.011	1.685	0.674

1.19 The difference will be taken into consideration when estimating the closing 2014/15 Collection Fund position as part of the 2015/16 Budget process.

CAPITAL OUTTURN 2013/14

1.20 The outturn capital spend of £44.57m was £18.35m less than the 2013/14 revised budget of £62.92m.

1.21 Services are requesting re-phasing of funding (project re-phasing) to 2014/15 of £18.03m, which includes:-

- £2.0m Bath Transport Package
- £579k Highways Structural Maintenance Programme

- £629k Victoria Bridge
- £354k Temple Precinct (Roman Baths)
- £314k Public Realm
- £385k London Road Regeneration
- £1.0m BWR – Relocation of Gas Holders
- £1.6m BWR – Replacement of Destructor Bridge
- £1.3m Spend at School Level (devolved school budgets)
- £1.5m Other Children Services Projects
- £388k Adult Social Services & Housing Projects
- £2.5m Keynsham Regeneration & New Build
- £0.7m Property Schemes
- £852k Resources IT & System Projects
- £2.4m Corporate Capital Contingency

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

CAPITAL RESOURCES

1.22 The 2013/14 outturn expenditure of £44.572m was financed mainly through the use of capital grants, third party contributions and borrowing.

1.23 The 2013/14 outturn expenditure was financed as follows:

	£'000
Total Capital Spending:	44,572
Funded by:	
Capital Receipts	10,221
Capital Grants	16,277
3 rd Party Receipts (inc S106)	1,171
Revenue	817
Prudential Borrowing (Implied Need)	16,086
Total	44,572

1.24 The £817k of revenue funding is predominantly in respect Disabled Facilities Grants and IT investment projects.

1.25 The Council's provisional Capital Financing Requirement (CFR) as at 31st March 2014 is £153 million. This represents the Council's requirement to borrow to finance capital expenditure, and demonstrates that total borrowing

of £70 million remains well below this requirement as at 31st March 2014. This illustrates the extent to which the Council is currently cash-flowing capital projects in line with the Treasury Management Strategy.