

REVENUE OUTURN 2010/11

1.1 Appendix 2 outlines the Council's provisional financial outturn for the 2010/11 financial year. Despite a number of major pressures during 2010/11 including the impact of the governments in year cuts, the provisional outturn shows the budget has been managed in total with an under spend/surplus. Before any carry forwards or transfers to reserves, the Council underspent by £445,000, equating to 0.1% of the Council's gross revenue budget (excluding Dedicated Schools Grant) for 2010/11.

1.2 In addition, the bottom line out-turn position in relation to schools is an overspend of £570,000, while the LEA/DSG element has an underspend of £2,618,000. The School's Forum has deliberately created a large carry forward as part of its budget planning to support the changes to funding allocations as part of the Academies programme. The carry forward reflects the significant carry forward from 2009-10 into 2010-11 and will be utilised when the DFE adjust recoupment charges for those schools converting in 2011-12. Both of these are automatically carried forward under the DSG arrangements, and hence these figures are excluded from this report.

1.3 Underlying the Council's "bottom line" figure are a number of variations (at a Directorate level):

- Service overspends of £0.492m
- Service underspends of £0.396m
- In addition to the net overspend of £0.096m at Directorate level, there is a £0.541m underspend on Corporate and Agency budgets mainly related to capital financing costs and investment income.

1.4 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 in both Adult & Children's care placement costs and cross Council severance costs during the financial year have been contained at the bottom line level.

1.5 The explanations for the 2010/11 outturn variations are given in Appendix 3, and some are highlighted below.

1.6 The main area contributing to the underspend are:

Ex Avon Debt and investment interest:

Additional investment interest of £200,000 was earned due to higher than anticipated cash balances. The costs incurred on the Council's share of the Ex Avon debt, which is managed by Bristol City Council, was £130,000 less than original estimates due to debt restructuring lowering interest costs.

Corporate Budgets – Housing & Council Tax Benefit Subsidy:

The element of non recoverable subsidy was £142,000 less than budgeted.

Adult Social Care & Housing:

Underspend in the Supporting People / Community Funding budget and additional income from service user contributions.

- 1.7 The main areas of overspending have occurred in the Service Delivery and Children's Services Portfolios due to the inclusion of severance costs. However there are wide variations between services within those broad headings.

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 2010/11. 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 £1,000.
- 1.9 After allowing for the earmarked reserves referred to in paragraph 1.13, the net amount returned to unearmarked reserves would be £nil.
- 1.10 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 offs are requested as it is not considered practical to recover these overspends against the continuing financial pressures in 2011/12 and future years.

OTHER 2010/11 MOVEMENTS AFFECTING RESERVES

- 1.11 The net underspend position of £455,000 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:

Item	Amount (-ve = increase in reserves) £k	Description
General Bad Debt Provision	75	Increase in Council's general bad debt provision following review as part of closedown activities.
Other minor transactions	-139	Historical refunds of NNDR on Council properties and other smaller transactions.
Total	-64k	Increase in un-earmarked reserves

- 1.12 The net effect of the above transaction is an increase in unearmarked reserves of £64k.
- 1.13 Appendix 5 provides details of corporately earmarked reserves reflecting the outturn revenue budget position.

USE OF UNDERSPEND TO MAKE EARMARKED RESERVES

1.14 The Cabinet may wish to take this opportunity to make the following provision within balances for potential costs which could arise, and which are not allowed for in the budget agreed during February 2011:

- Increase in Revenue Budget Contingency Reserve: £65k.

The proposed transfer to the Revenue Budget Contingency would increase the reserve to £1.065m.

REVENUE RESERVES

1.15 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 Reserves following February Budget Report 2011	10,480
Net transfers into reserve (see paragraph 1.11)	+64
2010/11 Outturn position, including additional use in carry forward of underspends and write off of overspends (recommendation 2.2)	+1
Increase in earmarked Revenue Budget Contingency Reserve (recommendation 2.3)	-65
Remaining available reserves would then be	10,480
<i>Recommended optimal level based on corporate risk assessment</i>	10,480

1.16 As a result, the Council is meeting the reserves strategy outlined in the budget report to Council on 15th February 2011.

1.17 The balances held by schools have decreased by £570k from £3.084m to £2.514m.

COLLECTION FUND OUTTURN POSITION

1.18 As part of the 2011/12 Budget, an estimate was made on the position of the Council Tax Collection Fund as at the 31st March 2011. The estimate was for a surplus of £700k, of which the Council's share was £591k (the balance is paid to the Police and Fire Authorities). The actual outturn position on the Collection Fund for 2010/11 is a surplus of £999k (the Council's share is £843k).

CAPITAL OUTTURN 2010/11

- 1.19 The capital spend was £13.2m less than the 2010/11 revised budget, of which £4.3m related to Combe Down Stone Mines (CDSM). These figures exclude corporate capital contingency.
- 1.20 Services are requesting rephasing of variances (project rephasing) to 2011/12 of £12.6m, which includes £4.2m for CDSM (see Appendix 8). It is proposed to write off the remaining net underspends and budget adjustments of £0.6m.
- 1.21 Details of the overall capital outturn position are given in Appendix 7, with detail on rephasing requests and over/underspends in Appendix 8.

CAPITAL RESOURCES

- 1.22 The 2010/11 budgeted figure for capital receipts assumed Right to Buy (RTB) receipts of £0.3m from Somer Housing Association, and General Fund receipts of £4.4m, giving estimated receipts of £4.7m. Actual receipts achieved, net of costs, were RTB sale receipts of £0.4m, General Fund receipts of £1m.
- 1.23 The current position is that, from 1 April 2008, non scheme-specific receipts are earmarked to Public Realm Improvements and the property maintenance programme, and receipts from the schools' estate are earmarked for School Improvements.
- 1.24 The Council is also required to report how the 2010/11 programme is to be financed. This is as follows:

	£'000
Total Capital Spending:	51,526
Funded by:	
Government Supported Borrowing	4,464
Capital Receipts	2,383
Capital Grants	25,214
3 rd Party Receipts	968
Revenue	1,768
Prudential Borrowing	16,729

- 1.25 The £1.768m of revenue funding is predominantly in respect of the IT investment programme and Disabled Facilities Grants.

APPROVAL OF CAPITAL PROJECTS

- 1.26 As explained in the Council Report of February 2010, there were a number of items included in 'italics' for information which were not approved at the time, due to a requirement to be signed off through the Capital Review process. A number of these items have now progressed to the stage where they require approval. These are included in Appendix 9 for approval.