

### REVENUE OUTURN 2012/13

1.1 Appendix 2 outlines the Council's provisional financial outturn for the 2012/13 financial year at both Directorate and Portfolio level. Despite a number of major pressures during 2012/13, the provisional outturn shows the budget has been managed in total with a small under spend. After carry forwards and transfers to reserves, the Council underspent by £168,000, equating to less than 0.1% of the Council's gross revenue budget (excluding Dedicated Schools Grant) for 2012/13.

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 £1.708m
- Service underspends of £0.070m
- A £2.061m 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 income achievement during the financial year have been contained at the bottom line level. The expenditure on Change Programme projects for 2012/13 has also been contained within the overall revenue budget rather than drawing on the Medium Term Financial Challenge reserve. This approach does result in some service areas showing an overspend position due to the non draw down of reserves that were previously anticipated

1.4 The explanations for the 2012/13 outturn variations are given in Appendix 3, and some are highlighted below.

1.5 The main area contributing to the underspend are:

Corporate Budgets – Debt Financing costs:

Underspend of £1,000,000 due to the phasing of the capital programme and continued use of cash flow funding instead of borrowing.

Corporate Budgets – Carbon Trading Levy: A £250,000 underspend in allowance purchases in the Carbon Reduction Commitment Scheme, due to reduced CO2 emissions and technical changes to the scheme.

Corporate Budgets – Southgate Licence Fee: Additional income of £233,000 from the licence fee received as a result of the slippage in the completion of Southgate.

Corporate Budgets – External Audit Fees: Underspend of £205,000 following government changes to the external audit regime. There was also lower than forecast grant audit work undertaken.

Corporate Budgets – Housing & Council Tax Benefit Subsidy:

The element of non-recoverable subsidy was £100,000 less than budgeted.

Waste Services – underspend of £208,000 mainly due to savings in recycling contracts and other operational underspends.

Commercial Estate – underspend of £138,000 due to income being over forecast mainly following the acquisition of an additional asset.

- 1.6 The main areas of overspending have occurred in the Transport portfolio mainly arising in parking services. The service has developed an extensive action plan targeted at improving the performance of the service by investing in new systems which will improve management information and customer experience and options. Where underlying income is falling in car parks, options which might improve utilisation and income are being considered and action has been taken to improve the effectiveness of bus gate enforcement.

### **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 2012/13. 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 £168,000.
- 1.8 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 2013/14 and future years.

### **OTHER 2012/13 MOVEMENTS AFFECTING RESERVES**

- 1.9 The net underspend position of £168,000 reported above does not include technical transactions, such as the change to the Council's bad debt provision, which are one-off in nature, or relate to previous years so are reported separately from the regular monitoring figures.
- 1.10 The net effect of these transactions is an increase in unearmarked reserves of £88k. When combined with the net underspend of £168,000, this gives a total overall underspend for the year of £256,000.
- 1.11 Appendix 5 provides details of corporately earmarked reserves reflecting the outturn revenue budget position.

### **USE OF UNDERSPEND**

- 1.12 It is proposed that the overall underspend of £256,000 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 £847,000, prior to any agreed drawdowns in 2013/14.

## 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:

Description of the Revenue Reserves Movements	£'000
Estimated General Un-earmarked Reserves following February Budget Report 2013*	<b>10,480</b>
2012/13 Outturn position, including additional use in carry forward of underspends and write off of overspends	+168
Net transfers into reserve (see paragraph 1.10)	+88
Increase in earmarked Revenue Budget Contingency Reserve	-256
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 19<sup>th</sup> February 2013.

## SCHOOLS

1.15 The bottom line out-turn position in relation to schools is an overspend of £679k, while the centrally held elements of the DSG also has an overspend of £605k. The DSG overspend results in a DSG balance to be carried forward of £3.785m down from £4.390m in 2011-12. The balance includes the changes to Early Intervention Grant funds being switched from a separate grant into the DSG, particularly relating to early years funding. All of these items are automatically carried forward under the DSG accounting arrangements, and budget adjustments have been made to reflect this.

1.16 The balances held by schools have decreased by £679k from £4m to £3.3m. 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 2013/14 Budget, an estimate was made on the position of the Council Tax Collection Fund as at the 31<sup>st</sup> March 2013. The estimate was for a surplus of £200k, of which the Council's share was £168k (the balance is paid to the Police and Fire Authorities). The actual outturn position on the Collection Fund for 2012/13 is a surplus of £1.370m (the Council's share is £1.154m). The difference will be taken into consideration when estimating the closing 2013/14 Collection Fund position as part of the 2014/15 budget

process when actual experience of the impact of the Local Council Tax Support Scheme can be considered.

### **CAPITAL OUTTURN 2012/13**

1.18 The outturn capital spend of £44.37m was £13.23m less than the 2012/13 revised budget of £57.60m.

1.19 Services are requesting re-phasing of funding (project re-phasing) to 2013/14 of £13.23m, which includes:-

- £1.1m Bath Transport Package
- £442k Highways Structural Maintenance Programme
- £320k Better Bus Fund
- £484k Beechen Cliff Woodland
- £335k Heritage Infrastructure
- £1.7m Spend at School Level (devolved school budgets)
- £1.8m Other Children Services Projects
- £1.6m Workplaces Programme
- £309k Public Realm Programme
- £385k Adult Social Services & Housing Projects
- £391k Property Schemes

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**

1.20 The 2012/13 outturn expenditure of £44.371m was financed mainly through the use of capital grants, third party contributions and borrowing.

1.21 The 2012/13 outturn expenditure was financed as follows:

	<b>£'000</b>
Total Capital Spending:	<b>44,371</b>
<b>Funded by:</b>	
Capital Receipts	14,409
Capital Grants	15,159
3 <sup>rd</sup> Party Receipts (inc S106)	3,212
Revenue	1,632
Prudential Borrowing (Implied Need)	9,959
<b>Total</b>	<b>44,371</b>

1.22 The £1.632m of revenue funding is predominantly in respect of the IT investment programme, Disabled Facilities Grants and projects where funding was allocated from the Revenue Budget Contingency Reserve.

1.23 The Council's provisional Capital Financing Requirement (CFR) as at 31<sup>st</sup> March 2013 is £141.8 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 2013. This illustrates the extent to which the Council is currently cash-flowing capital projects.