

REVENUE OUTURN 2014/15

- 1.1 Appendix 2 outlines the Council's budget outturn for the 2014/15 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 £54,000.
- 1.2 The position reflects that the funding of some one-off costs relating to service transformation and the delivery of planned savings 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 £2.046m
 - Service underspends / over achievement of income of £0.817m
 - A £1.705m underspend on Corporate and Agency budgets.
- 1.4 The explanations for the 2014/15 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

Overachievement of income of £512,000. There has been another good year for Heritage income. This is due to even higher visitor numbers than the previous year, and their additional retail spend.

Parking

Underspend of £582,000. The variance relates mainly to underspending, including staffing, rather than exceptional income performance.

Development Management

Over achievement of income of £444,000. This is due to additional planning income and underspends on water monitoring and staffing budgets.

Learning & Inclusion

Underspend of £580,000. Arising from management restructures and vacancy management across the service, plus early years savings from restructuring the service in preparation for the new model of delivery earlier than planned.

IT Service

Underspend of £476,000. The underspend arises mainly from further efficiencies against inherited budgets when the service was brought back in-house, and a better understanding of the IT estate.

Corporate Items (Including Visitor Contribution Scheme)

Underspend of £368,000. The budget included an additional income target of £500,000 from a Visitor Contribution Scheme which is not now achievable at the level anticipated due to recent government legislation changes. This impact has been offset by the receipt of higher than forecast Housing Subsidy Claim relating to 2013/14 which was identified following audit of the Council's accounts.

Housing Benefit Subsidy

The outturn for this cashlimit is an underspend of £387,000. This is linked to additional income arising from debts relating to eligible overpayments covering current and previous financial year recovered within this financial year.

Corporate Budgets – Other

Underspend of £1,560,000. This includes a £900,000 Pensions Deficit Recovery surplus, the £100,000 Carbon Reduction payments no longer being required as the Council is not part of the revised scheme, and a £185,000 saving in pension deficit costs following the Council's early payment of its share. There is also an external audit fee rebate and additional one-off income.

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

Children Young People & Families

Overspend of £1,061,000. The overspend relates to spend on direct placements for children in care, particularly in the Independent Fostering, and Parent & Baby Unit budgets, due to increased caseload in these volatile budgets.

Children's Health, Commissioning & Planning

Overspend of £441,000. Home to School Transport budget overspent due to increased SEN transport costs. Linked to difficulty in placing children with behaviour issues locally.

Public Protection & Health Improvement – Active Lifestyles

Overspend of £317,000. The overspend relates to leisure and other event costs.

Neighbourhoods & Environment – Waste & Fleet Services

Overspend of £521,000. This comprises an overspend due to waste tonnages being higher than budget, partly offset by underspends on waste treatment and disposal costs. There was also a shortfall in unachievable Fleet services income targets.

Traded Services

Overspend of £510,000. The majority of this overspend relates to Catering Services spending on provisions and staffing arising from the Universal Infant Free School Meals scheme and income from the scheme being below target.

- 1.7 The Council's net budget outturn position has accommodated non draw down of reserves that were planned totalling £1.9m, consisting £0.9m earmarked from the severance reserve and £1.0m from the transformation investment reserve.

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 2014/15. 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 £54,000.
- 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 2015/16 and future years.
- 1.10 Appendix 5 provides details of corporately earmarked reserves reflecting the outturn revenue budget position.

USE OF UNDERSPEND

- 1.11 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 currently unallocated in the reserve to £1.1m.

REVENUE RESERVES

- 1.12 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 2014* | 10,480 |
| 2014/15 Outturn position, including additional use in carry forward of underspends and write off of overspends | +54 |
| Increase in earmarked Revenue Budget Contingency Reserve | -54 |
| 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. (Actual level of unearmarked reserves as at 31/3/15 is £8.9m reflecting the invest to save drawdowns)

- 1.13 As a result, the Council is meeting the reserves strategy outlined in the budget report to Council on 17th February 2015.
- 1.14 Appendix 5 provides details of corporately earmarked reserves reflecting the outturn revenue budget position.

SCHOOLS

- 1.15 The bottom line out-turn position in relation to schools is an overspend of £286k. The centrally held elements of the Dedicated Schools Grant (DSG) have underspent by £1.465m. The DSG underspend results in a DSG balance to be carried forward of £5.924m up from £4.459m in 2013/14. The main reasons 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 and the late allocation of DSG by the DFE, which cannot be incorporated into school budgets until the following financial year, in line with school funding regulations. 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 £286k from £3.2m to £2.9m. This reduction reflects the conversion of schools to academies which reduces the balances held by the Local Authority by 3 schools. 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 large balances are planned in preparation for capital projects in schools.

COLLECTION FUND OUTTURN POSITION

- 1.17 As part of the 2015/16 Budget, an estimate was made on the position of the Collection Fund as at the 31st March 2015. 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 | 1.763 | 2.220 | 0.457 |
| Business Rates | (0.185) | (1.090) | (0.905) |
| Total | 1.578 | 1.130 | (0.448) |

- 1.18 The increase in the deficit on the Business Rates Collection Fund is mainly due to the need to increase the appeals provision following notification of a large number of appeals being lodged after the government set a 31st March 2015 deadline for certain appeals. The difference will be taken into consideration when estimating the closing 2015/16 Collection Fund position as part of the 2016/17 Budget process. The Council also holds an earmarked reserve to help manage the volatility in Business Rates income.

CAPITAL OUTTURN 2014/15

1.19 The outturn capital spend of £62.56m was £20.81m less than the 2014/15 revised budget of £83.37m.

1.20 Services are requesting re-phasing of funding (project re-phasing) to 2015/16 of £20.19m, which includes:-

- £404k Seven Dials – Cycle City Ambition
- £695k Odd Down Playing Fields
- £1.2m Highways Structural Maintenance Programme (including Rossiter Road)
- £650k Leisure Dilapidations
- £477k Norton Radstock Regeneration - Infrastructure
- £347k London Road Regeneration
- £640k BWR – Relocation of Gas Holders (Revolving Infrastructure Fund (RIF) funded scheme)
- £921k BWR – Replacement of Destructor Bridge (Revolving Infrastructure Fund (RIF) funded scheme)
- £611k Gypsy & Travellers Site
- £338k Digital B&NES
- £624k Affordable Housing
- £1.3m Spend at School Level (devolved school budgets)
- £1.9m Other Children Services Projects
- £1.5m Keynsham Regeneration & New Build
- £1.6m Grand Parade & Undercroft
- £2.4m Other Property Schemes
- £774k Energy at Home Project
- £780k 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

1.21 The 2014/15 outturn expenditure of £62.56m was financed mainly through the use of capital grants, third party contributions and borrowing.

1.22 The 2014/15 outturn expenditure was financed as follows:

| | £'000 |
|---|---------------|
| Total Capital Spending: | 62,560 |
| Funded by: | |
| Capital Receipts | 9,024 |
| Capital Grants | 19,010 |
| 3 rd Party Receipts (inc S106) | 4,239 |
| Revenue | 1,005 |
| Prudential Borrowing (Implied Need) | 29,282 |
| Total | 62,560 |

1.23 The £1,005k of revenue funding is predominantly in respect of Disabled Facilities Grants, the Odd Down Playing Fields project and IT investment projects.

1.24 The Council's provisional Capital Financing Requirement (CFR) as at 31st March 2015 is £177.4 million. This represents the Council's requirement to borrow to finance capital expenditure, and demonstrates that total borrowing of £108.3 million remains well below this requirement as at 31st March 2015. This illustrates the extent to which the Council is currently cash-flowing capital projects in line with the Treasury Management Strategy.