

CABINET

5th July 2011

Financial Outturn Report 2010/11

Report of the Strategic Director for Resources

STRATEGIC AIM:	To be a well-managed organisation		
KEY DECISION	YES	DATE ITEM FIRST APPEARED ON FORWARD PLAN	June 2011

1. PURPOSE OF THE REPORT

1.1 To inform Cabinet of the outturn figures for the financial year 2010/11.

2. RECOMMENDATIONS

That Cabinet:

- 2.1 Note the 2010/11 revenue outturn position and the general fund position at 31 March 2011.
- 2.2 Approve the use of earmarked reserves to be used in 2011/12 for the specific purposes shown in paragraph 4.16.
- 2.3 Approve the carry forward of £172,000 into 2011/12 as outlined in paragraph 4.4.
- 2.4 Approve the carry forward of £14,500 on the training budget, as outlined in Appendix 6.
- 2.5 Approve the use of Rural Capital Grant funding for the Post 16 Capital Project as per paragraph 6.5.
- 2.6 Note the outturn on the 2010/11 Capital Programme and approve the carry forward of the capital schemes listed in paragraph 6.7 of this report.

3. REASONS FOR THE RECOMMENDATIONS

3.1 To support sound financial management of the Council's operations.

4. GENERAL FUND

- 4.1 Appendices 1 to 6 show the most noticeable variances by portfolio for 2010/11 excluding the Housing Revenue account. The overall position is summarised in the table below. The impact of the outturn on the Medium Term Financial Plan is currently being worked on and will be reported to Cabinet as part of the 2011/12 Quarter 1 monitoring.

Portfolio	Latest Approved Budget £000	Qtr 3 Forecast Outturn £000	Qtr 4 Outturn £000	Outturn Variance £000	Movement from Q3 £000
Adult Social Care, Health & Housing	8,701	8,108	7,691	(1,010)	(417)
Children & Young Peoples Services	4,457	4,621	4,320	(137)	(301)
Highways and Transportation	5,663	5,802	5,825	162	23
Regulatory Services	3,158	3,126	3,018	(140)	(108)
Corporate	4,654	4,931	4,916	262	(15)
Development	2,262	2,482	2,491	229	9
Restructure Costs	0	367	719	719	352
Net Cost of services	28,895	29,437	28,980	85	(457)
Capital Financing	2,462	1,978	2,023	(439)	45
Interest Receivable	(136)	(111)	(126)	10	(15)
Net Operating Expenditure	31,221	31,304	30,877	(344)	(427)

Portfolio	Latest Approved Budget £000	Qtr 3 Forecast Outturn £000	Qtr 4 Outturn £000	Outturn Variance £000	Movement from Q3 £000
Resources					
Area Based Grant	(3,189)	(3,189)	(3,808)	(619)	(619)
Revenue Support Grant	(978)	(978)	(978)	0	0
Redistributed National Non Domestic Rates	(6,738)	(6,738)	(6,738)	0	0
Council Tax	(20,782)	(20,782)	(20,782)	0	0
Collection fund surplus	(76)	(76)	(76)	0	0
Local Area Agreement Reward Grant	0	0	(377)	(377)	(377)
Transfer from HRA	0	0	(199)	(199)	(199)
Transfer to/(from) from earmarked reserves	0	(836)	153	153	989
Net spending	(542)	(1,295)	(1,928)	(1,386)	(633)
General Fund 1 April 2010	(2,258)	(2,258)	(2,258)	0	0
General Fund 31 March 2011	(2,800)	(3,554)	(4,186)	(1,386)	(633)

- 4.2 The outturn position shows a net spending surplus of £1.928m which is £1.386m greater than the budget and a movement of £0.633m from the forecast at quarter 3. The following paragraphs identify and explain the most notable variances.
- 4.3 Learning Disability Service – a number of high value invoices totalling £415k from prior years which had been provided for in the Bad Debt provision have now been paid in full allowing the Bad Debt provision to be reversed. There has also been a refund from the Learning Disability pool which was received at the end of the financial year.
- 4.4 In House Home Care – Winter Pressure and Section 256 funding totalling £172k from the Primary Care Trust which had been advised as being receivable in 2011/12 was received during March 2011 with a requirement that was to fund existing expenditure within 2010/11. The impact is therefore that less core-funding was required in year, this is included in the proposed carry forwards in paragraph 4.17.
- 4.5 Fostering – a larger number of children have been placed through Fostering during the year than would usually be expected costing an additional £234k.

- 4.6 SureStart funding was available and identified as a funding source for a number of Children's Service projects at Q3 to a value of £0.145m. During Q4 a further £0.083m was utilised, effectively reducing the pressure on the core-funding by £0.228m.
- 4.7 Home to School/College – these services was provided at £151k less than the budgeted cost as a result of a significant over estimation of the budget.
- 4.8 Community Service Management - an underspend of £122k has occurred due to the restructure, subsequent departure of key staff and unfilled vacancies, though this will be offset to some degree by the overspend created by the centralisation of the Strategic Management Team (SMT) within the Corporate directorate.
- 4.9 Corporate Finance – savings resulting from the restructure (£117k), which as above, go some way to mitigate the overspend in SMT of £233k.
- 4.10 Agresso – ongoing development costs of £157k in 2010/11 have been incurred to improve the effectiveness of the management information system. No further additional funding is available for this work.
- 4.11 Information Technology Operational Support - a combination of under and overspends in relation to hardware, software and licences have all contributed to an overall overspend along with the decision to write off £95k the remaining longer term costs of the Agresso system in 2010/11 to reduce the pressure on the budget in 2011/12.
- 4.12 Catmose Sports & Swimming – higher than expected running costs and the delay in the completion and transfer of Catmose Campus resulted in additional revenue costs of £101k in the year.
- 4.13 Planning Policy – work on the Local Development Framework and Minerals Core Strategy totalling £179k will be funded by the Housing and Planning Delivery Grant reserve as approved by Cabinet (Report 4/2010).
- 4.14 Detailed explanations for the remaining variations are shown in Appendices 1 to 6. The MTFP has been updated to reflect the outturn position and is shown at Appendix 7.
- 4.15 The table below details the opening balances of all earmarked reserves in 2010/11

Earmarked Reserves at 1 April 2010	£
Invest to Save	1,083,400
Catmose Extension	96,000
Internal Audit	20,100
Housing & Planning Delivery Grant	408,100
Total	1,607,600

- 4.16 It is proposed to make the following transfers to/ (from) the earmarked reserves

Allocation	£
Local Area Agreement Reward Grant (new earmarked reserve to be set up)	377,000
Carry forward of home care budget (via a budget carry forward earmarked reserve)	172,000
Restructure Costs (Invest to Save)	(719,000)
Planning Policy (Housing & Planning Delivery)	(197,000)
Area Based Grant (into budget carry forward reserve)	520,000
Total	153,000

4.17 This will result in earmarked reserve balances as follows at 31 March 2011

Earmarked Reserves at 31 March 2011	£
Invest to Save	364,400
Catmose Extension	96,000
Internal Audit	20,100
Housing & Planning Delivery Grant Reserve	211,100
Local Area Agreement Reward Grant Reserve	377,000
Budget Carry Forward Reserve	692,000
Total	1,760,600

5. HOUSING REVENUE ACCOUNT (HRA)

5.1 The Housing Revenue Account is a ring-fenced account within the General Fund. Formal approval of the Secretary of State for Communities and Local Government was obtained for the closure of the Housing Revenue Account effective 31st March 2011 at which point the balance remaining on the account was transferred into the General Fund.

The final position is summarised below:

	£000
Balance brought forward 01/04/10	(120)
Income	
HRA Subsidy final settlement	(49)
Bad Debt Provision write back	(15)
Unclaimed provision for prior year invoices	(15)
Surplus for year	(79)
Balance transferred to General Fund 31/03/11	(199)

6. CAPITAL PROGRAMME

6.1 Appendices 1 to 6 show the detailed final spending position on each scheme within the 2010/11 capital programme. The spending and funding are summarised in the table below

Portfolio	Latest Approved Budget £000	Qtr 3 Forecast Outturn £000	Qtr 4 Outturn £000	Outturn Variance £000	Movement from Q3 £000
Adult Social Care, Health & Housing	320	54	54	(266)	0
Children & Young Peoples Services	1,433	1,535	1,059	(374)	(476)
Highways and	1,319	842	845	(474)	3

Portfolio	Latest Approved Budget £000	Qtr 3 Forecast Outturn £000	Qtr 4 Outturn £000	Outturn Variance £000	Movement from Q3 £000
Transportation					
Regulatory Services	534	441	410	(124)	(31)
Corporate	53	53	53	0	0
Development	23,343	23,050	20,917	(2,426)	(2,133)
Total Capital Programme	27,002	25,975	23,338	(3,664)	(2,637)
Funded by:					
Govt Grants	(16,342)	(18,639)	(13,670)	2,672	4,971
Contributions	0	0	(312)	(312)	(312)
Revenue		(7)	(2)	(2)	5
Capital Receipts	(4,739)	(4,715)	(4,150)	589	565
Supported Borrowing	(1,655)	(1,100)	(927)	728	173
Prudential Borrowing	(4,266)	(1,514)	(4,277)	(11)	(2,763)
Total	(27,218)	(25,975)	(23,338)	(3,664)	(2,763)

- 6.2 Those schemes that have been completed in 2010/11 where the total cost exceeds £50,000 will be reported to the appropriate Scrutiny Panel by the relevant Director for post completion review, as required by the Financial Regulations.
- 6.3 The Capital outturn position shows a variance of £3.88m from the budget which is a movement of £2.6m since the Q3 forecast.
- 6.4 The purchase of specialist minibuses from the 14-19 Rural Funding, which had previously been forecast, did not take place during 2010/11. Approval was received from the grant body to carry over this funding until delivery of the vehicles.
- 6.5 Approval is sought to reallocate £0.2m of Rural Grant funding from CYPS for the work on the Post 16 capital project.
- 6.6 Catmose Campus was not completed as anticipated by 31st March 2011 which has resulted in additional recoverable costs for the Council. The property has since been handed over although residual works continue relating to the demolition and clearance of the former Vale of Catmose College site. Under the terms of the contract costs are now being recovered from the contractor in respect of the delays.
- 6.7 The following budgets were not utilised at 31 March and approval is sought for them to be carried forward into 2011/12. Where individual schemes have not yet been approved these will be subject to further reports to Cabinet for detailed approval.

	£000
People	
Devolved Formula Capital (People)	9
Lottery Funded Play	11
14-19 Rural Funding	184
Disabled Facilities Grant	17
Home Repair Improvement Grants	38
Learning Disabilities Housing	46
Social Care	17
Mental Health	56
Adult and Social Care Information Technology	140
Safer and Stronger Communities Fund	8
Places	
Post 16	291
The Little Build	684
Catmose Campus	367
Better Schools for All	1,080
Free Swimming	2
Planning Delivery Grant	10
Integrated Transport ¹	373
Oakham Bypass	19
Transport Asset Management Plan	26

7. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The provisional outturn is reported within a reasonable period after the end of the financial year and in line with the timescales as set out in the Accounts and Audit (England) Regulations 2011
Viability	Low	There are no significant issues within this report
Finance	Med	The report highlights areas for improvement in financial management which will be addressed in 2011/12
Profile	High	The financial position of the Authority is high profile at the current time
Equality and Diversity	Low	Initial Equality Impact Assessment completed, there are no particular issues in this area.

Background Papers
Revenue Budget 2010/11
Capital Programme 2010/11

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.