
EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 14 JUNE 2012

ROSP.39/12 PROVISIONAL GENERAL FUND REVENUE OUTTURN 2011/12

The Finance, Governance and Resources Portfolio Holder submitted report RD.11/12 concerning the outturn for the 2011/12 General Fund Revenue Budget. He informed Members that the outturn position showed that the net underspend for Council services as at 31 March 2012, once committed expenditure totalling £357,500 was taken into account, was £261,459.

The table at Section 2.1 of the report showed that the Council's revised budget for 2011/12 was a total of £15,601,700. A summary of the expenditure for individual Directorates and an explanation of the major variances in those budgets were provided. Also itemised were the budget headings which had achieved savings and provided increased income.

Turning to the key issues, the Portfolio Holder set out details of a request to transfer £250,000 to the Transformation Reserve to part fund ongoing redundancy costs which, if approved, would result in a final underspend to the Council in 2011/12 of £11,459. He further recommended (subject to Council approval) the establishment of a Cremator Reserve, as set out in the Charges Report 2011/12 (CS.28/10) and detailed at paragraph 4.2 of the current report, adding that approximately £70,000 would be transferred to the reserve as part of the year end process.

The recession continued to cause significant income shortfalls in Bereavement Services, Development and Building Control, Parking and The Lanes. In addition, inflation and other factors had led to higher fuel and energy prices. In anticipation of those pressures some budgets had again been adjusted during 2011/12 to reflect revised spending and income trends (Report RD.70/11 referred). The Council's bad debt provision had been increased in respect of housing benefit overpayments and penalty charge notices, but reduced for sundry debtors, and that had been allocated directly to the services.

He also circulated details of the carry forward requests which had been submitted by Directorates adding that, if Members were minded to approve the carry forward requests, a recommendation would need to be submitted to the City Council.

The Portfolio Holder advised that, due to the level of underspend identified within the report after all carry forward requests were approved, approximately £11,500 would be returned to the Projects Reserve. That would replenish the usable revenue balances by 31 March 2017 to the minimum required, however there would still be a projected shortfall against that minimum reserve from 2012/13 to 2016/17.

In accordance with revised Capital Finance Regulations, costs associated with asset disposal totalling £17,221 which were included in the revenue outturn, could be funded from the capital receipt generated. That would result in an increase to revenue balances at 31 March 2012.

The Portfolio Holder further pointed out that the information contained within the report was provisional and subject to the formal audit process.

The matter had been considered by Executive on 1 June 2012 (EX.058/12).

It was resolved:

“That the Executive:

- (i) Noted the net underspend as at 31 March 2012 of £261,459 after committed carry forwards.
- (ii) Noted the committed expenditure totalling £357,500 in 2012/13, which had been approved by the Director of Resources under delegated powers, and the release of £357,500 from the General Fund Reserve in 2012/13, for recommendation to Council.
- (iii) Recommended that the City Council approve the transfer of £250,000 to the Transformation Reserve to part fund ongoing redundancy costs, as detailed in paragraph 4.1 of Report RD.11/12, reducing the year end underspend to £11,459.
- (iv) Recommended that the City Council approve the establishment of the Cremator Reserve, as set out in the Charges Report 2011/12 (CS.28/10), and detailed in paragraph 4.2, noting that approximately £70,000 would be transferred to the reserve as part of the year end process.”

In considering the Outturn report Members raised the following comments and questions:

- How did the recession cause the shortfall in Bereavement Services?

The Town Clerk and Chief Executive (Dr Gooding) responded that the overall number of transactions within Bereavement Services had not reduced but the value of those transactions to the City Council had reduced.

- In response to a Member’s question the Portfolio Holder confirmed that the £250,000 transfer to Redundancy Reserve was just for Carlisle City Council.
- The redundancy reserve had been identified as a risk on the Risk Register, was the Council comfortable that the amount in the reserve would cover the necessary redundancy payments?

Dr Gooding explained that the pressure on the redundancy reserve would not be known until the new Council administration was confident in their priorities and programme of savings. When the savings had been identified they would be considered through the usual process which included consultation with Overview and Scrutiny.

- A Member asked for more information with regard to the level of funds in the redundancy reserve and how much would need to be used. He also asked how employees felt about redundancy.

In response to the question Dr Gooding confirmed that there was just under £750,000 in the reserve. He explained that it would not be known how much would be required from the reserve until political decisions were made regarding the programme of savings for the authority. He added that staff were clearly anxious about the potential for redundancy, to help with this staff would be kept informed of plans and changes as soon as possible.

- A Member had some concerns that the cost of services from Bereavement Services increased annually and he was concerned that the price would continue to increase until customers could no longer afford the service.

The Portfolio Holder responded that the decision to increase the cost at Bereavement Services had been taken with officer advice and allowed small annual increases instead of one larger increase every few years. The costs had to increase due to the rise in costs to provide the service.

The Financial Services Manager (Miss Taylor) added that the annual corporate charging reports would be considered by the Panel in August and each charging policy was considered on an individual basis.

Dr Gooding explained that Bereavement Services should be a self sustainable unit that would not need to be subsidised by other services within the Council. Bereavement Services had managed to break even and had a small surplus to invest in the capital programme in preparation for the replacement of the cremator in line with the new mercury abatement emissions regulations.

- A Member commented that the Council should promote a 'Grow Your Own' policy and promote staff from within. He felt that opportunities should be given to staff to enable them to gain the skills necessary to achieve internal promotion.

Dr Gooding responded that the terms of redeployment for members of staff facing redundancy ensured that the Council offered a variety of support to enable them to find alternative employment within the authority or with a new employer. He did not feel that the same circumstances applied to internal candidates who were not at risk of redundancy.

- Was the carry forward of £138,000 required for 2012/13 and why was there an overspend?

Miss Taylor explained that the overspend included in the table under 2.2 of the report was because there had been a number of over and underspends identified in 2011/12 and virements had been carried out to correct the budget and the balance of this resided within the Resources Directorate as a corporate overspend.

- Why had there been a shortfall in the Enterprise Centre income?

Miss Taylor agreed to provide the Panel with a written response to the question.

- The Panel requested an update on the funding that Tullie House had been able to source in addition to the Council's funding.

Miss Taylor informed the Panel that the Tullie House Business Plan would be considered by the Executive and be available for Overview and Scrutiny later on in the year.

RESOLVED – 1) That the Provisional General Fund Revenue Outturn 2011/12 Report be noted.

2) That the Financial Services Manager provided a written response to Members questions with regard to the Enterprise Centre.