
EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 31 MAY 2013

EX.48/13 **PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13**
(Key Decision – KD.09/13)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Finance, Governance and Resources Portfolio Holder presented report RD.12/13 summarising the provisional outturn for the 2012/13 General Fund Revenue Budget. He informed Members that the outturn position showed that the net underspend for Council services as at 31 March 2013, once committed expenditure totalling £696,400 and £312,697 transfers to / from earmarked reserves were taken into account, was £75,247.

The table at Section 2.1 of the report showed that the Council's revised budget for 2012/13 was a total of £14,577,700. 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 Finance, Governance and Resources Portfolio Holder reported that the Government's Welfare Reform Agenda, once fully implemented would have a major impact on the benefit system, including a household benefit cap and the introduction of the Universal Credit system which would subsume housing benefit (by 2017). In the medium to longer term the Council would have to significantly reduce staff resources working on benefits administration. Whilst staff redeployment policies would reduce the impact of the changes, there were likely to be voluntary / compulsory redundancies in the Section. He proposed therefore that a Welfare Reform Reserve be established and the unused balance of £200,000 (accrued from underspends on staffing and other savings) be transferred to the Reserve to fund such costs. It was further recommended that management of the Reserve should rest with the Director of Community Engagement with the use of the Reserve requiring Executive approval.

It was also proposed that the Executive make recommendations to Council:

- to release the balance of £1,878 from the Sheepmount Reserve to the General Fund Reserve (as detailed in paragraph 4.1);
- to release the balance of £29,670 from the Job Evaluation Reserve to the General Fund Reserve (as detailed in paragraph 4.2);

- to write off the accrued deficit on the On Street Parking reserve of £190,000 to General Fund Balances (as outlined in paragraph 4.3);
- to top up the Transformation Reserve with £200,000 from the underspend position (as set out in paragraph 4.4); and
- to approve the establishment of the Municipal Mutual Insurance provision for £175,000 (as outlined in paragraph 4.5)

In terms of recession planning, the Finance, Governance and Resources Portfolio Holder explained that the Council's bad debt provision had been increased in respect of housing benefit overpayments and penalty charge notices, but reduced for sundry debtors which had been allocated directly to the services. Further details could be found in Report RD.14/13 elsewhere on the Agenda.

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 Finance, Governance and Resources Portfolio Holder advised that, due to the level of underspend identified within the report after all carry forward requests were approved and transfers to / from earmarked reserves, approximately £75,200 would be returned to the General Fund Reserve. That would replenish the usable revenue balances by 31 March 2015 to the minimum required.

In accordance with revised Capital Finance Regulations, costs associated with asset disposal totalling £62,994 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 2013.

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

He also wished to place on record thanks to Financial Services Officers for keeping a tight reign on the Council's finances.

In conclusion, the Finance, Governance and Resources Portfolio Holder formally moved the recommendations, which were duly seconded by the Deputy Leader and Economy and Enterprise Portfolio Holder.

Summary of options rejected None

DECISION

That the Executive:

- (i) Noted the net underspend as at 31 March 2013 of £75,247 after carry forwards as in (ii) below, and net transfers to/from earmarked reserves as noted in (iii), (iv), (v) and (vi) below;

- (ii) Noted the committed expenditure totalling £696,400 to be met in 2013/14 which had been approved by the Director of Resources and under delegated powers, and the release of £677,400 in 2013/14 and £19,000 in 2014/15 from the General Fund Reserve, for recommendation to Council;
- (iii) Recommended that the City Council release the balance of £1,878 from the Sheepmount Reserve to the General Fund Reserve, as detailed in paragraph 4.1,
- (iv) Recommended that the City Council release the balance of £29,670 from the Job Evaluation Reserve to the General Fund Reserve, as detailed in paragraph 4.2;
- (v) Recommended that the City Council write off the accrued deficit on the On Street Parking reserve of £190,000 to General Fund Balances as outlined in paragraph 4.3;
- (vi) Recommended that the City Council top up the Transformation Reserve with £200,000 from the underspend position, as set out in paragraph 4.4;
- (vii) Recommended that the City Council approve the establishment of the Municipal Mutual Insurance provision for £175,000 as outlined in paragraph 4.5; and
- (viii) Recommended that the City Council approve the establishment of the Welfare Reform Reserve, as detailed in paragraph 4.6, noting that £200,000 would be transferred to the reserve as part of the year end process.

Reasons for Decision

To receive the Report on the Provisional General Fund Revenue Outturn and make recommendations to the City Council