

Report to Audit Committee

Agenda
Item:

Meeting Date: 22nd July 2013
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref:KD
 Within Policy and Budget Framework YES
 Public / Private Public

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13
 Report of: DIRECTOR OF RESOURCES
 Report Number: RD12/13

Purpose / Summary: This report summarises the 2012/13 provisional outturn for the General Fund Revenue Services.

Recommendations:

Members are asked to note the report.

Tracking

Executive:	31st May 2013
Overview and Scrutiny:	6th June 2013
Council:	16th July 2013
Audit:	22nd July 2013

Meeting Date: 31st May 2013
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Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13
Report of: DIRECTOR OF RESOURCES
Report Number: RD12/13

Purpose / Summary: This report summarises the 2012/13 provisional outturn for the General Fund revenue budget and gives reasons for the variances.

The outturn position shows a net underspend of £75,247 for Council services as at 31 March 2013, once committed expenditure totalling £696,400 and £312,697 transfers to/from earmarked reserves are taken into account.

It should be noted that the information contained in this report is provisional, subject to the formal audit process. The Statement of Accounts for 2012/13 will be presented to the Audit Committee on 22 July, followed by a three month audit process.

Recommendations:

The Executive is asked to:

- (i) Note 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) Note the committed expenditure totalling £696,400 to be met in 2013/14 which has 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) 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,
- (iv) Make recommendations to Council to release the balance of £29,670 from the Job Evaluation Reserve to the General Fund Reserve, as detailed in paragraph 4.2;

- (v) Make recommendations to Council 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;
- (vi) Make recommendations to Council to top up the Transformation Reserve with £200,000 from the underspend position, as set out in paragraph 4.4;
- (vii) Make recommendations to Council to approve the establishment of the Municipal Mutual Insurance provision for £175,000 as outlined in paragraph 4.5; and
- (viii) Make recommendations to Council to approve the establishment of the Welfare Reform Reserve, as detailed in paragraph 4.6, noting that £200,000 will be transferred to the reserve as part of the year end process.

Tracking

Executive:	31st May 2013
Overview and Scrutiny:	6th June 2013
Council:	16th July 2013

1. BACKGROUND

- 1.1 This report shows the provisional outturn position for the General Fund Revenue budgets for 2012/13.
- 1.2 A summary of the overall position is shown in paragraph 2. Further details for each directorate are included in **Appendices A1 - A6** as follows:
 - (i) A comparison of the outturn position against the budget.
 - (ii) An analysis of the major variances relating to both income and expenditure, with comments from the Director.
 - (iii) The items of carry forwards to cover committed expenditure to be expended in line with the original purpose. These requests follow the procedure agreed by Council with every form being signed off by the relevant Director and Portfolio holder, and the Director of Resources.
- 1.3 Members should note that the information contained in this report is provisional and subject to the formal audit process. The formal Statement of Accounts for 2012/13 will be presented to the Audit Committee on 22 July, followed by a three month audit period. Any significant changes required following the approval of the 2012/13 accounts will, if necessary, be reported to a future Executive meeting.
- 1.4 Please note that throughout this report:
 - (i) the use of a bracket represents a favourable position i.e. either an underspend or additional income received,
 - (ii) the term 'underspend' is taken to include both reduced expenditure and/or increased income,
 - (iii) the term 'overspend' includes both spending above budget and/or reduced income levels.

2. SUMMARY REVENUE OUTTURN 2012/13

2.1 The following table shows the revised 2012/13 budget for the General Fund:

2012/13 Revenue Budget	£
Approved Budget (Council resolution – February 2012)	13,987,100
Carry forward requests (2011/12 out-turn)	357,500
Council Resolution 2012/13	14,344,600
Non-Recurring Expenditure	
Transformation Savings (RD35/12)	(218,500)
Transformation Costs (Transformation Reserve) ^{note 1}	431,600
Clean up Carlisle	20,000
Updated Budget 2012/13	14,577,700
Note 1 – the use of earmarked reserves to fund 2012/13 expenditure	

2.2 The provisional outturn position for the General Fund is summarised below and explanations for the main variances are provided in the appendices. The key issues are highlighted in paragraph 4:

Directorate / Appendix	Annual Net Budget	Total Spend	Net Variance at 31/03/11	Carry Forwards Committed	Adjusted Variance
	(£)	(£)	(£)	(£)	(£)
Chief Executive's Team A1	105,900	108,449	2,549	0	2,549
Community Engagement A2	8,003,200	7,889,225	(113,975)	(69,000)	(44,975)
Economic Development A3	1,929,800	1,823,502	(106,298)	(176,700)	70,402
Governance A4	1,828,100	1,743,509	(84,591)	(53,000)	(31,591)
Local Environment A5	5,711,400	5,710,752	(648)	(144,300)	143,652
Resources ^{Note 1} A6	(3,000,700)	(3,719,087)	(718,387)	(253,400)	(464,987)
Sub Total	14,577,700	13,556,350	(1,021,350)	(696,400)	(324,950)
Transfers^{Note 2}					312,697
Costs of Disposal^{Note 3}					(62,994)
Total					(75,247)

Note (1): Corporate underspends are included in the Resources total, e.g. Salary Turnover Savings

Note (2): See Paragraphs 4.1, 4.2 & 4.3.

Note (3): To be funded by Capital Receipts, see paragraph 7.6

2.3 The above table details the net Council budget. The Council's original gross budget for 2012/13 was £68.02m and although there are many individual variances as detailed by directorates in **Appendices A1 – A6**, the net underspend equates to 0.11% of this budget.

3. EXPLANATION OF MAJOR VARIANCES

- 3.1 The provisional outturn position for 2012/13 is an underspend of £75,247 after taking into account carry forward requests of £696,400 as set out in paragraph 6, and transfers to/from earmarked reserves totalling £312,697, as set out in paragraphs 4.1 to 4.4.
- 3.2 The reallocation of central departments' balances to service areas still has to be carried out, which explains many of the balances held on some management and support service centres. This reallocation will be completed before the Statement of Accounts is prepared.
- 3.3 Currently included in the Revenue Outturn is £238,300 of Highways Claimed Rights expenditure and £238,300 Highways Claimed Rights income that relates to capital schemes. In accordance with Capital Finance Regulations this expenditure and income should be included in the Council's Capital Programme for Statement of Accounts purposes. There will be no impact on the overall bottom line in the Revenue and Capital Outturn as the expenditure is fully funded, however this needs to be reflected correctly in the accounts.
- 3.4 Members are regularly updated on the budget position throughout the year, with quarterly reports being considered by the Executive and scrutinised by Resources Overview and Scrutiny Panel. Many of the variances shown in the Appendices have previously been reported with any necessary steps to mitigate the impact on the future budget position dealt with as part of the 2013/14 budget. However, some pressures have an ongoing impact which must be addressed during the forthcoming 2014/15 budget process. These include income shortfalls in respect of parking, the Lanes, development and building control fees.
- 3.5 Some of the main service expenditure and income variances are set out below. Many of these have been reported throughout the year in budget monitoring reports and further explanations are provided in the appendices.

Additional Costs/Shortfall in Income	Recurring £	Non Recurring £	Total £	Appendix
Enterprise Centre lettings & NNDR costs		68,000	68,000	A3
Tourist Information Centres Ticket Sales		41,000	41,000	A3
Development Control - Inquiry costs and fees		(15,500)	(15,500)	A3
Bereavement Services income		(52,600)	(52,600)	A5
Highways Maintenance & Claimed Rights		235,000	235,000	A5
Off Street Parking	50,000	98,300	148,300	A5
Countywide Parking Contracts		70,100	70,100	A5
ICT Printing Recharges	150,000	0	150,000	A6
Investment Income		37,500	37,500	A6
Minimum Revenue Provision		29,200	29,200	A6
Legal Fees for Resource Centre		43,700	43,700	A2
Bousteads Grassing [Joiners Shop] rent income	10,200	0	10,200	A6
Arts Centre costs		8,800	8,800	A2
VAT recovery Claims not paid in 2012/13 (Trade Waste)		236,200	236,200	A6
Insurance Excess		175,000	175,000	A6
Bad Debt Provision increase		43,300	43,300	A6
Total additional costs/income shortfalls	210,200	1,018,000	1,228,200	
Reduction in costs/Additional income				
CCTV Transmission and Maintenance Costs		(40,800)	(40,800)	A5
Revenues & Benefits including Shared Service		(81,100)	(81,100)	A2
ICT Connect Shared Service		(37,100)	(37,100)	A6
Transport Repairs & Hire Costs		(101,100)	(101,100)	
Travel Review & Leased Cars		(20,400)	(20,400)	
Salary Turnover Savings/Pay Award		(493,400)	(493,400)	A6
Overtime Reductions		(50,700)	(50,700)	
Pension Deficit Funding		(166,800)	(166,800)	A6
Direct Revenue Financing		(48,300)	(48,300)	A6
Lanes Income		(100,000)	(100,000)	A6
City Lighting - Energy and New Lighting Costs		(53,500)	(53,500)	A5
Industrial Estates rents		(76,900)	(76,900)	A6
Benefits Payments and Subsidies		(84,600)	(84,600)	A2
Budgeted Transformation Savings		(56,500)	(56,500)	
Inflation		(104,500)	(104,500)	
Other Miscellaneous underspends		(37,450)	(37,450)	
Total reduced costs/additional income	0	(1,553,150)	(1,553,150)	
Net saving to be returned to Reserves	210,200	(535,150)	(324,950)	

Combined Recurring/Non Recurring Net Saving		(324,950)		
Net transfers to earmarked Reserves ^{Note 1}		312,697		
Costs of Disposal funded by Capital Receipts		(62,994)		
Net Underspend		(75,247)		

Note 1: Paragraphs 4.1, 4.2, 4.3 & 4.4.

4. KEY ISSUES

- 4.1 There has been less than expected expenditure for Sheepmount drainage and the Executive is asked to recommend the release the balance of £1,878 on the Sheepmount Reserve to the General Fund Reserve.
- 4.2 There has been less take up than expected for the career development package and the Executive is asked to recommend the release of the Job Evaluation Reserve balance of £29,670 to the General Fund Reserve
- 4.3 The City has operated Carlisle's On Street Parking contract since 2001 on behalf of Cumbria County Council. The aim of the original service, set up using contributions from the Residents Parking Scheme and balance of income from Excess Charge Notices, was that it should be funded by income from the issue of Penalty Charge Notices and self financing. In recent years this account has run into a deficit position and in 2009, Cumbria transferred the parking spaces at the northern end of Lowther Street to the City, to operate as an off street parking area, with income from ticket sales to be offset against the On Street Parking account. It is proposed that the outstanding balance of £190,000 on the account at the year end should be written off. Dialogue will be held with the County Council to tackle this recurring deficit in future years.
- 4.4 There is a balance of £296,193 on the Transformation Reserve earmarked to fund any future one-off costs associated with the Transformation programme. This is the remainder at 31st March 2013 after providing for redundancy and compensatory payments in 2012/13. It is proposed that this fund should be replenished by transferring £200,000 from the underspent revenue balance, subject to Council agreement, and details of the Reserve are provided in the table below.

Transformation Reserve	£
Opening Balance	477,895
Transfer in (agreed RD11/12)	250,000
Balance at 1st April 2012	727,895
Spent	(431,702)
Balance at 31st March 2013	296,193
Transfer In	200,000
Balance to carry forward	496,193
Known Commitments in 2013/14	246,193
Balance to carry forward	250,000

- 4.5 A provision of £175,000 is required to be established in order to provide for the future costs associated with the insolvent runoff of Municipal Mutual Insurance, who were previously one of the Council's insurers. Due to a scheme of arrangement being triggered, MMI have issued a levy rate of 15% against claims they have paid out since 1993 in relation to the Council's cover. The Council's levy is therefore £175,000. It is likely that further provisions will be needed in the future to meet the ongoing solvency issues MMI faces.
- 4.6 The Government's Welfare Reform Agenda, once fully implemented will have a major impact on the benefit system, including a household benefit cap and the introduction of the Universal Credit system which subsumes housing benefit (by 2017). In the medium to longer term the Council will have to significantly reduce staff resources working on benefits administration. Whilst staff redeployment policies will reduce the impact of the changes, there is likely to be voluntary/compulsory redundancies in the section. It is proposed that a Welfare Reform Reserve be established and the unused balance of £200,000, accrued from underspends on staffing and other savings, is transferred to the Reserve to fund such costs. It is further recommended that management of the Reserve rests with the Director of Community Engagement with the use of the Reserve requiring Executive approval.
- 4.7 There are items of expenditure totalling £45,755 included in the outturn that are to be funded by the release from earmarked reserves, which have previously been approved by the Executive. These include £38,594 from the EEAC Reserve for Fuel Poverty (DS100/09), and £7,161 from the Job Evaluation Reserve for the Career Development Package (C.109/11).

5. RECESSION PLANNING

- 5.1 The Council's bad debt provision has been increased in respect of housing benefit overpayments and penalty charge notices but reduced for sundry debtors, and this has been allocated directly to the services. Further details can be found in report RD14/13 elsewhere on the agenda.

6. CARRY FORWARD REQUESTS

- 6.1 In accordance with the Council's Constitution, any net underspending/savings on service estimates under the control of the Director may be carried forward. This is to facilitate the achievement of more strategic five year budgeting which requires greater flexibility of budgets between years as set out in the Medium Term Financial Plan. Approval of carry forwards is subject to the following as contained in the Council's Constitution:

- *the authorisation of the Director of Resources where the request relates to a specific committed item of expenditure where, due to external or other factors, the Director has been unable to spend the approved budget by 31 March. The use of the resource will be restricted to the purpose for which the estimate was originally intended. The carry forward will only be approved by the Director of Resources if the expenditure is within both the Directorate's and the Authority's budget as approved for that year. Any carry forward which would result in an over-spend for the Authority will require authorisation by the Council.*
- *any overspending on service estimates in total on budgets under the control of the Director must be carried forward to the following year, and will constitute the first call on service budgets in the following year, unless the Council determines otherwise by way of a supplementary estimate. The Director of Resources will report the extent of overspending carried forward to the Executive, Resources Overview and Scrutiny Panel and to the Council.*

The delegated power applies only in so far as the carry forwards do not take the Council into an overspend position.

- 6.2 Details of the carry forward requests, which itemise committed expenditure, are contained within **Appendix B**. The requests have been subject to the scrutiny of the relevant Director and Portfolio Holder prior to formal consideration by SMT and the Director of Resources, who is satisfied that budgets of £677,400 should be carried forward to 2013/14 and £19,000 to 2014/15. Although some Directorates have expended in excess of their budgets, or have suffered reduced income as detailed in the individual appendices, once the committed expenditure is taken into account there is an overall underspend across the whole authority. These amounts have therefore been included in the carry forward. The relevant Director will be able to give further details of carry forward requests if required at the meeting.

6.3 For information, the table below provides details of the outturn position (excluding funding) and level of carry forward requests over the last five years for illustrative purposes:

	2012/13 provisional £	2011/12 £	2010/11 £	2009/10 £	2008/09 £
Variance at 31 March	(1,021,350)	(618,959)	(2,004,397)	(2,367,534)	(3,577,380)
Carry forward requests	696,400	357,500	1,758,700	1,552,000	1,005,600
Final variance	(324,950)	(261,459)	(245,697)	(815,534)	(2,571,780)
less in year budget initiatives	<u>249,703</u>				<u>2,326,192</u>
Service Expenditure variance	(75,247)				(245,588)
Percentage variance on service expenditure of original gross budget	(0.11)%	(0.41)%	(0.36)%	(1.23)%	(0.37)%

7. BALANCE SHEET

- 7.1 In line with suggested best practice, information relating to significant items on the Council's balance sheet has been reported regularly to Members during the course of the year. The Council's balance sheet as at 31 March 2013 forms part of the annual Statement of Accounts that will be considered by the Audit Committee on 22 July, followed by a three month process.
- 7.2 The VAT partial exemption calculation continues to be monitored and has still to be finalised for 2012/13; however the provisional outturn figure is 2.92%, well below the permitted 5% limit.
- 7.3 The 2012/13 Collection Fund projected surplus has increased from £443,395 to £492,315 (Council share increased from £58,513 to £64,929). The Council Tax and NNDR Provisional outturn report provides further details and is considered elsewhere on the agenda (RD14/13)
- 7.4 At 31st March 2013 balances totalling £1,372,541 are held in respect of Section 106 agreements and other commuted sums, with a further £5,031,585 expected, relating to agreements for sites yet to be developed. These sums are to be used for the provision and future maintenance of public open spaces, children's play areas, cycleways and transport facilities etc. The City Council acts as custodian only for £802,381 of the sums held, in respect of projects for which Cumbria County Council

is responsible, including the Caldew Cycleway and Public Realm. Should the County Council not progress these projects, or they remain incomplete before the agreed deadlines, the custodial sums must be repaid, along with a premium for interest, to the Developers. Further details of the balances retained are set out in the table below:

Commuted Sums 2012/2013	Opening Balance & Receipts	Spend	Retained Balance 31/03/13	Expected Sums
	(£)	(£)	(£)	(£)
Affordable Housing Contributions	15,000	0	15,000	254,373
Cycleway & Public Realm	756,000	23,159	732,841	0
Education	0	0	0	3,500,000
Play Areas & Facilities	287,488	49,483	238,005	94,500
Public Open Spaces Provision/Maintenance	448,874	131,718	317,156	406,546
Sports Provision/Maintenance	0	0	0	48,584
Transport & Pedestrianisation	69,540	0	69,540	727,582
Total	1,576,902	204,360	1,372,541	5,031,585

7.5 The level of Council reserves was approved by Council in February 2013 and showed that there will be pressure on reserves from 2013/14 onwards if ambitious transformation savings are not delivered to plan. Due to the level of underspend identified within this report after all carry forward requests are approved and transfers to/from earmarked reserves, approximately £75,200 will be returned to the General Fund Reserve. This will replenish the usable revenue balances by 31 March 2015 to the minimum required.

	31/03/2013 £'000s	31/03/2014 £'000s	31/03/2015 £'000s	31/03/2016 £'000s	31/03/2017 £'000s	31/03/2018 £'000s
Prudent Level of Reserves	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)
Council Resolution General Fund Reserve	(1,846)	(2,092)	(2,534)	(3,402)	(3,355)	(2,515)
Underspend position returned to Reserves	(1,021)	0	0	0	0	0
Transfer (from)/to earmarked reserves:						
- Career Development (JE)	(7)					
- Fuel Poverty (EEAC)	(38)					
- Job Evaluation Reserve ⁽¹⁾	(30)					
- Sheepmount Reserve ⁽¹⁾	(2)					
- Transformation Reserve ⁽¹⁾	200					
- On Street Parking Reserve ⁽¹⁾	190					
Committed Carry Forwards		677	19	0	0	0
Cost of Disposal	(63)					
Revised Reserves Balance	(2,617)	(2,186)	(2,609)	(3,477)	(3,430)	(2,590)

Note ⁽¹⁾: Transfers to/from earmarked reserves subject to approval

7.6 In accordance with revised Capital Finance Regulations, costs associated with asset disposal totalling £62,994 that are included in the revenue outturn, can be funded from the capital receipt generated. This will result in an increase to revenue balances at 31st March 2013 and is reflected in the table above.

8. CONSULTATION

8.1 Consultation to date.

Portfolio Holders and SMT have considered the issues raised in this report.

8.2 Consultation Proposed.

Resources Overview and Scrutiny Panel will consider the report on 06 July 2013.

9. CONCLUSION AND REASONS FOR RECOMMENDATIONS

9.1 The Executive is asked to:

(i) Note 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) Note the committed expenditure totalling £696,400 to be met in 2013/14 which has 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) 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;

(iv) Make recommendations to Council to release the balance of £29,670 from the Job Evaluation Reserve to the General Fund Reserve, as detailed in paragraph 4.2;

(v) Make recommendations to Council 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;

(vi) Make recommendations to Council to top up the Transformation Reserve with £200,000 from the underspend position, as set out in paragraph 4.4;

(vii) Make recommendations to Council to approve the establishment of the Municipal Mutual Insurance provision for £175,000 as outlined in paragraph 4.5;
and

(viii) Make recommendations to Council to approve the establishment of the Welfare Reform Reserve, as detailed in paragraph 4.6, noting that £200,000 will be transferred to the reserve as part of the year end process.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

10.1 The Council's budget is set in accordance with the priorities of the Carlisle Plan and the 2012/13 outturn shows the delivery of these priorities within budget.

Contact Officer: Maureen McCartney Ext: 7291

**Appendices A1 to A6, B and C.
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS: SMT and JMT have been involved in the preparation of this report. Risks to future years' budget and development of ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.

Chief Executive's – N/A

Community Engagement – N/A

Economic Development – N/A

Governance – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the outturn figures is part of this process. Approval of full Council is required for the additional use of revenue reserves to fund expenditure commitments as set out in the report.

Local Environment – N/A

Resources – Financial implications are contained within the main body of the report.

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

CHIEF EXECUTIVE'S TEAM		Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2013		£	£	£	£	£
Annual Budget		1,424,000	(25,800)	(1,292,300)		105,900
Budget to date		1,424,000	(25,800)	(1,292,300)		105,900
Total Actual		1,433,825	(33,982)	(1,291,394)		108,449
Variance		9,825	(8,182)	906		2,549
Carry Forwards					0	0
Adjusted Variance		9,825	(8,182)	906	0	2,549

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Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Policy and Communications	1	19,500	0	(769)		18,731
Miscellaneous	2	(9,675)	(8,182)	1,675	0	(16,182)
Total Variance to date		9,825	(8,182)	906	0	2,549

Note	Chief Executive's Comments
1.	Savings not achieved from subscriptions budget.
2.	Various net minor underspends across the service.

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

COMMUNITY ENGAGEMENT	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2013	£	£	£	£	£
Annual Budget	14,170,000	(4,805,000)	(1,361,800)		8,003,200
Budget to date	14,170,000	(4,805,000)	(1,361,800)		8,003,200
Total Actual	14,060,086	(4,809,082)	(1,361,779)		7,889,225
Variance	(109,914)	(4,082)	21		(113,975)
Carry Forwards				69,000	69,000
Adjusted Variance	(109,914)	(4,082)	21	69,000	(44,975)

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Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Hostels and Homeshares	1	38,215	(936)	0		37,279
Housing Regeneration	2	(73,399)	11,966	21	69,000	7,587
Revenues & Benefits Shared Services	3	(94,919)	13,806	0		(81,112)
Miscellaneous	4	20,189	(28,918)	0	0	(8,729)
Total Variance to date		(109,914)	(4,082)	21	69,000	(44,975)

Note	Community Engagement - Director's Comments
1.	Overspends due to legal costs of adjudication notices.
2.	Underspends on grant funded schemes to be rolled forward.
3.	Underspends on staffing due to vacant posts and income shortfall for court costs recoveries.
4.	Net underspend relates to miscellaneous variances and grant income allocations across services.

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

ECONOMIC DEVELOPMENT		Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2013		£	£	£	£	£
Annual Budget		3,847,900	(1,282,200)	(635,900)		1,929,800
Budget to date		3,847,900	(1,282,200)	(635,900)		1,929,800
Total Actual		3,681,311	(1,221,909)	(635,900)		1,823,502
Variance		(166,589)	60,291	0		(106,298)
Carry Forwards					176,700	176,700
Adjusted Variance		(166,589)	60,291	0	176,700	70,402

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Business & Employment Development	1	(33,091)	0	0	5,000	(28,091)
Enterprise Centre	2	13,979	53,996	0		67,976
Carlisle TIC	3	25,195	16,050	0		41,245
Business Support & Regeneration Projects	4	(148,669)	0	0	148,500	(169)
Miscellaneous	5	(24,002)	(9,756)	0	23,200	(10,558)
Total Variance to date		(166,589)	60,291	0	176,700	70,402

Note	Economic Development - Director's Comments
1.	Underspends on projects due to reduced capacity.
2.	NNDR costs for units vacant for more than six months and income shortfall from lettings.
3.	Overspend on ticket purchases and income shortfall on commission and sales.
4.	Underspent support funds and project expenses to be carried forward.
5.	Net minor underspends and surplus income across the services.

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

GOVERNANCE	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2013	£	£	£	£	£
Annual Budget	3,300,900	(643,800)	(829,000)		1,828,100
Budget to date	3,300,900	(643,800)	(829,000)		1,828,100
Total Actual	3,229,439	(656,947)	(828,984)		1,743,509
Variance	(71,461)	(13,147)	16		(84,591)
Carry Forwards				53,000	53,000
Adjusted Variance	(71,461)	(13,147)	16	53,000	(31,591)

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Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Town Twinning	1	(53,831)	(39)	0	53,000	(870)
Miscellaneous	2	(17,629)	(13,108)	16	0	(30,721)
Total Variance to date		(71,461)	(13,147)	16	53,000	(31,591)

Note	Governance - Director's Comments
1.	This is a 3 years programme budget and will be used to fund the Council's Town Twinning activities agreed at the Annual 3 Way meeting.
2.	Various underspends and surplus income across the services

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

LOCAL ENVIRONMENT		Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2013		£	£	£	£	£
Annual Budget		18,047,400	(8,377,400)	(3,958,600)		5,711,400
Budget to date		18,047,400	(8,377,400)	(3,958,600)		5,711,400
Total Actual		16,842,695	(7,182,955)	(3,948,989)		5,710,752
Variance		(1,204,705)	1,194,445	9,611		(648)
Carry Forwards					144,300	144,300
Adjusted Variance		(1,204,705)	1,194,445	9,611	144,300	143,652
Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Service	Note	£	£	£	£	£
Bereavement Services	1	(42,149)	(11,812)	48	50,000	(3,913)
CCTV	2	(41,003)	176	0	30,000	(10,827)
Clean Up Carlisle	3	(53,837)	(1,050)	(0)	50,800	(4,087)
LE Management & Administration	4	(22,440)	0	(0)	6,500	(15,940)
Neighbourhoods & Green Spaces	5	(37,000)	5,813	(0)		(31,187)
Parking	6	(62,741)	291,048	(9,864)		218,443
Highways Maintenance	7	(684,860)	923,470	19,416		258,025
Highways Claimed Rights	8	(96,394)	(408)	0		(96,802)
Misc Highways & Environment Expenses	9	(18,397)	0	0	7,000	(11,397)
City Lighting	10	(53,501)	(24)	0		(53,524)
Recycling & Waste Management	11	(24,850)	(18,089)	(0)		(42,939)
Miscellaneous	12	(67,534)	5,321	12	0	(62,201)
Total Variance to date		(1,204,705)	1,194,445	9,611	144,300	143,652

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

Note	Local Environment - Director's Comments
20	<ol style="list-style-type: none"> 1. Savings on staff and other costs and cremation fees performed better than expected. To be carried forward for additional costs of replacing Cremator Chimney Linings. 2. Transmission and maintenance savings to be rolled forward to fund costs of decommissioning and delay in implementing reduced service. 3. Late start to scheme; underspent budgets to be rolled forward to fund 2 years programme, scheduled for completion in 2014. 4. Underspends on IT, postages and office supplies, statutory systems training programmed for later in the year. 5. Savings on insurance excesses and claims. 6. Off Street Parking: Savings on management and staffing, (£129,600) taken into Salary Turnover Savings, set aside to offset anticipated contracts and ticket sales shortfall, totalling £146,337. On Street Parking: £5,987 net includes administration savings accrued to offset £43,076 income shortfall from PCN's etc. Other Contracts £64,158 net overspend: £71,632 Eden DC, £8,536 William Street (CCC), £7,248 Marks & Spencer, (£23,258) South Lakes includes management fee for Back Office support contract, still to complete, . 7. Savings on sub-contractors and other operational expenses offset by income shortfall. The year on year decrease in Claimed Rights budgets and capital projects has put the Highways' Team's ability to achieve the level of income fixed in the budgets at high risk and this function transfers to the County Council from 1st April 2013. 8. Underspend on insurance claims and reduced provision for bad debts. 9. Underspent allocations for Councillors' small scale projects, committed funds to be carried forward. 10. Savings on maintenance costs and energy due to efficiencies and reduced lighting levels. 11. Savings realised from efficiencies on transport, repairs, hire and fuel costs - although repairs costs are increasing as vehicle fleet ages. 12. Various minor underspends more than offset the income shortfalls across the services.

PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

RESOURCES		Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Adjusted Total
Position as at 31st March 2013		£	£	£	£	£
Annual Budget		49,999,400	(46,294,700)	(6,705,400)		(3,000,700)
Budget to date		49,999,400	(46,294,700)	(6,705,400)		(3,000,700)
Total Actual		49,077,489	(45,979,952)	(6,816,624)		(3,719,087)
Variance		(921,911)	314,748	(111,224)		(718,387)
Carry Forwards					253,400	253,400
Adjusted Variance		(921,911)	314,748	(111,224)	253,400	(464,987)
Analysis of Variances						
Service		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Adjusted Variance
Note		£	£	£	£	£
Transport	1	(61,311)	355,597	(303,152)		(8,866)
Building Maintenance	2	3,298	(9,890)	41,582		34,990
Stores & Stock Account	3	164,024	(154,293)	0		9,731
Direct Revenue Financing	4	(48,291)	0	0	39,100	(9,191)
Treasury & Debt Management	5	29,962	38,481	2,627		71,070
Non Distributed Costs	6	(173,418)	0	0		(173,418)
Other Financial Costs	7	(654,908)	243,744	0	9,800	(401,365)
ICT Services	8	(22,634)	(3,226)	138,753		112,893
The Lanes	9	50	(99,987)	0		(99,937)
Miscellaneous	10	(158,683)	(55,678)	8,967	204,500	(894)
Total Variance to date		(921,911)	314,748	(111,224)	253,400	(464,987)

Note	Resources - Director's Comments
22	<ol style="list-style-type: none"> 1. Underspend on repairs partly offset by net shortfall on income and recharges 2. Underspent expenses and premises maintenance recharges shortfall. 3. Includes net residual value of stores to be written off following transfer of Highways service to Cumbria County Council. 4. Carry forward to fund capital schemes. 5. Overspend on MRP and reduced investment income 6. Savings on shared service pension costs 7. Improved savings: Salary Turnover Savings (£544,100), 0% Pay Award (£108,000), and net income shortfall includes £236,224 on VAT Recovery claims not paid (Trade Waste). 8. Shortfall in income from ICT Connect printing and copying service, dedicated staff are no longer provided at the facility in Carlisle, consequently printing has been diverted to new printers recently installed throughout the Civic Centre. 9. Windfall on previous years' income 10. Various minor underspends and surplus income, carry forwards to fund loss of property income and asset disposal costs.

2012/13 REVENUE CARRY FORWARD REQUESTS

APPENDIX B

Directorate/Section	Description	Requests into			Total
		2013/14 £	2014/15 £	2015/16 £	
Community Engagement					
Housing - Empty Homes	Committed funding for Empty Homes Initiatives. Approved as part of 2012/13 Budget process, not spent due to delays in agreeing conditions with a Third Sector organisation provider.	50,000			50,000
Housing - Empty Homes	Empty Homes Officer - fixed term contract that overlaps financial years due to delay in recruiting. Carry forward would enable officer to complete existing projects and initiatives, and undertake new ones. Will also help maximise income from New Homes Bonus.		19,000		19,000
				0	0
		50,000	19,000	0	69,000
Economic Development					
Business & Employment	To fund sponsorship of Pirelli Rally as promised by the Leader of Carlisle City Council.	5,000			5,000
Tourism Support	To support various elements of the Tourism Support service including hosting a local Tourism Conference, Winter Lights within the city centre, and support for Hadrian's Wall Trust.	16,400			16,400
Support for Employment Projects	LABGI funding that because of limited capacity has not been utilised thus far for the BSUS programme and there is also a desire to work alongside existing employers and training organisations.	30,000			30,000
City Centre Capacity	Project is to build on the work done for the Business Improvement District. The result of the ballot was needed before further projects could be developed to enhance the City centre offer as the outcome would impact on partnership arrangements.	48,600			48,600
Discover Carlisle & Marketing	The Discover Carlisle website and brand development has not been able to advance as far as originally envisaged in 2012/13 and requires further development into one of the main marketing tools for Carlisle during 2013/14 to allow it to be able to generate significant income streams through sponsorship and advertising revenues to be self sustaining.	6,800			6,800
Business Start Ups	The City Council are committed to a 2 year programme covering 2012/13 and 2013/14 of working with the Cumbria Chamber of Commerce to deliver local business start up support (BSUS), the annual commitment is £30,000 (SLA). This will also attract substantial external funding from ERDF and the New Enterprise Allowance scheme.	49,600			49,600
Regeneration Project Support	The identification of a number of Regeneration and Strategic Property projects has been ongoing through the year but the actual development of such projects has been slower than anticipated due to a lack of a full time Regeneration Projects Officer. Carry forward will enable development of projects such as Public Realm to continue.	20,300			20,300
		176,700	0	0	176,700
Governance					
Town Twinning	The budget is a 3 year rolling programme to fund the Council's Town Twinning activities.	53,000	0	0	53,000
				0	0
		53,000	0	0	53,000

2012/13 REVENUE CARRY FORWARD REQUESTS

APPENDIX B

Directorate/Section	Description	Requests into			Total
		2013/14 £	2014/15 £	2015/16 £	
Local Environment					
Performance Improvement	Implementation of Waste Management module to FLARE. Phase 1 (Service requests) is complete, carry forward allows phase 2 (Rounds Management) to complete, Project is complex and has taken longer than anticipated.	6,500	0	0	6,500
CCTV	£9,000 for commitment to British Telecom fibre optic contract to allow £180,000 savings to be achieved on recurring basis from 2013/14. £13,000 to cover costs of fixed term CCTV Supervisor post. £8,000 for decommissioning costs.	30,000	0	0	30,000
Small Scale Community Projects	To fund commitments to various small scale projects waiting to be invoiced or recharged. Uncommitted unspent money has not been requested for carry forward	7,000	0	0	7,000
Clean Up Carlisle	To ensure a full 2 year programme of works for Clean Up Carlisle Campaign can be completed.	50,800	0	0	50,800
Crematorium	Cremator chimney lining replacement at an expected cost £50,000. Executive approved the release of up to £35,000 from Cremator Reserve to fund these works (LE06/13). Due to the level of underspend on the Crematorium, it is proposed to carry forward underspends to fund this work to ensure maximum funds can be retained in the reserve to accommodate full cremator replacements in future years.	50,000	0	0	50,000
		144,300	0	0	144,300
Resources					
Property	This budget is to offset the loss of rental income arising from the sale of properties as part of the Asset Review Programme. The programme has experienced delays and postponements on the sale of some properties resulting in the budget being underspent. The carry forward is required to offset the loss of rental income which will occur before other income generating assets are identified for purchase and acquired as part of the re-investment programme.	41,500			41,500
Property	The costs of disposal of the Asset Review Disposal Programme have been temporarily funded from this Property revenue budget which was originally earmarked for asset re-investment initiatives and consultant advice. These costs can be funded from capital receipts (up to 4% of the value of the receipt). It is requested that the revenue budget is replenished by the level of the costs of disposal funded from capital.	163,000			163,000
Direct Revenue Financing - Clean Up Carlisle	To provide funding to allow capital scheme to complete.	8,500			8,500
Direct Revenue Financing - PCIDSS Capital	To provide funding to allow capital scheme to complete.	30,600			30,600
Finance	Budget to provide Contractor plus replacement	9,800			9,800
		253,400	0	0	253,400
Total General Fund Carry Forward Requests		677,400	19,000	0	696,400

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

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 6 JUNE 2013

ROSP.39/13 PROVISIONAL GENERAL FUND REVENUE OUTTURN 2012/13

The Director of Resources 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 Director of Resources 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. The Executive had been asked to make a number of recommendations to Council as set out in the report.

The Director of Resources circulated details of the carry forward requests which had been submitted by Directorates, he 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 Director of Resources pointed out that the information contained within the report was provisional and subject to the formal audit process.

The Executive had on 31 May 2013 (EX.48/13) considered the report and decided:

“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.”

In considering the report Member raised the following comments and concerns:

- A Member asked for an explanation of the expected sum of £3.5m next to Education in the Commuted Sums 2012/13 table.

The Director of Resources agreed to submit a written response to the Panel.

- Would Allerdale and Copeland Borough Councils be contributing to the Welfare Reform Reserve?

The Director of Resources confirmed that both Councils would share the cost of redundancies due to welfare reform.

- Why was the outstanding balance on the On Street Parking account being written off?

The Director of Resources explained that the deficit belonged to the City Council and the County Council was not obliged to pay it, as a result it would be written off.

RESOLVED - That the recommendations as set out in the Provisional General Fund Revenue Outturn 2012/13 Report (RD12/13) be agreed.