

ITEM 10

AUDIT COMMITTEE

24 JUNE 2009

Key Decision	Yes
Listed on Forward Plan	Yes
Within Policy	Yes
Policy Document	

REVENUE BUDGET MONITORING 2008/09 – OUTTURN POSITION

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Mike Hood, Section 151 Officer

1 Purpose of Report

To inform Audit Committee of the draft outturn for the 2008-09 Capital Programme.

2. Recommendations

2.1 That the draft outturn for the 2008-09 capital programme be noted.

3 Issues and Choices

3.1 The closing General Fund unearmarked reserves balance, after directorate outturns and specified uses, is £7,544k.

3.2 **The table below shows the General Fund outturn for the year ended 31st March 2009, analysed by directorate.**

Table 1. Directorates Outturn Summary

Directorate Outturn positions for the year ending 31st March 2009	Year			To P7	Post-P7
	Revised budget £'000	Actual £'000	Variance £'000	Variance £'000	Variance £'000
Children and Young People's services (non DSG)	64,748	68,635	3,887	334	3,553
Learning, Leisure and Culture	14,305	15,394	1,089	(5)	1,094
Environment (excluding Architecture MK)	56,322	56,343	21	526	(505)
Neighbourhood Services	50,234	49,248	(986)	(355)	(631)
Strategy, Governance and Performance	2,336	1,750	(586)	191	(777)
Housing Benefits and Council Tax	574	(425)	(999)	(425)	(574)
Debt Financing	17,268	15,223	(2,045)	(1,212)	(833)
Total excluding Architecture MK	205,787	206,168	381	(946)	1,327
Architecture MK	82	1,894	1,812	954	858
Total directorate variance	205,869	208,062	2,193	8	2,185

A service area summary for each directorate is attached at Annex A

Explanations of the main movements since P11 are included in Annex B

3.3 Further details of this figure are included in the Foreword to the statement of accounts in a tabular format.

3.4 Members are invited to pay particular attention to the following issues:

Radcliffe School

At 31st March 2009, the Radcliffe School owes the Council some £2.8m, comprising a loan for the Arts extension [£1m] and abortive Project Radcliffe costs of £1.8m. [In addition, the school currently has a deficit of some £1m which represents further risk to the Council].

The Council is seeking agreement from the school for repayment of the outstanding sum from land sale receipts.

Until such approvals from the DCSF are in place, the £2.8m has been treated as revenue expenditure in the Council's draft accounts. It would be possible to charge this sum to the Direct Schools Grant. That would minimise the direct financial impact to the Council Tax payer and therefore represents the advice of the Chief Financial Officer. An alternative approach is to charge this sum to the Council's General Fund. Cabinet approval is sought on the approach to be taken in the draft accounts to be presented to the external auditor by 30th June.

Shortfall in efficiencies targets

It is now clear that budget efficiencies of some £2m have not been achieved with a consequential adverse effect on the level of balances. The implications of this will be addressed in managing the current year budget and in the current Medium Term Financial Planning round.

3.5 Including the above provisional outturn surplus, the General Fund reserves total £7,544k in the Balance Sheet within the statement of accounts. This is below the approved minimum level of £8 million. Further, certain amounts from this balance have been directly earmarked for use in 2009/10 and 2010/11 as detailed in the table at the end of this report.

3.6 The budgetary provisions carried forward are for items which have been delayed and were not spent in 2009/10. These are:

Table 2: Budget carry-forwards

	£'000	£'000
Children and Young People's Service		
Radcliffe IEB	46	
Children's Social Care Training	70	
SEN Review	62	
		178
Environment		
Waste Project	1,384	
		1,384
Neighbourhood Services		
Adult Social Care IT Systems	160	
Adult Social Care Integration with PCT	140	
Joint Venture Project	50	
		350
Strategy, Governance and Performance		
HR - Job Evaluation Project	30	
HR - Corporate Training	138	
Members Training Development	15	
		183
TOTAL		2,095

The above carry forwards were approved by CLT and are included in the reported directorate outturns. Final confirmation of these is subject to Cabinet approval.

- 3.7 Further to the above, the directorate outturns also include the carry forward of the following LABGI sums which were allocated to directorates by Cabinet (in February and October 2008) and which remain unspent at 31st March 2009:

Table 3: LABGI carry-forwards

	£'000
Children and Young People's Service	84
Learning, Leisure and Culture	0
Environment	208
Neighbourhood Services	0
Strategy, Governance and Performance	195
TOTAL	487

- 3.8 The Accounts and Audit Regulations require the accounts prior to audit to be approved by Council before the 30th June and post audit by the 30th September. Adherence to these dates will contribute to higher scores within the Comprehensive Area Assessment (CAA), Use of Resources section.

Housing Revenue Account

- 3.9 The outturn position for the HRA shows a deficit of £780k as at 31st March 2009. The original budget was a deficit of £183k. This in-year deficit results in the HRA reserve balance moving to a surplus of £5,936k. Details of the variances are included in this report and the Foreword to the statement of accounts.

A service area summary of the HRA variance is attached at Annex C.

Explanations of the main movements since P11 are included in Annex D.

The Collection Fund

3.10 The Collection Fund had an in year surplus of £410k resulting in an overall fund surplus of £177k. It was estimated in January 2009 that the overall deficit would be £500k and this was apportioned between precepting authorities and included when setting the budgets for 2009/10.

The large movement arose from a combination of a significantly-lower level of Arrears than had been anticipated in the forecast (through improved collections), coupled with a revision of the Bad Debt Provision (BDP) to a statistically-based calculation model which yielded a lower BDP percentage to be applied to closing arrears. Neither position had been finalised at the time of the January calculation, which was based on the best data available at that time.

4 Implications

4.1 Policy

The table below summarises the General Fund balances and compares the closing position to that reported at P11.

Table 4: General Fund Balance

	Period 11 £'000	Movement £'000	Outturn £'000
Net P7 projected underspend reclaimed from directorate budgets	946	0	946
Post-P7 (over)/underspend	1,394	(2,721)	(1,327)
Earmarked for Council priorities	(1,350)	1,350	0
Architecture MK overspend projected at end P7	(954)	0	(954)
Post-P7 (over)/underspend in respect of Architecture MK	(389)	(469)	(858)
Earmarked for Value For Money Fund	(1,560)	1,560	0
Budgetary provisions for 2007/08, as outlined in Outturn Report to Cabinet, 24.06.08	(2,937)	0	(2,937)
Earmarked for Restructuring 2007/08, taken into 2008/09	(1,000)	0	(1,000)
School Build Reserve (approved 26th February 2008)	(500)	(1,007)	(1,507)
Budgeted 2008/09 Use of Reserves (approved 26th February 2008)	(1,650)	150	(1,500)
Efficiency target shortfall		(2,076)	(2,076)
General Fund movement in 2008/09	(8,000)	(3,213)	(11,213)
General Fund balance at 1st April 2008	18,720	37	18,757
Estimated General Fund Balance at 31st March 2009	10,720	(3,176)	7,544
Budgeted 2009/10 Use of Unearmarked Reserves (approved 26th February 2009)	(1,811)	0	(1,811)

Earmarked for Value For Money Fund		(1,560)	(1,560)
Council priorities deferred from 2008/09		(1,350)	(1,350)
Estimated General Fund Balance at 31st March 2010	8,909	(6,086)	2,823
Budgeted 2010/11 Use of Unearmarked Reserves (approved 26th February 2009)	(1,000)	0	(1,000)
Estimated General Fund Balance at 31st March 2011	7,909	(6,086)	1,823

The table below summarises the Housing Revenue Account balances and compares the closing position to that reported at P11.

Table 5: HRA balance

	Revised 2008-09 Budget £'000	Provisional Outturn £'000	Variance £'000	Outturn forecast at P11 £'000
Uncommitted reserve b/f	(5,683)	(6,715)	(1,032)	(6,694)
Net (surplus)/deficit in year	183	780	597	1,395
Uncommitted reserve b/f	(5,500)	(5,935)	(435)	(5,299)

4.2 Resources and Risk

Revenue Budget Monitoring

Resources

The year-end General Fund balance, assuming approval of the budgetary provisions detailed in sections 3.7 will be £7,544k, reducing to £1,823k by the end of 2010/11. The minimum level of General Fund reserves is £8 million, with an optimum level of £10 million.

Significant Risks

The reported figures take prudent account of all known risks as at 31st March 2009. However, there remain a number of factors which may have an impact on subsequent years, as follows:

Risk	Impact	Likelihood
Deficit at Sir Frank Markham School resulting in impact on General Fund	High	Low
DSG position making it impossible for the deficit to be recovered	Medium	Low
Failure to achieve efficiency targets for 2009/10 and future years	Medium	Medium

Economic downturn having an adverse effect on Environment income streams	High	High
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The table above looks at the likely revenue impact of the risks identified as having a potential effect on General Fund reserves in 2009/10 and beyond. The categorisation shown for each risk identifies the perceived impact and the likelihood of the risk actually having an impact on the revenue budget. These risks will be monitored closely.

This risk analysis has allocated risk factors in a manner consistent with the methodology used to assess the adequacy of reserves for the s151 Officer review each year.

<input type="checkbox"/>	Capital	<input checked="" type="checkbox"/>	Revenue	<input type="checkbox"/>	Accommodation
<input type="checkbox"/>	IT	<input checked="" type="checkbox"/>	Medium Term Plan	<input type="checkbox"/>	Asset Management

4.3 Legal

The Accounts and Audit Regulations require the accounts prior to audit to be approved by Council before 30th June and post audit by 30th September 2009.

4.4 Other Implications

<input type="checkbox"/>	Equalities / Diversity	<input checked="" type="checkbox"/>	Sustainability	<input type="checkbox"/>	Human Rights
<input type="checkbox"/>	E-Government	<input checked="" type="checkbox"/>	Stakeholders	<input type="checkbox"/>	Crime and Disorder

Background Papers:

Officer Working Papers, report to all Members