

**Agenda item:**

**Decision maker:** Cabinet Member for Resources Portfolio

**Subject:** Budget Outturn 2011/12 - Revenue Cash Limits and Capital Programme

**Date of decision:** 12 July 2012

**Report by:** Head of Financial Services  
(Written by Sue Page and James Fitzgerald)

**Wards affected:** ALL

**Key decision:** No

**Budget & policy framework decision:** No

## 1. Summary

- 1.1 This report compares the actual revenue expenditure outturn for 2011/12 with the controllable cash limit for that year, and the outturn capital expenditure to the approved capital programme for this Portfolio and provides information to enable an understanding of the reasons for variances.

## 2. Purpose of report

- 2.1 To inform the Cabinet Member and Opposition Spokespersons of:
- The outturn revenue expenditure for the year compared with the cash limited budget.
  - The outturn capital expenditure against the capital programme for the Resources portfolio.

## 3. Recommendations

- 3.1 The content of this report be noted.

## 4. Background

### Outturn 2011/12

	£'000	% of Budget
Total Actual Controllable Expenditure 2011/12	24,865	98.2%
Controllable Cash Limit 2011/12	25,328	
<b>Variance</b>	<u>(463)</u>	<u>(1.8%)</u>

#### 4.1 Appendices

- 4.2 An analysis of this Portfolio's variations from the revenue cash limit is attached at Appendix A.
- 4.3 An analysis of the Portfolio's capital expenditure for 2011/12 is attached at Appendix B.

### 5. **Managers' Comments**

(Please read in conjunction with the attached Appendix A)

#### Revenue Expenditure

- 5.1 The revised cash limit for the Resources Portfolio reflects changes approved during the year including releases from contingency and the Medium Term Resource Strategy reserve.
- 5.2 The outturn of £24,864,643 for the Portfolio compared to the revised cash limit of £25,327,700 indicates a net underspend of (£463,057). This represents a variance of (1.8%) compared to the revised budget.
- 5.3 Within the portfolio there are services whose budgets are deemed 'windfall' budgets by the City Council. These services are Council Tax Benefits, Rent Allowances, Rent Rebates, Spinnaker Tower, Land Charges and District Audit Fees. These 'windfall' budgets represent income and expenditure which is demand led and is largely out of the control of the budget managers. Consequently any overspending is borne by the City Council corporately and similarly, any underspending accrues to the City Council corporately. If these 'windfall' variances are excluded, the net variance on the Portfolio is an under spend of £214,549 (0.85%). i.e.

	£
Total Variance (under spend)	(463,057)
<u>Less</u>	
Council Tax Benefits	93,760
Rent Allowances and Rent Rebates	(30,189)
Spinnaker Tower	142,221
Land Charges	(21,578)
District Audit Fees	<u>64,294</u>
Net 'controllable' (under spend)	<u>(214,549)</u>

- 5.4 The main areas of variance are as follows:

- Miscellaneous Expenses - vacancies in Trade Union Secondments
- Legal Services – Agency costs for staff cover and workload

- AMS – vacancies held in preparation for savings required in future years.
- Landlords Repairs and Maintenance – reduced demand during mild winter for reactive maintenance works.
- Revenues & Benefits Administration - vacancies held in preparation for transformation and savings due to a recalculation of HRA recharges.

#### Miscellaneous Expenses - Under spend £71,854

- 5.5 The budget provision for Trade Union secondments was underspent as not all of the posts budgeted for were filled in 2011/12.

#### Legal Services - Overspend £102,311

- 5.6 The Legal Services budget overspend is due in part to the higher cost of using agency staff to cover sickness, maternity and vacant posts and for meeting the demand pressures within the service. Some of these costs have been offset by additional income. The Head of Service has mitigated a higher overspend by maximising income wherever possible by ensuring that costs relating to chargeable work have been recovered.
- Although this net overspend has been contained within the overall Resources portfolio budget, it should be noted that the Head of Legal Services also has responsibility for areas in other portfolios which are forecasting under spends totalling £209,100 (£52,400 in Licensing and £156,700 in Registrars).

#### Asset Management Service – Under spend £52,903

- 5.7 Both the Property and Maintenance Services were underspent due to proactively holding posts vacant in anticipation of the savings required in future years. In addition to this other reductions in expenditure were made on supplies and services deemed non essential to service delivery.

#### Landlords Repairs and Maintenance – Under spend £38,404

- 5.8 Due to the mild winter there was a reduced demand on both fabric and engineering repair and maintenance works to city council properties. Other works were re-prioritised late in the year where possible to mitigate the value of this under spend.

#### Revenues and Benefits Administration - Under spend £186,816

- 5.9 The Revenues and Benefits Administration budget of £3,099,100 has realised a saving of £186,816. These savings have arisen through vacant posts being proactively left unfilled where possible with the longer term objective of achieving savings through the Transformation Agenda in future years. Additional savings were made due to recalculation of HRA recharges.

- 5.10 The remaining variations relating to non windfall items are attributable to various differences on other budget heads that totalled a net over spend of £33,117.

## 6. Summary

- 6.1 The overall revenue budget outturn position on the portfolio, excluding 'windfall' items is a net underspending of £214,549 representing 0.85% of the total cash limited budget.

## 7. Capital Programme

- 7.1 The approved revised capital estimates and actual outturn costs for 2011/12 are summarised in Appendix B. The revised capital estimate for 2011/12 was £7,180,400, actual expenditure incurred was £3,763,338, an under spend of £3,417,062. This reduction in expenditure is mostly attributable to slippage in expenditure from 2011/12 to 2012/13 and some changes in the final costs of projects compared to the approved capital estimate.

- 7.2 The higher value schemes that have slipped from 2011/12 to 2012/13 are as follows:

	£
Website Development	24,400
Landlords Maintenance Capitalised Repairs	32,200
ICT Security Data Encryption	61,400
Landlords Maintenance Capital Contingency	543,500
Remote Access Home working	34,500
MMD Capital Loan	1,750,000
Asset Management System	281,900
Major Repairs to Corporate Property	461,600
Merefield House Relocation	347,000
IS Data Centre	171,600

**Sub Total:** **3,708,100**

The main reasons for these schemes slipping into the following financial year are as follows:

Landlords Maintenance Capital Contingency (item 5). This scheme includes lift improvements and work on historic monuments. A re-prioritisation of lift work and constraints incurred working with English Heritage on historic monuments has resulted in an overall scheme slippage.

Capital Loans to MMD (item 7) were lower in 2011/12 than originally anticipated due to variations in the phasing of investment in storage facilities. A review of the business case for the remaining capital budget will be undertaken in 2012/13.

Asset Management System (item 8). A new AMS system was partially installed in 2011/12. Final installation and payment will be made in 2012/13. The project is being delivered later than anticipated due to constraints on staffing resource and the resolution of compatibility problems with other systems.

Major Repairs to Corporate Property (item 9). This budget is used on a number projects based on the severity of need. Due to a reprioritisation of work during the financial year and some schemes starting later than anticipated a proportion of this budget has slipped into the 2012/13 financial year.

Merefield House Relocation and Civic Offices Customer Access Refurbishment (item 10). Merefield House closed in April 2012 and as a result of this the staff were relocated in the Civic Offices and the ground floor of the Civic Offices was refurbished to provide meeting spaces for the relocated service and the wider needs of the City Council. A large part of this work was completed early in the new financial year. No significant variances are anticipated for this project.

IS Data Centre (item 14). A complex design specification caused delays in the tendering process. It is anticipated that the major components of this scheme will commence in 2012/13.

The original budget provision made in 2011/12 in respect of these schemes will be carried forward to ensure their delivery as originally planned.

- 7.3 Schemes that have incurred expenditure earlier than forecast against their approved budget in 2012/13 are as follows:

	£
Dame Judith Professional Centre relocation	21,400
Review of business Software (Windows 7)	210,200
HR Self Serve and I expenses	285,600

**Sub Total:** **517,200**

This expenditure was financed in 2011/12 from the resources approved for these schemes in future years. No overspend is currently anticipated for these projects.

- 7.4 A number of other schemes have completed during the financial year resulting in an under spend of £199,099. These savings will either return to corporate resources or the specific reserve that they were financed from.

## **8 Equality impact assessment (EIA)**

- 8.1 An Equality Impact Assessment is not required as there are no proposed changes to services, policies, or procedures included in the recommendations.

## **9 Legal implications**

- 9.1 The City Solicitor has formally considered this report for legal issues.

## **10 Head of Finance's comments**

- 10.1 This report presents the final position on the revenue and capital budgets for the Resources portfolio as at 31st March 2012.

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Signed by: Head of Financial Services

### **Appendices:**

- A Revenue Outturn Statement**
- B Capital Monitoring Statement**

### **Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Service Budget monitoring files	CRS Accountancy team

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Cabinet Member for Resources on 12<sup>th</sup> July 2012.

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Signed by: Cabinet Member for Resources