

**HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
16 July 2013

**Subject:** 2012/13 REVENUE OUTTURN AND POSITION ON RESERVES

All Wards  
Portfolio Holder for Support Services and Economic Development: Councillor P R Wilkinson

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**1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to present to Members the revenue outturn position for the year ending 31 March 2013, which includes the position on reserves. The Statement of Accounts, which is the consolidated financial position of the Council for 2012/13, is the responsibility of the Audit, Governance and Standards Committee which will meet on 18 September 2013 to approve the Annual Financial Report.
- 1.2 The capital outturn and annual treasury management position is contained in a separate report on this cabinet agenda.
- 1.3 The report focuses on three key outcomes:-  
(a) The overall position at the end of the financial year;  
(b) Major variances between budget and outturn;  
(c) Suggested action in the light of the outturn position.
- 1.4 This report presents the revenue outturn position in the format of management accounts, which Members have become accustomed to from their Scrutiny Area and also includes reserve fund expenditure.

**2.0 REVENUE OUTTURN AND POSITION ON RESERVES:**

- 2.1 The revenue outturn position for 2012/13 was £6,854,847 and currently shows an overall under spend of £682,662 (£560,413 2011/12). This is compared to the latest approved budget, from Quarter 3 monitoring, presented to Cabinet in March 2013.
- 2.2 The original budget plans for 2012/13 were for a net spend of £7,995,790. During the financial year, under the Council's budgetary control arrangements, Cabinet received quarterly monitoring reports, all of which adjusted the budget in the light of the latest information available at the time. At Quarter 3, the budget was revised to £7,540,430.
- 2.3 The overall revenue position at the end of 2012/13 is: £6,854,847, an under spend of £682,662:

	£
Revised Budget Qtr 3 (March 2013)	7,540,430
Outturn	<u>6,854,847</u>
(Over) / Under spend	<u>682,662</u>

- 2.4 Attached at Annex A is a comparison of the original budget, the revised budget at Qtr 3 and the outturn position. This analyses major variances over £5,000 and provides explanations relating to them.
- 2.5 The position on reserves held by the Council as at 31 March 2013, and compared to 2011/12, is shown in the table below. It should be noted that the position assumes that the recommendations included in this report are approved.

	11/12 £	12/13 £
<u>Revenue Reserves</u>		
Council Taxpayers	8,308,970	8,446,927
Community Safety	103,131	71,499
Local Plan Framework	8,376	0
Hambleton Strategic Partnership	8,000	8,000
Strategic Forum Reserve	0	11,973
New Homes Bonus	315,221	743,884
Capital Fund	1,865,178	3,865,178
Grants Fund	465,407	412,575
Cyclical Reserve	1,029,216	0
Service Improvement Reserve	1,666,152	0
Shared Service Reserve	1,222,366	0
Efficiency Reserve	419,440	0
One Off Fund	0	2,258,240
Sub Total	15,411,457	15,818,277
General Fund Balance	2,000,000	2,000,000
<b><u>Total Revenue Reserves</u></b>	<b>17,411,457</b>	<b>17,818,277</b>
<u>Capital Reserves</u>		
Capital Grants Unapplied	76,586	76,586
General Capital Receipts	5,190,126	4,567,306
<b><u>Total Capital Reserves</u></b>	<b>5,266,712</b>	<b>4,643,892</b>
<b><u>Total (ALL) Reserves</u></b>	<b>22,678,169</b>	<b>22,462,169</b>

- 2.6 The revenue reserves in the table show the creation of the One Off Fund in 2012/13, with the balances at year end being transferred from the Cyclical Fund, Service Improvements reserves, Shared Service Reserve and Efficiency Reserve. This is to enable an efficient approach to the use and allocation of reserves going forwards in an ever changing environment when improved and increased provision of services is key.
- 2.7 Attached at Annex B is the detail of the adjustments for the movement in the reserves.

### **3.0 USE OF THE UNDERSPEND:**

- 3.1 The 2012/13 under spend of £682,662 represents 8.5% of the net budget. The following options as to how to allocate the under spend are provided to Members to consider.

### Options

- 3.1.1 Option 1 – to transfer the surplus into general balances, specifically the Council Taxpayers Reserve. This would enable the Council to maintain low Council Tax levels for a longer period. However, the benefit would not be felt for a number of years.
- 3.1.2 Option 2 – to transfer the surplus into general balances and increase the operational budget over the period of the 10 year financial strategy. This would increase the annual revenue budget by approximately £68,266 per annum (£682,662 divided by 10). Whilst this is an option the current focus is ongoing savings rather than increasing expenditure
- 3.1.3 Option 3 – to put the surplus into the One-Off Fund. A transfer of £682,662 would give greater flexibility and choice over possible future use of this resource.
- 3.1.4 Option 4 – to transfer the surplus into the Capital Fund to finance future capital projects.

### Conclusion on Options

- 3.2 Given the ongoing expectations of the public for an increased and improved number of services, whilst at the same time having to cope with reducing resources from the Government, it is suggested that the under spend of £682,662 is transferred to the One-Off Fund - Option 3. This option would give the greatest flexibility over how to use the under spend.

## **4.0 LINK TO COUNCIL PRIORITIES**

- 4.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council's service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

## **5.0 RISK ASSESSMENT:**

- 5.1 There are no major risks associated with this report. The report informs Members of the Council's revenue outturn performance against the budget and details the reserves position. The revenue outturn and position on reserves when taken together with other performance information, provides insight on how the Council has achieved its aims and objectives.
- 5.2 There will always be under and over spends against any financial programme, and it is vital that the 2012/13 outturn is used to inform the financial programmes for the current year. The implications of the 2012/13 outturn will be used to inform the 2013/14 revenue budget, so that any budgets with under spends occurring in 2012/13 which are deemed to be on going, will be revised in 2013/14 and the budget outlook adjusted accordingly.

## **6.0 IMPLICATIONS:**

- 6.1 Financial - the financial implications are dealt with in the body of the report.
- 6.2 Legal – it is a legal requirement under s25 of the Local Government Act 2003 to set a balance budget and monitor the financial position throughout the year.
- 6.3 Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.

**7.0 RECOMMENDATIONS:**

7.1 It is recommended to Council that:

- (1) The under spend, in Annex A, of £682,662 on the 2012/13 revenue budget be transferred to the One-Off Fund reserve; and
- (2) The adjustments on the reserves position, detailed at Annex B be approved.

JUSTIN IVES

**Background papers:** Annual Financial Report 2012/13  
Outturn Position 12/13 Finance Ledger

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<b>2012/13 REVENUE OUTFURN - MAJOR VARIANCES &gt; £10,000</b>				<b>Annex A</b>	
	<b>Over Spends</b>	<b>Under Spends</b>	<b>Total</b>	<b>Explanation Of Variances</b>	
	<b>£</b>	<b>£</b>	<b>£</b>		
<b>Revised Budget Approved at 3 Cabinet 19 March 2013</b>			<b>7,540,430</b>		
<b>Less Increase in Formula Grant</b>			<b>2,921</b>		
			<b>7,537,509</b>		
<b><u>Corporate Services</u></b>					
Personnel & Payroll	12,714			Corporate Training Budget Overspend as Corporate priority	
Democratic Services		13,330		Savings on Internal Printing and Members Allowances over budgeted	
Elections		16,662		Additional Income from Parish & Police Commissioners	
Information & Improvement		10,044		Savings due to vacant post and Maternity	
				Reduced income from Richmondshire District Council due to savings on shared service	
Off Street Parking				Reduced income from Car Parks	
Footway Lighting		13,678		Electricity Under spend	
				Review of Insurance allocation in 2012/13 and consultants	
Market Undertakings		17,850		Savings on Overtime	
				Reduction of income due to inclement weather during Autumn & Winter	
<b><u>Customer Services</u></b>					
Workspace Management					
		11,094		Business Rate charges reduced due to properties being let	
		14,174		5,000 reduced bad debt allocation and 4,000 reduction in management fees at leeming bar	
		10,404		Increased refreshments at Evolution	
		12,443		Additional photocopying and electricity recharges to tenants	
		18,600		Increased room hire at Evolution and increased occupancy	
<b><u>Housing &amp; Planning</u></b>					
Street Cleansing					
		18,766		£10,496 Back Funded Superannuation charged to Richmondshire District Council	
		18,512		Diesel Costs low and April 2013 charged to 2011/12	
Waste Collection		38,001		£35,950 Back funded Superannuation charged to Richmondshire District Council	
		54,728		Diesel Costs low and April 2013 charged to 2011/12	
		32,420		Reduced no. of vehicles in year and reduction in lease costs	
		9,259		Income down on Special Collections £4,040, Schedule 2 £4,490	
Development Management					
		9,711		£9,850 Car Allowances - Shared Service Repatriation	
		9,671		Shared Service Repatriation	

<b>2012/13 REVENUE OUTFURN - MAJOR VARIANCES &gt; £10,000</b>				<b>Annex A</b>	
	<b>Over Spends</b>	<b>Under Spends</b>	<b>Total</b>	<b>Explanation Of Variances</b>	
	<b>£</b>	<b>£</b>	<b>£</b>		
Recycling		13,445		Diesel Costs low and April 2013 charged to 2011/12	
	17,629			Recycling Credits Shortfall due to decreased tonnage of paper collected	
Planning Policy	13,430			Reduced Shared Service income from Richmondshire District Council	
Housing Services		13,465		Reduced Repatriation costs	
Housing Strategy		10,702		Additional Income	
Homelessness		45,761		Fewer claimants and payments to bed and breakfast providers. Reduced Subsidy due to reduced spend	
Depots		15,290		Repairs & Maintenance £14,010 additional expenditure	
<b>Leisure &amp; Health</b>					
Hambleton Leisure Centre				Increased Repairs & Maintenance - Boiler Breakdown Reduced Income	
Stokesley Leisure Centre				Reduced Income	
Bedale Leisure Centre				Reduced Income	
Thirsk Swimming Pool				Electricity Overspend - Budget reduced to reflect Combined Heat & Power units being installed but delay as electricity company confirming agreement top cheaper electricity. Reduced Income	
Environmental Health				Richmondshire District Council recharged greater amount than expected	
Licensing				Richmondshire District Council recharge & CRB Charge	
<b>Resources</b>					
Business Support		19,063		Postage 8,702 recharged amounts to Revs & Bens at the year end and in miscellaneous 8,660 which is the balance from the repatriation of services	
Interest & Investment Interest		10,084		Reduced interest paid in leasing contracts due to reduced numbers	
		47,747		Additional interest gained due to finding better interest rates than budgeted	
		66,567		Increased interest gained results in increased transfer to the council taxpayers reserve	
Corporate Management		10,320		Reduced Audit fee cost passed from deloitte and reduction of printing volume	

<b>2012/13 REVENUE OVERTURN - MAJOR VARIANCES &gt; £10,000</b>				<b>Annex A</b>	
	<b>Over Spends</b>	<b>Under Spends</b>	<b>Total</b>	<b>Explanation Of Variances</b>	
	<b>£</b>	<b>£</b>	<b>£</b>		
Corporate Management & Support		112,528		Improvement of Services budget identified for separation from shared services not required	
Resources		15,657		10,835.28 Direct Computer Costs recharge to other authorities has reduced 2012-13 expenditure	
Reprographics		13,752			
Efficiencies		14,910		Efficiency Savings not required	
ICT		94,154		80,000 under spend following review of computer costs and split with Richmondshire District Council	
Housing Benefits	16,605			Increased audit fees for the Audit of Housing benefit grants and increased provision of Bad Debts	
		41,710		Reserve transfer budget not required	
Local Tax Collection		10,757		Reduced Internal Printing	
		13,011		Reduced Council Tax Benefit paid out	
Revs & Bens Shared Service		24,290		Reduced staff employed than anticipated	
		9,021		Reduction in car allowance costs due to reduced shared service travelling	
	422,456	849,554			
Net Under Spend at Outturn from Major Variances > £10,000 as Above		427,099			
Net Under Spend at Outturn from Minor variances		255,563			
<b>Less NET UNDER SPEND AT OVERTURN</b>			<b>682,662</b>		
<b>OVERTURN 12/13</b>			<b>6,854,847</b>		

<b>2012/13 Movement on Reserves Position</b>			<b>Annex B</b>		
	<b>31/3/12</b>	<b>Transfer out</b>	<b>Transfer in</b>	<b>31/3/13</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>Movement on Reserves</b>
<b>Revenue Reserves</b>					
Council Taxpayers	8,308,970	0	137,957	8,446,927	to support revenue spending on community projects and enhancing service delivery on an ongoing basis
Community Safety	103,131	31,632	0	71,499	to receive
Local Plan Framework	8,376	8,376	0	0	was utilised in 2012/13 to assist with ongoing planning consultations
Hambleton Strategic Partnership	8,000	0	0	8,000	to promote partnership working within the community
Strategic Forum Reserve	0	0	11,973	11,973	to promote partnership working within the community
New Homes Bonus	315,221	96,997	525,660	743,884	is being held for future community benefit
Capital Fund	1,865,178	0	2,000,000	3,865,178	for future capital expenditure scheduled in the Capital 10 year plan
Grants Fund	465,407	52,832	0	412,575	to deliver grants to organisations for community use in future years
Cyclical Reserve	1,029,216	1,029,216	0	0	to pay for items of recurring expenditure which happen outside the normal course of the annual budget e.g. once every five years, with the remaining balance being transferred to the One Off Fund
Service Improvement Reserve	1,666,152	1,903,317	237,165	0	part was used to improve and sustain service delivery, with the remaining balance was transferred to the One Off Fund
Shared Service Reserve	1,222,366	1,222,366	0	0	to support the repatriation of shared service, with the remaining balance was transferred to the One Off Fund
Efficiency Reserve	419,440	419,440	0	0	to promote efficiencies within the Council, with the remaining balance transferred to the One Off Fund
One Off Fund	0	2,000,000	4,258,241	2,258,241	to enable an efficient approach to the use and allocation of reserves in an ever changing environment when improved and increased provision of services is key
Sub Total	15,411,457	6,764,176	7,170,996	15,818,277	
General Fund Balance	2,000,000	0	0	2,000,000	this balance is maintained as the Council's general fund working balance, which equates to approximately 4% of the gross annual budget.
<b>Total Revenue Reserves</b>	<b>17,411,457</b>	<b>6,764,176</b>	<b>7,170,996</b>	<b>17,818,277</b>	
Capital Reserves					
Capital Grants Unapplied	76,586	0	0	76,586	grants to be applied for specific capital projects in accordance with the prevailing conditions
General Capital Receipts	5,190,126	622,820	0	4,567,306	capital receipts were used to fund the capital programme as approved in the Capital Strategy prior to the beginning of the financial year
<b>Total Capital Reserves</b>	<b>5,266,712</b>	<b>622,820</b>	<b>0</b>	<b>4,643,892</b>	
<b>Total (ALL) Reserves</b>	<b>22,678,169</b>	<b>7,386,996</b>	<b>7,170,996</b>	<b>22,462,169</b>	