

PAPER NO.1

REPORT TO THE EXECUTIVE MEETING OF 15 AUGUST 2011

Status: Decision
Title: General Fund & Capital Outturn 2010/11
Originator: Kamal Mehta, Deputy Chief Executive
Where from:
Where to next: Implementation

1 Purpose of the Report

1.1 To report the outturn position for the General Fund & the Capital Programme for the financial year ended 31 March 2011.

2 Recommendations:

2.1 **It is recommended that:-**

- i) **the outturn report for the General Fund for 2010/11 be noted; and**
- ii) **budgeted Revenue provisions totalling £89k and listed in paragraph 4.2 be approved for carry forward from 2010/11 to 2011/12.**
- ii) **the position of the Council's Working Balance and General Reserve as at 31 March 2011 and therefore the financial standing of the Council described in section 6.2 of the report be noted.**
- iii) **To note the actual expenditure against the 2010/11 Capital Programme, subject to the audit of the Accounts; and**
- iv) **To approve Capital programme budget carry forward to 2011/12 totalling £926,691 listed in Appendix A to enable completion of schemes deferred from 2011/12.**

3 Summary of Reasons for the Recommendations

3.1 The accounts for the year 2010/11 have now been completed subject to audit in accordance with the agreed timetable.

- 3.2 The outturn position reported is subject to the external audit of the final accounts, which is due to take place from 1 August 2011.
- 3.3 The amounts proposed to be carried forward to 2011/12 capital programme had either not started at 31 March 2011, or work was in progress. In those cases where the work is in progress, the Council is contractually committed to the schemes and it is, therefore, considered necessary to carry forward the budget to 2011/12.

4 Key Facts

General Fund Revenue Account

- 4.1 The summary position for the General Fund Revenue Account is shown in the table below. Central items include statutory accounting entries in relation to capital financing and retirement benefits, as well as transfers to and from earmarked reserves. After budget carry forwards are accounted for, the variance on budget to outturn is £ (288)k.

Net Expenditure by Portfolio: Excluding Recharges	2010/11 Revised Budget £'000	2010/11 Actual Spend £'000	Variance (Under)/Over £'000
Local Business & Enterprise	82	98	16
Corporate & Customer Services	4,258	3,989	(269)
Finance	(3,067)	(3,045)	22
Housing Infrastructure & Planning	763	686	(77)
Environmental Service Delivery	3,484	3,381	(103)
Community Engagement, Cohesion & Wellbeing	1,306	1,259	(47)
Community Safety & Enforcement	963	929	(34)
	7,789	7,297	(492)
Central Items	3,422	3,723	301
Parish Precepts	1,167	1,167	0
Income from Council Tax	(6,657)	(6,719)	(62)
Government Grants	(5,450)	(5,485)	(35)
Contribution from/(to) Balances	271	(17)	(288)

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- 4.2 Members are asked to approve that the unspent budgets listed in the table below are carried forward as commitments into the 2011/12 financial year.

Proposed Budget Carry Forwards to 2011/12		£
10024	Members learning pool subscription	1,000
10070	Advanced scrutiny training for new members	1,500
10022	Set up costs for new online books subscription	8,200
10061	Formal consultation programme	4,000
10046	Revenue & Benefits Home working set up costs	30,000
10046	Revenue & Benefits committed agency costs	44,000
		88,700

- 4.3 The Council's car parking service generated a surplus of £158k in the financial year ended 31 March 2011. This surplus has been transferred into the earmarked Car Parks Reserve. This is in accordance with Council policy. However, the Council has resolved that this reserve should not be ring fenced for specific purposes.
- 4.4 The Annual Stewardship report for Treasury Management incorporating actual Prudential Indicators for 2010/11 was to Council on 25 July 2011. However, all of the revenue implications and transactions arising from treasury management and capital financing decisions are reflected in the outturn figures appearing in this report. The Council operated within its approved limits and tolerances governed by the Prudential Indicators for 2010/11.
- 4.5 The outturn figures for the General Fund are provisional and subject to the audit of accounts, which is due to commence on 1 August 2011. The accounts are prepared on an accruals basis and, given the tight timescale for closedown, they inevitably contain a degree of estimation. In the main, accruals for goods and services where invoices had not been received and paid for by 31 March 2011 are based on outstanding purchase orders and, as such, are considered materially accurate. Where any figures are subject to significant change as a result of the audit, this will be reported back to the Executive.

Capital Programme 2010/11

- 4.6 The original 2010/11 Capital Programme was set at £1,430,100 and was approved by Council at its meeting on 25 February 2010. Subsequent

amendments were approved by the Executive on 28 June 2010 to allow for slippage from the 2009/10 Capital Programme, on 8 November 2010 and 15 February 2011 to allow for schemes funded from additional external resources. These changes have increased the budgeted capital expenditure for 2010/11 to £5,681,700, the main increase was for the Harborough Innovation Centre project of £3,000,000.

4.7 The Capital Programme was compiled by the Portfolio Holders and supported by the Strategic Management Team and officers of the Land & Asset Management Group. Project appraisal forms were submitted for each new scheme and were assessed against a scoring methodology using the following criteria:

- Links to the Business Plan;
- Project need;
- Current status;
- Deliverability;
- Benefits;
- External funding;
- Consultation;
- Project management; and
- Financial plan.

4.8 Ultimately, only those schemes that demonstrated a strong link to the Council's Corporate Improvement Plan were considered for inclusion in the Capital Programme.

Capital Outturn 2009/10

4.9 The Council spent a total of £4,399,911 on capital schemes in 2010/11 against the final budget of £5,681,700. This represents an underspend of £1,281,789 (23%). The forecast expenditure on schemes deferred until 2011/12 stands at £926,961 (16%) of planned expenditure. Explanations for the significant slippages are given on Appendix A to this report.

Financing of Capital Expenditure in 2010/11

4.10 The capital programme is financed from a number of sources, including borrowing, capital receipts, government grants, contributions from developers and other outside bodies / organisations. The table attached at Appendix B shows the financing of capital expenditure in 2010/11.

Carry Forward of Capital Schemes and Funding to 2010/11

4.11 The amount shown in Appendix A of £926,691 represents the unspent budget in 2010/11 in respect of schemes which had not started or were incomplete at 31

March 2011. Members are asked to approve that these budgets be carried forward to 2011/12 to allow for completion of those schemes.

- 4.12 Resources which were earmarked to finance those schemes carried forward to 2011/12 will also transfer over to the new financial year.

5 Legal Issues

- 5.1 The expenditure for 2010/11 is within the Council's statutory powers. The external auditor will consider the legality of these transactions when completing the annual audit.
- 5.2 Due to changes in legislation the process for the authorisation of the Statement of Accounts for 2010/11 has changed, these are now approved by the Chief Finance Officer, at Harborough District Council this is the Deputy Chief Executive, and then taken to The Governance & Audit Committee for approval before 30 September 2011.

6 Resource Issues

- 6.1 The Council's financial performance on the General Fund Revenue Account for 2010/11 is shown at paragraph 4.1.

6.2 Reserves in 2010/11

- 6.2.1 The Council had originally budgeted to draw £250k from Working Balances to support the General Fund Revenue Account however, as a result of the overall under spend for the year, the contribution from Balances has been restricted. The effect of this is that the Working Balance is more than budgeted for, before the approval of any carry-forwards.
- 6.2.2 It is Council policy to maintain a minimum Working Balance of 8.3% of total net direct expenditure (approximately one-twelfth of the net direct expenditure budget). The amount for 2010/11 was £10,679k (adjusted for budget management items that are not reflected in the total net direct expenditure). The actual Working Balance at 31 March 2011 is £988k. When the revised budget was agreed on 15 February 2011 the planned need for drawing on reserves was £271k which was identified to come out of the General Fund reserve.
- 6.2.2 The actual position on the Working Balance compared with the revised budget is shown below:

	2010/11 Revised Budget	2010/11 Actual Outturn	Variance
Working Balance			
Brought Forward 01/04/2010	970,755	970,755	0
Surplus / (Deficit) for the year	0	17,222	17,222
Sub Total	970,755	987,977	17,222
Allocations Planned & Proposed Allocated to Support 2011/12 Budget		(102,144)	
Budget Commitments carried forward as detailed in paragraph 4.2 above		(88,700)	
Net Total Balances		797,133	

7 Corporate Implications

- 7.1 The Council's overall financial position is relevant to all corporate objectives and priorities within its Performance Plans and the Council's vision.
- 7.2 The Capital Programme and its funding are vital factors in the achievement of the Council's objectives. Schemes are included in the Capital Programme only after appraisal by the Land and Asset Management Group, Management Board and the Financial Planning Task Panel where they are scored against a range of criteria referred to in paragraph 4.7.

8 Consultation

- 8.1 For Revenue budgets, no consultation is carried out however budget managers are involved in discussing budget variances for the financial year.
- 8.2 Capital programme - Service Managers have been asked to identify those schemes which need to be carried forward into 2011/12, and have provided explanations for the variances.

9 Options Considered

- 9.1 None

10 Background Papers

10.1 Final Account working papers

Previous report(s): None

Information Issued Under Sensitive Issue Procedure: No

Ward Members Informed: Not applicable