

CABINET MEETING – 22 June 2011 EXECUTIVE SUMMARY SHEET- PART I	
Title of Report: Revenue Budget Outturn for 2010/2011 and First Revenue Review 2011/2012	
Author(s): Executive Director of Commercial and Corporate Services	
Purpose of Report: To report details of the Revenue Budget Outturn for 2010/2011 and First Revenue Review 2011/2012.	
Description of Decision: Cabinet is recommended to: in relation to 2010/2011: <ul style="list-style-type: none"> – approve the contingency and reserve transfers proposed at Appendix A budget transfers and virement at Appendix B; – approve the Final Account Decisions as set out in the report. in relation to 2011/2012: <ul style="list-style-type: none"> – approve the contingency transfers at Appendix E and budget transfers 	
Is the decision consistent with the Budget/Policy Framework? Yes with the exception of the use of virement requiring Council approval.	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason for Decision: To report on the outturn position compared to the budget for 2010/2011 and respond to variations in expenditure and income which have arisen in 2011/2012.	
Alternative options to be considered and recommended to be rejected: No alternative options are proposed.	
Is this a “Key Decision” as defined in the Constitution? Yes – these relate to virements set out in Appendix B. Is it included in the Forward Plan? Yes provisionally - in light of content of this report it is necessary.	Relevant Scrutiny Committee: Management

Cabinet 22nd June 2011

Revenue Budget Outturn 2010/2011 and First Revenue Review 2011/2012

Report of the Director of Commercial and Corporate Services

1. Purpose of Report

1.1 This report covers:

The Revenue Budget Outturn 2010/2011

The overall outturn position is positive and continues the strong financial track record of the Authority and enables the Authority to face the challenging 2011/2012 budget in a strong financial position:

Set out in Section 3 below are details of the Revenue Budget Outturn for 2010/2011. The reporting format reflects the Portfolio Holder responsibilities in place during 2010/2011 and includes:

- proposed contingency transfers, budget transfers and virements for the final quarter for 2010/2011;
- details of the net underspending on delegated service budgets for 2010/2011 and delegated budget surpluses for 2010/2011;
- the position in relation to the achievement of efficiency targets for 2010/2011 and generation of savings to support the budget for 2011/2012.

Section 4 details the general fund balances and the major revenue reserves position.

First Revenue Budget Review 2011/2012

At this early stage of the financial year, positive progress is being made in implementation of the 2011/2012 budget, with detailed and robust monitoring arrangements in place across all budget heads.

Set out in Section 5 are details of the First Revenue Review for 2011/2012. The format reflects Portfolio responsibilities for 2011/2012. This includes:

- proposed contingency transfers and budget transfers for the first quarter of 2011/2012;
- the position in relation to achievement of savings targets for 2011/2012;

2. Description of Decision

2.1 In relation to 2010/2011 Cabinet is recommended to:

- approve the contingency and reserve transfers proposed at Appendix A, and budget transfers and virements at Appendix B;
- approve the Final Accounts decisions as set out in this report.

2.2 In relation to 2011/2012, Cabinet is requested to:

- approve the proposed contingency transfers at Appendix E and budget transfers.

3. Revenue Budget Outturn 2010/2011

Statement of Accounts

3.1 The statutory Statement of Accounts, subject to audit, will be made available on the internet on 30th June 2011 in accordance with the Accounts and Audit Regulations 2011. The Accounts will be made available for public inspection from 1st August 2011 until the 26th August 2011 and the formal external audit of the accounts will commence on 30th August 2011. A report setting out the Statement of Accounts will be presented to the Audit and Governance Committee of the Council on the 30th September 2011.

Budget Adjustments 2010/2011 – Contingency Transfers and Budget Transfers

Contingency Transfers

3.2 Members will recall from previous reports that transfers from the contingency fund take place on a quarterly basis to reflect expenditure actually incurred in respect of approved provisions. Appendix A sets out the transfers and adjustments for the final quarter amounting to £9,489,419 and also the establishment of reserves from contingencies amounting to £3,777,746 in respect of commitments now falling into 2011/2012.

Budget Transfers

3.3 The following budget transfers are proposed since the third revenue review:

- use of the Strategic Investment Budget to fund previously approved schemes.
- the transfer of responsibilities between services including the allocation of Working Neighbourhoods funding to specific projects and the unification of budgets in accordance with the Sunderland Way of Working.
- planned earmarking of savings on insurance provisions and reserves following the actuary's latest assessment of future employers and public liability claims. Savings of £1.037 million were taken into account in setting the budget for 2011/2012.

Delegated Budgets Outturn - Overall Summary

- 3.4 The positive position at outturn reflects the Budget strategy and framework agreed and the adoption of a strong whole organisational approach to financial management in accordance with Sunderland Way of Working principles, with the aim of releasing as much resource as possible to protect front line services as part of the 2010/11 and 2011/12 budgets.

Delegated Budgets – Cost Containment Strategy

- 3.4.1 As set out above the approach adopted very early in this financial year both to help deliver the impact of the June 2010 Emergency Budget, but also in preparation for the significant funding reductions arising from the Comprehensive spending review, the Council has rigorously followed through on a wide range of cost containment measures. The measures introduced were adopted by all staff within the Council. The final year end position has therefore led to the achievement of additional savings of £6.396m as set out below ;

- At the third review stage the approach enabled in year savings to be achieved in excess of the £5.150m required to meet in year grant reductions by £3.467m. This was transferred to the Strategic Investment Reserve to support transitional costs arising from the implementation of Sunderland Way of Working operational arrangements.
- In finalising the Accounts, Directors in conjunction with Portfolio holders have also reviewed commitments against delegated surpluses to provide for only essential commitments and key service pressures. This has led to the achievement of additional savings of £2.929m at outturn. In accordance with Cabinet approval it is proposed that this resource is utilised to provide for specific transitional costs which are arising in 2011/2012 linked to the achievement of 2011/12 budget reductions.

Delegated Budget Surpluses

- 3.4.2 After taking into account the above the table below sets out a summary of the delegated budget surplus position for each Portfolio.

Summary of Delegated Surpluses

Portfolio	Cumulative Surplus at 31 st March 2011+ £000
Leader and Deputy Leader	5
Resources	294
Children and Learning City	41
Prosperous City	3,234
Healthy City	1,756
Safer City and Culture	714
Attractive and Inclusive City	951
Sustainable Communities	256
Responsive Local Services and Customer Care	2,722
Total	9,973

+ after use of surpluses, and transfers between Portfolios

Cabinet Portfolio holders have been briefed on the variations which have resulted in a net increase in delegated budget surpluses of £0.053 million between March 2010 and March 2011.

Of the total delegated budget surplus as at 31st March 2011, £5.761 million is ring fenced to two areas and is proposed to be carried forward to 2011/2012 as ringfenced delegated budget surpluses for purposes previously approved:

- £2.642 million in respect of the Strategic Initiatives Budget, which includes previously approved Area Committee budget provisions carried forward;
- £3.119 million Working Neighbourhoods Funding. The balance relates to allocations of funding for use in 2011/2012 to meet commitments in relation to implementing the Working Neighbourhoods Strategy and in particular the transition to the new arrangements as previously approved.

The remaining £4.212 million represents 2.4% of delegated budgets and is all earmarked for specific uses following the rigorous review of commitments set out in paragraph 3.4.1. Where surpluses are proposed to be used for purposes other than in the area of under spend, approval to virement will be sought in accordance with the constitution with amounts above £55,000 reported to Cabinet for approval. Commitments will be kept under review in the light of budget challenges in 2011/2012 .

Delegated Budgets - Major Variances

- 3.4.3 Details of major variances for each Service, which have led to this outturn position are set out at Appendix C. The following summarises in general terms the key areas of service pressure that have impacted on the final outturn position which have all been reported as part of budget monitoring reports to Cabinet during the year;

Economic Downturn

Reduced levels of income have been experienced as a result of the economic downturn in areas such as Industrial Units, Surveying Services, Development and Building Control, Land Charges, Leisure Services and the Port. Specific earmarked resources have been used to support activity during the economic downturn and utilised to address this position at outturn. The ongoing position was taken into account in setting the budget for 2011/2012. Mitigating management actions continue to have a positive impact on the position including the new and developing commercial opportunities at the Port.

Children's Social Care

As reported throughout the year, the Children's Social Care budgets continue to experience significant financial pressure in respect of safeguarding services due to the number of referrals and the assessed need for external placements. The outturn position has enabled those pressures to be contained within earmarked reserves. The ongoing position has been addressed in setting the 2011/2012 budget and strategies are in place to reduce these pressures over the medium term.

Winter Maintenance

As reported at the third review stage in order to respond appropriately to the severe weather conditions at the end of November and into December 2010 additional service costs were incurred. Various measures were put in place to mitigate the costs incurred. The final call on central resources for 2010/2011 is £0.805m. The Director of City Services in conjunction with the Portfolio holder for Attractive and Inclusive City is considering further measures to mitigate future winter maintenance costs. However, at this stage it is considered prudent to provide for a reserve to support any potential requirement in 2011/2012. The ongoing requirement will also be considered as part of Medium Term Budget Planning.

Non Delegated and Contingencies - Summary Outturn Position 2010/2011

3.5 Following the various transfers from contingencies, use of delegated surpluses referred to above and a further analysis of commitments against reserves, the outturn position for 2010/2011 has resulted in an underspending of £4.458 million which arises from the following;

- £1.873 million additional debt charge and interest on investment savings primarily as a result of re-profiling capital expenditure, debt restructuring activity in light of market conditions and rate of return on investments through robust and focused treasury management activity ;
- £0.835 million additional one off income in respect of successful applications for VAT refunds and additional grant income achieved after the preparation of the Revised Estimate 2010/2011 was approved by Cabinet in February 2011
- £0.818 million in respect of savings arising on waste disposal costs as a result of a reduction in volumes sent to landfill and savings on preparatory costs for the new strategic waste contract;
- £0.405 million in respect of repayment of temporary financing in respect of Rainton Bridge Industrial estate .
- £0.325 as a result of the review of existing specific reserves and the likely need to call on those reserves in the future
- additional costs of £0.805 million in respect of winter maintenance following the severe winter conditions;
- Other net savings in contingencies and non delegated expenditure of £1.007 million primarily in respect of pay provisions not required.

Proposals for Reserves and Provisions

3.6 From the £4.458 million underspendings identified in 3.5 it is proposed to:

- Create a service pressures reserve of £1.0 million to support potential winter maintenance pressures and continued uncertainties arising as a result of the economic downturn for 2011/2012,
- Create a development reserve of £1.5m to support initial activities regarding potential commercial and economic development opportunities which will in turn lead to improved outcomes for the city and future revenue cost containment, and
- In accordance with the approval by January Cabinet, transfer the residual sum of £1.958 million to the strategic investment reserve to support one off transitional costs arising from the implementation of budget savings proposals in 2011/2012.

4. General Fund Balances and Major Reserves

- 4.1 After taking account of the proposed use of balances set out above projected uncommitted general fund balances are £7.570 million after taking account of commitments in 2011/2012.
- 4.2 A full Statement of General Fund Balances and Major Reserves is set out at Appendix D together with supporting background information.
- 4.3 A review of reserves and provisions has been completed to reflect and ensure compliance with the Statement of Recommended Accounting Practice.

5. First Revenue Budget and Trading Services Review 2011/2012

Contingency and Reserve Transfers

- 5.1 A full review has been undertaken for each service and full details of all proposed contingency transfers are set out at Appendix E.

Budget Transfers

- 5.2 Proposals for budget transfers relate to :
 - transfer of Directorate responsibilities between Portfolios where these have been agreed in consultation with Portfolio holders;
 - Additional management action savings of £440,362 arising in relation to implementation of flexible working arrangements. These savings will be utilised to support the transitional costs which are arising in 2011/2012.

Revenue Budget Monitoring First Review

Budget Savings and Transitional Costs 2011/2012

- 5.3 The budget process for 2011/2012 took account of the requirement for reductions in expenditure of £57.9 million. Progress in implementing the proposals is being rigorously monitored by Directors in conjunction with Portfolio holders. Monthly monitoring of the budget is being carried out at an enhanced level to ensure the position is understood early and actions put in place to mitigate any impact. In addition as outlined to Cabinet in February, Directors in conjunction with Portfolio holders are consulting on the detailed impact of proposals as part of the implementation process. This approach accords with Sunderland Way of Working principles.

In overall terms progress is positive with some delay in a small number of areas and alternative actions already in train to address any shortfall either on a permanent basis or through one off resources. In overall terms at this early stage the position is summarised as follows:

- £22.8m of the savings have been fully realised £5.001m relates to contributions from one-off sources such as directorate balances, reserves and capital allocations with the remaining £13.708m relates to cessation of activity, principally in response to reductions in grant, including in respect of the Working Neighbourhoods Fund.
- £26.6m of reductions are not yet scheduled for full implementation and good progress has been made in these areas with action plans developed, responsibilities assigned and timescales identified. At this stage therefore it is not anticipated that this will impact on the overall financial position of the Council as the full year saving is still anticipated although it is imperative that these reductions are driven through to implementations in line with agreed timescales. Many of the proposals are reliant on the implementation of staffing structures which are in the process of being populated following approval of new structures by Personnel Committee and Cabinet.
- The balance of £8.5million is in respect of areas where delays and issues are being encountered and where corrective actions are being pursued to address the position which will be reported at the next review:
 - £2.8million in respect of proposals that have staffing implications which will largely be managed through SWITCH.
 - £5.7 million of savings for which either alternative savings have been identified, one off funding earmarked or further work is progressing to minimise any potential further need for transitional funding
 - § £1.3m in respect of estimated timescales for implementing changes to Children's services to be delivered on a locality basis, which allows for full consultation of the changes as part of implementation planning. The savings will be fully delivered in 2012/2013. The new retained organisation structures approved by Personnel and Cabinet will deliver additional savings in this year that compensate for this impact.
 - § £4.4m in respect implementing adult social care modernisation plans. In order to provide the necessary savings from the plans investment in alternative services to give improved outcomes to clients is being put in place. In addition discussions are underway with providers in order to finalise arrangements. It is anticipated that additional Health funding will be utilised to support some transitional costs arising from any delays in achieving the full value of savings in 2010/2011 and the position will be updated at the second review stage.

5.4 As reported as part of the budget setting process transitional costs are arising in 2011/2012 as the organisation moves to the revised Sunderland Way of Working operational arrangements. Budget provision was provided to meet the costs of SWITCH. Implementation plans are being closely monitored although they are still in their early stages, and updates will be provided as part of ongoing revenue budget monitoring.

5.5 Schools

In accordance with schools consideration of their budgets for 2011/2012 an increase of ten pence in the price of a school meal in both primary and secondary schools to £1.80 and £1.90 respectively is to be introduced from September 2011.

The decision to increase the price of a meal for the first time since 2008 was taken by the School's Forum in response to reductions in Dedicated Schools grant and other grant funding to support schools. The price of a school meal in Sunderland still remains amongst the lowest in the region and across the country.

Other

- 5.6 The ongoing impact of issues arising from the 2010/2011 outturn position are set out as part of the outturn position at Appendix C. There are no further issues to draw to Members attention at this time.

Funding 2011/2012 - Update

Community Safety Funding

- 5.7 Following the budget setting process the Council was notified of its allocation of the Home Office Community Safety Fund for 2011/2012. The notifications received advise of a £79,000 (20%) reduction for 2011/2012 and a further £155,000 (40%) reduction for 2012/2013. In accordance with the 2011/2012 Budget Planning Framework, these grant reductions will be passported to the related services who are developing proposals for consultation which minimise the impact on service delivery.

Health Funding

- 5.7 The Council has received an additional £2.339m in 2011/2012 from Health in respect of services which contribute to early intervention and prevention services. This will include existing and new services such as Telecare, community directed prevention (including falls prevention), reablement, community equipment and adaptations and crisis response services. This resource will be used to both support the savings requirement in 2011/2012 and invest in areas that will support the delivery of the 15 year modernisation plan.

6. Reasons for Decision

- 6.1 To report on the outturn position compared to the budget for 2010/2011 and respond to variations in expenditure and income which have arisen in 2011/2012.

7. Alternative Options

- 7.1 No alternative options are proposed.

Cabinet Meeting - 22nd June 2011
Variations Necessitating Contingency Transfers 2010/2011

Portfolio	Justification / Approval	2010/2011 £
Leader and Deputy Leader		
Leadership Programme	General Provision	20,636
City Centre Quick Wins	RCCO	125,730
Improvement Programme	Specific Provision	1,685,927
Annual Report	Specific Provision	8,518
Inward Investment – International Strategy	Specific Provision	43,000
Service Review	Specific Provision	82,248
Members ICT	Specific Provision	50,000
Resources		
Salix energy project savings	General Provision	(19,309)
Graduate trainees	Specific Provision	30,234
Service Transformation and Training	Specific Provision	111,523
SRM Project Work	Specific Provision	12,850
Featurenet Costs	Specific Provision	82,000
Council Tax – Single Persons Discount	General Provision	29,805
Counsel Fees	General Provision	118,054
Union Facility Time	Specific Provision	115,162
Utilities price increase	Specific Provision	244,060
Economic Downturn – Rents	Specific Provision	137,726
Economic Downturn - Surveying Services	Specific Provision	47,672
Economic Downturn - Land Charges	General Provision	44,000
Business Improvement Programme	Specific Provision	100,970
Children and Learning City		
Hendon Old Orphanage – security costs	Specific Provision	36,910
Counsel Fees	General Provision	138,525
Safeguarding – Agency costs	General Provision	133,970
Prosperous City		
Economic Downturn – Evolve Rents	Specific Provision	117,533
Economic Downturn - Planning and Development Control	Specific Provision	94,627

Cabinet Meeting - 22nd June 2011
Variations Necessitating Contingency Transfers 2010/2011

Portfolio	Justification / Approval	2010/2011 £
Planning Appeals	General Provision	86,280
Utilities price increase	Specific Provision	14,383
Sunniside Partnership	Specific Provision	30,000
City Centre Quick Wins	RCCO	67,922
Safer City and Culture		
World Heritage	Specific Provision	73,383
Seafront Toilets	Specific Provision	9,552
Strategic Investment Plan – Enforcement Officers	Specific Provision	107,300
Counsel Fees	General Provision	1,240
Coroner	General Provision	148,287
Utilities price increase	Specific Provision	1,368
City Cente Quick Wins	RCCO	268,947
Attractive and Inclusive City		
Recycling - Vehicle Leasing	Specific Provision	93,744
New Adoptions	Specific Provision	45,456
Strategic Investment Plan - Fly Tipping / Park Security	Specific Provision	100,000
Transport and Engineering	Specific Provision	600,000
Utilities price increase	Specific Provision	124,968
Tavistock Car Park Closure – Loss of Income	Specific Provision	28,000
Economic Downturn - Car Parking	Specific Provision	136,034
Southwick Sports Hall	Specific Provision	35,948
Community Sports Facilities	Specific Provision	42,186
Free Swimming	Specific Provision	169,000
Counsel Fees	General Provision	16,410
Strategic Investment Plan - Improving Cycle Paths	Specific Provision	50,000
Fuel	Specific Provision	238,000
Play Park Strategy	Specific Provision	(47,000)
City Centre Quick Wins	Specific Provision	63,282
Sustainable Communities		
Waste Management Partnership	Specific Provision	728,498
Utilities price increase	Specific Provision	54,078
Household Waste Recycling Centre - Recycling Promotion	Specific Provision	51,078

Strategic Investment Plan - Recycling Bring Sites	Specific Provision	50,000
Nightwatchman Energy Saving Software	Specific Provision	8,704
Strategic Investment Reserve	Specific Provision	2,500,000
		9,489,419
Transfer to Reserves in respect of Commitments		
Improvement Programme invest to save one off spending to secure future revenue savings		2,284,746
Warm Homes Initiative		50,000
Customer Services Centre Refurbishment		150,000
Property Rationalisation		250,000
Utilities price increases		1,043,000
		3,777,746
Total		13,267,165

Cabinet Meeting 22nd June 2011
Virements over £55,000 for the Final Quarter 2010/2011

	Transfer From £000	Transfer To £000
General Balances	4,458	
Reserve for pressures arising in respect of winter maintenance and the economic downturn		1,000
Reserve to support potential commercial and economic development activities		1,500
Transfer to Strategic Investment Reserve to support pressures in respect of Transitional Arrangements		1,958
TOTAL	4,458	4,458

Cabinet Meeting 22nd June 2011

Major Variations 2010/2011

Where the issues which were identified during 2010/2011 continue into 2011/2012 the impact is referred to below

All portfolio outturn positions are shown net of savings achieved from vacancy management actions, which have been captured as a corporate saving as referred to in paragraph 3.4.1 of the main report.

Leader and Deputy Leader

The Portfolio has achieved a balanced budget position after taking account of £127,000 vacancy management savings. There are no issues to draw to Members attention.

Resources

The Portfolio's expenditure was £41,000 below its delegated budget after taking account of £347,000 vacancy management savings. The surplus is earmarked for specific purposes and commitments into 2011/2012.

The following areas are drawn to Members attention:

- **Economic Downturn**
As previously reported to Cabinet, Legal Services, Industrial units and Surveying Services continue to be affected by the impact of the economic downturn on income levels achieved. The net shortfall of £229,000 in 2010/2011 has been met from the specific economic downturn contingency provision. The potential impact into 2011/2012 was taken into account in setting the contingencies provision for 2011/2012.
- **Port**
As previously reported, the Port continues to be affected by the global economic downturn producing difficult trading conditions and resulting in reduced income levels being experienced with a shortfall of £809,000 in 2010/2011. This has been met from specific provision set aside at the outturn for 2009/2010. The potential ongoing impact into 2011/2012 was taken into account in the budget setting process.

The overall insurance reserve requirement has been bolstered to recognise the risk associated with increased activity at the Port. The reserve now stands at £262,000. In addition it is proposed additional general resources are earmarked to support health and safety risk management activity at the Port amounting to £285,000 and the use of this resource is reported as part of the first review of the capital programme for 2011/2012 elsewhere on the agenda.

- **City Print**
2010/2011 has proved a difficult trading year for the Design and Print service which has seen a shortfall in income as all parts of the council have made efficiencies, introduced cost containment measures and subsequently reduced their demand for printed materials. There has also been a decline in external business coming in to the section with external clients subject to similar reductions in their own businesses.

The service has been subject to an initial review and has achieved savings as part of the Strategic and Shared Services Communications review. However a full service review is now in progress which will consider the ongoing decline in printed materials and continuing reduction of income (both internal and external). This review will make recommendations for the future design and delivery of this service.

Children and Learning City

The Portfolio has a surplus of £34,000 after taking account of £745,000 vacancy management savings and additional income. The surplus relates to the School Meals Client service and has been earmarked for investment in the school meals service.

As reported throughout the year, the Portfolio is experiencing significant financial pressure in the following areas;

- **External Placements**
This budget area continues to be volatile due to the uncertainty regarding the level of placements in any given year. The ongoing uncertainty was recognised at the 2009/2010 outturn stage with the earmarking of specific reserves to address the position in 2010/2011. The outturn position is a budget shortfall of £1.452m, which can be contained within these earmarked reserves. The implementation of the Foster Care Recruitment and Retention Strategy will build Sunderland's capacity to provide placements for children within Sunderland and assist in addressing the ongoing position.
- **Case Management**
A high number of referrals combined with challenges in the recruitment and retention of social workers, continue to place financial pressures on Safeguarding Case Management. In order to respond to these additional safeguarding needs, additional and more costly agency workers have been recruited, pending the full benefits of the Recruitment and Retention strategy being realised. The budget shortfall arising in 2010/2011 of £1.034m has been contained within earmarked reserves.

The 2011/2012 budget planning framework has provided additional funding for external placements and social workers to address these long term issues in conjunction with the recruitment and retention strategy.

Prosperous City

The Portfolio is £1,786,000 below its delegated budget after taking account of £90,000 vacancy management savings. The following is drawn to Members attention:

- **Working Neighbourhoods**
The portfolio delegated underspend of £1,786,000 relates to Working Neighbourhoods funding which will be utilised in 2011/2012 to complete the Working Neighbourhoods Strategy activity programme.
- **Development Control and Building Control**
As previously reported to Cabinet, Development Control and Building Control continue to be affected by the impact of the economic downturn on income levels achieved. The net shortfall of £95,000 in 2010/2011 has been met from the specific economic downturn contingency provision. The potential impact into 2011/2012 was taken into account in setting the contingencies provision for 2011/2012.
- **E-Volve**
As reported at the third revenue review a prime tenant vacated the building at the end of October 2010 resulting in a shortfall in income of £117,000 which has been met from the specific economic downturn contingency. There has been some success in attracting new tenants and the remaining space continues to be actively marketed. The potential impact into 2011/2012 was taken into account in setting the contingencies provision for 2011/2012.

Healthy City

The Portfolio is £684,000 below its delegated budget after taking account of £559,000 vacancy management savings. The surplus is earmarked for commitments and service demands into 2011/2012. The following areas are drawn to Members attention:

- **Residential / Nursing Care and Community Living Schemes**
The service are has a net underspend of £432,000
 - Residential and Nursing for Older People is £878,000 below its delegated budget due to a reduction in placements and additional income.
 - Residential and Nursing for Disability Services has exceeded its budget by £230,000 which is consistent with national and local trends where additional demand is being placed on the service in particular in relation to those with complex needs due to carer breakdown and the numbers transitioning from Children's Services.
 - Mental Health Residential and Nursing service has exceeded its budget by £216,000 reflecting the increased number of clients being discharged from hospital.

Current levels of demand have been taken into account in setting the 2011/2012 budget.

- **Independent Home Care**
Demand for Independent Home Care services has increased in line with Government and Council policy to allow more people to live at home for longer, including those with complex needs, should they choose to do so. This has resulted in the service exceeding its budget by £390,000. The 2011/2012 budget takes into account the current level of demand however the position will continue to be closely monitored.
- **Community Support**
Community Support services exceeded its budget by £236,000 reflecting Council policy to support more clients in the community and prevent / delay the need for residential and nursing care. The budget for 2011/2012 has been re-aligned to address the impact of the additional demand.
- **Health Service Income**
Additional income for the Teaching Primary Care Trust of £1,575,170 was secured in the final quarter of 2010/2011 to facilitate joint working on health gain, post-hospital discharge support, re-ablement services and intermediate care services.
- **Service Pressures**
A sum of £1.047m has been set aside from net savings across the Portfolio to meet future potential service pressures which are anticipated as a result of projected timing delays in implementing 2011/2012 efficiency saving targets.
- **Pooled Budgets**
Pooled budgets surpluses of £228,000 are ringfenced to meet service demands in 2011/2012:
 - Learning Disabilities Difficult to Place Clients had an overall surplus of £191,000 of which Health Housing and Adult Services share is £75,000, as result of more cost effective accommodation solutions.
 - Intermediate Care Services had an overall surplus of £37,000 of which Health Housing and Adult Services share is £21,000. The surplus has been carried forward into 2011/2012 and will be re-invested within the service to facilitate hospital discharges and to prevent hospital admissions.

The Community Equipment Service pooled budget had a deficit of £103,000 of which Health Housing and Adult Service share is £45,000 which has been contained within the overall Directorate position for 2010/2011. Provision for increased demand has been provided for within the 2011/2012 budget.

Safer City and Culture

The Portfolio net expenditure was £199,000 below its delegated budget after taking account of £404,000 vacancy management savings. The surplus is earmarked for specific purposes in 2011/2012.

The following areas are drawn to Members attention:

- **Empire Theatre**
The Empire Theatre is £83,000 below its delegated budget as a result of additional contributions received from the Ambassador Theatre Group, towards the cost of maintenance. The ongoing position has been taken into account in setting the 2011/2012 budget.
- **Taxi Licensing**
The service is £35,000 below its delegated budget as a result of additional income generated. These monies are ring-fenced, by virtue of the requirement of Section 70 Local Government (Miscellaneous Provisions) Act 1976, which requires that fees charged by local authorities for licences are sufficient to cover the inspection, supervision and administrative costs of its taxi licensing service. The balance of ring fenced surplus at 31st March 2011 is £139,000. Options in respect of this surplus will be put to the Licensing Committee for consideration.
- **Coroner**
The Coroner service was £148,000 over its delegated budget, as a result of the continued high level of reportable deaths, as experienced in previous years with associated increased costs in relation to mortuary fees, body removal expenses and hire of suitable premises to hold long inquests. A transfer from contingencies has been made to cover the deficit. An interim solution, in respect of the hire of suitable premises for long inquests, has been negotiated, at a reduced rate, which will allow further investigation in relation to other alternative possible venues to be completed.
- **Drug and Alcohol and Anti Social Behaviour**
These services were £30,000 below their delegated budget in arising from a planned underspend in running costs which is required to meet commitments into 2011/2012.
- **Safer Communities**
Safer Communities was £36,000 below its delegated budget and it is proposed this is ringfenced to assist in mitigating the impact of reductions in Home Office Safer Communities funding which have been notified for 2011/2012 and 2012/2013.

The balance of the Local Innovation Award Scheme grant funding of £358,000 has been earmarked in a reserve to fund projects in future years.

Attractive and Inclusive

The Portfolio's net expenditure was £67,000 below its delegated budget at the end of 2010/2011 and this has been earmarked for commitments into 2011/2012. The following is drawn to Members attention:

- **Leisure Management**
This service area has been affected by a number of pressures during this financial year, including the impact on income of the economic downturn and withdrawal of the Government Free Swim grant from 1st August 2010. These pressures have been met from brought forward Directorate delegated surpluses and specific contingencies provided as part of the 2010/2011 budget setting process, together

with a range of management actions. The ongoing impact into 2011/2012, has been provided for as part of the budget setting process.

- **Parking Services**
The car parking service continued to experience a downturn in income during 2010/2011, similar to previous years, resulting in a shortfall of income of £141,000. This shortfall has been met from the 2010/2011 contingencies provision for economic downturn. The ongoing impact into 2011/2012 has been provided for as part of the budget setting process.
- **Young Peoples Play and Urban Games**
Young Peoples Play and Urban Games was £67,000 below its delegated budget due to extended consultations with residents around individual schemes, resulting in some works being delayed into 2011/2012 financial year. Delegated surpluses have been earmarked to fund these works in 2011/2012.
- **Winter Maintenance**
Members will be aware of the severe weather conditions during late November/early December 2010. The Street Scene service responded to this in a similar manner to 2009/2010, by utilising all available resources to ensure that the City was best served throughout the severe weather conditions resulting in an additional cost of £805,000, which has been met from the overall Council resource position.

Sustainable Communities

The Portfolio's net expenditure was £114,000 below its delegated budget after taking account of £63,000 vacancy management savings.

The delegated surplus has arisen due to an underspend on the Housing Selective Licensing scheme which is a 5 year project funded from New Deal for Communities funding and fee income from licences. This balance is therefore ringfenced in delegated surpluses to fund the project into future years.

Responsive Local Services and Customer Care

The Portfolio's net expenditure was £141,000 below its delegated budget after taking account of £65,000 vacancy management savings. This delegated surplus is ringfenced for specific purposes in 2011/2012.

The following areas main areas are drawn to Members attention:

- **Community Development**
Savings of £66,000 have arisen during 2010/2011 in relation to a number of areas within the budget contractual arrangements and the ongoing position has been taken into account in setting the 2011/2012 budget.
- **Customer Services Network**
Savings of £49,000 have arisen following planned cost containment measures in the final quarter of 2010/2011 in order to fund known budget pressures which are being managed out during 2011/2012. Delegated surpluses have been ring-fenced in order to assist in meeting these pressures during this transitional period.

- Strategic Initiatives Budget
The Strategic Initiatives Budget expenditure was £27,000 below its delegated budget and has been added to the ring fenced delegated surplus resulting in a balance carried forward at 31st March 2011 of £2.642m.

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Statement of General Fund Balances

	£000	£000
Revised Estimate of Balances as at 31st March 2011		12,419
Additions / Variations to Revised Estimate Balances		
Unutilised Contingencies and non delegated budgets		4,458
Transfer to Earmarked Reserves		
Service Pressures Reserve	(1,000)	
Development Reserve	(1,500)	
Strategic Investment Reserve	(1,958)	(4,458)
Balances 31st March 2011		12,419
Use of Balances 2011/2012		
Contribution to Revenue Budget		(4,849)
Estimated Balances 31st March 2012		7,570

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Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2010 £'000	Movement during 2010/2011 £'000	Closing Balance 31/3/2011 £'000
Strategic Investment Reserve A reserve established with the proceeds of the Housing Stock Transfer and Airport Share Sale to address some of the Council's key developments, strategic priorities and address other major liabilities.	51,186	10,128	61,314
Council Directorates - Delegated Budget Surpluses The Council has approved the operation of a delegated budget scheme in accordance with Financial Procedure Rules which provides specific flexibility in the management of Directorate Budgets, for instance by allowing the carry forward of delegated budget under spend from one financial year to the next. There is a balance held by Directorates at the end of each financial year.	9,920	53	9,973
Schools Delegated Budget Surpluses These are the financial reserves held by schools under the Local Management of Schools/Fair Funding arrangements. The level of un-earmarked balances is limited to 8% for Primary, Nursery and Special Schools and 5% for Secondary Schools in accordance with a detailed scheme, with balances in excess of these thresholds requiring the approval of a licensed surplus application at individual school level. As part of the 2011/2012 Budget Planning with the Schools Forum schools will be allowed to carry forward above the 5% and 8%. This is to encourage in year efficiencies that will support the long term stability of the school.	7,492	598	8,090
Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer, future claims increases and risk management funds.	5,200	(1,252)	3,948
Street Lighting PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life. In the early years of the contract surpluses are achieved as the full level of unitary charge is not incurred until the core investment programme for the installation of the new street lighting and highways signs is completed.	7,448	(384)	7,064
Unutilised RCCO Reserve This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.	8,916	(2,422)	6,494
Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008	11,543	(1,706)	9,837

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Variations Necessitating Contingency Transfers 2011/2012

	Justification / Approval	2010/11 £	Full Year Effect £
Leader			
Contribution to Japan Disaster Fund	General Provision	5,000	5,000
Children and Learning City			
Counsels fees	General Provision	12,067	12,067
Healthy City			
Cherrytree Gardens Extra Care Scheme	Specific Provision	291,000	291,000
Total Contingency Transfers		308,067	308,067

