

# REPORT FOR DECISION

**MEETING:** CABINET  
OVERVIEW & SCRUTINY COMMITTEE

**DATE:** 11 JULY 2012  
28 AUGUST 2012

**SUBJECT:** REVENUE AND HRA OUTTURN 2011/12

**REPORT FROM:** CABINET MEMBER FOR FINANCE & RESOURCES

**CONTACT OFFICER:** STEVE KENYON, ASSISTANT DIRECTOR OF  
RESOURCES (FINANCE AND EFFICIENCY)

ANDREW BALDWIN, HEAD OF FINANCIAL  
MANAGEMENT

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**TYPE OF DECISION:** CABINET (KEY DECISION)

**FREEDOM OF INFORMATION/STATUS:** This paper is within the public domain

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**SUMMARY:** **PURPOSE/SUMMARY:**

This report provides Members with details of:

- the revenue outturn figures in respect of the last financial year, 2011/2012, detailing specific carry-forward requests and the proposed application of the carry-forward rules;
- major variances between the revised estimate and the outturn;
- the level of school balances;
- transfers to / from reserves;
- HRA outturn for the year;
- The minimum level of balances in the light of risk assessments

The figures in the report are consistent with the figures included within the Statement of Accounts which were both approved by the Responsible Finance Officer and presented to Audit Committee on 26 June 2012. The figures in this report mirror the figures in the Accounts but are presented in a format consistent with the

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Revenue Budget approved by Council on 23rd February 2011.

**OPTIONS &  
RECOMMENDED OPTION**

Members are asked to:

- a) Note the final outturn for 2011/12, and explanations for major variances (Appendix A, B and C)
- b) Consider the earmarked carry forward requests in 2011/12 (Paragraph 3.3);
- c) Consider the application of the 1% rule (Paragraph 3.3);
- d) Consider the transfers to / from reserves (Paragraph 5.2);
- e) Endorse the recommendations of the Assistant Director of Resources (Finance and Efficiency) for the minimum level of balances in light of the review of the corporate risk assessments and the newly completed departmental risk assessments (Paragraph 5.3)

**Recommended Option:**

In view of the Council's financial situation and the budget pressures faced in 2012/13 and future years it is recommended that the normal cash ceiling rules governing the carry forward of over and underspendings should be suspended and that:

- a) The final revenue outturn and HRA outturn for 2011/12 be noted along with explanations for major variances;
- b) The 2 carry forward requests be approved;
- c) Requests to carry forward underspendings under the 1% rule be refused;
- d) Overspendings of the Children's Services, Housing and Chief Executive's departments not to be carried forward;
- e) Transfers to / from reserves be approved;
- f) The level of the General Fund balances be noted;
- g) The minimum level of the General Fund balance be maintained at £4.3m subject to regular review as part of the budget monitoring process.

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**IMPLICATIONS:**

**Corporate Aims/Policy Framework:**

Do the proposals accord with the Policy Framework? Yes

**Financial Implications and Risk Considerations (statement by s151 officer):**

Revenue expenditure has been incurred in accordance with the agreed Revenue Budget.

In considering requests to carry forward underspendings Members must be mindful of the level of General Fund balances and of the current and longer term budget position.

In order to strengthen the General Fund balances in anticipation of future pressures it would be prudent to suspend the normal cash ceiling rules and to retain uncommitted underspendings centrally.

As far as overspendings are concerned, it is accepted that it would be unhelpful to carry forward the overspendings in view of the pressures faced by services in 2012/13.

**Statement by Executive Director of Resources:**

There are no other resource implications

**Equality/Diversity implications:**

No (see paragraph 9.1, page 10)

**Considered by Monitoring Officer:**

Yes. The presentation of an annual report on the Revenue and HRA Outturn is a requirement of the Council's Financial Regulations, as part of Council's Financial Procedure Rules. The report accords with the Council's Policy and Budget Framework and has been prepared in accordance with all Statutory Guidance and Codes of Practice.

**Are there any legal implications?**

No

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

**TRACKING/PROCESS**

**DIRECTOR: MIKE OWEN**

| Chief Executive/<br>Strategic Leadership<br>Team | Cabinet<br>Member/Chair | Ward Members | Partners |
|--|-------------------------|--------------|----------|
| 25/6/12  | 11/7/12                 |              |          |
| Scrutiny Commission                              |                         | Committee    | Council  |
| 28/8/12  |                         |              |          |

## 1.0 BACKGROUND

- 1.1 This report details the major variances between the Revised Estimate and the Outturn in respect of the Council's revenue and HRA budgets for 2011/12.
- 1.2 Work on the closure of the 2011/12 Accounts is complete and the Responsible Finance Officer approved the accounts for 2011/12 on 26 June 2012. The figures in this report are consistent with the Statement of Accounts, though they are presented differently due to different reporting requirements required as part of CIPFA's Accounting Code of Practice.
- 1.3 The report also sets out the implications of the application of the cash ceiling rules; details of the General Fund balances position at 31<sup>st</sup> March 2012 and proposals for the continued strengthening of the budget monitoring arrangements.

## 2.0 REVENUE OUTTURN 2011/12

- 2.1 As the table shows, there was a total underspend against the Revised Estimate of **£1.299 million** compared to the forecasted underspend at month 9 of £0.103m.

|                            | £000's       |
|----------------------------|--------------|
| 2011/2012 Revised Estimate | 144,548      |
| 2011/2012 Outturn          | 143,249      |
| <b>Underspend</b>          | <b>1,299</b> |

- 2.2 The revenue outturn and details of the major variations service by service are shown at Appendix A and are summarised below:

| Department                         | Budget         | Outturn        | Variance       |
|------------------------------------|----------------|----------------|----------------|
|                                    | £000s          | £000s          | £000s          |
| Environment & Development Services | 38,692         | 38,431         | (261)          |
| Children's Services                | 33,323         | 33,362         | 39             |
| Adult Care Services                | 55,445         | 55,373         | (72)           |
| Chief Executive's                  | 6,802          | 6,963          | 161            |
| Non Service Specific               | 10,286         | 9,120          | (1,166)        |
| <b>TOTAL</b>                       | <b>144,548</b> | <b>143,249</b> | <b>(1,299)</b> |

- 2.3 All other things being equal, the outturn reported above will leave General Fund balances standing at **£9.604m** at 31<sup>st</sup> March 2012. However the final level of balances will depend on decisions made around the application of the cash ceiling scheme (see section 3).

## 3.0 OPERATION OF THE CASH CEILING SCHEME

- 3.1 The cash ceiling scheme allows for under and overspendings to be carried forward into the following financial year. The Council's Financial Regulation 4.3 states:

*'Any overall underspendings at year end may be carried forward to the following year subject to assessment of the corporate financial position of the Council but in any case allowing a carry-forward of 1% of net budget or £50,000 whichever is the greater.'*

3.2 Normal operation of the scheme also requires all overspendings to be carried forward and it allows for certain items of underspending to be earmarked and carried forward in their entirety. **Underspendings which are carried forward are funded directly from the General Fund balances.**

3.3 The process for considering carry-forwards involves three distinct stages:

(i) Cash ceilings are adjusted to reflect items of expenditure that services have no direct control over. Cash Ceiling requests are taken into account before the application of the carry-forward rules, and whilst they do not impact directly on the overall level of balances retained by the Council they do influence the calculation of the underspendings against which the 1% rule applies. In 2011/12 as part of the closure of accounts process **no requests have been received from Departments for cash ceiling adjustments** to the revised estimate.

(ii) Departments are asked to identify any earmarked carry forward requests that should be considered prior to the application of the '1% or £50,000 rule'. The following requests have been made:

| <b>Earmarked Carry Forward Requests</b>   |               |
|---|---------------|
|   | <b>£000's</b> |
| EDS - Severance costs (VERs approved 4th April 2012) relating to workforce transformation in line with the Plan for Change  | 57            |
| EDS - Priority repairs Burrs dangerous building - to be transferred to Asset Management service in 2012/13 and to be spent in line with the Council's Asset Management Strategy | 40            |
| <b>Total</b>  | <b>97</b>     |

(iii) Members then consider whether to apply the '1% or £50,000' rule. Any underspendings that are carried forward will reduce the level of balances carried into the current financial year and so the application of the '1% rule' should be considered alongside the need for a responsible and prudent use of balances highlighted in the budget strategy report previously considered by Council and the Council's current financial position. Based on the outturn figures shown in Appendix A the table below shows the level of underspendings that Departments would be able to carry-forward under the application of the 1% rule:

|                                      | <b>Application of '1% or £50,000' rule</b> |
|--------------------------------------|--|
|                                      | <b>£000</b>                                |
| Environmental & Development Services | 164  |
| Adult Care Services                  | 72   |
| <b>Total</b>                         | <b>236</b>                                 |

- 3.4 The table above assumes that Members would not wish Children's Services, Housing or Chief Executive's Department to carry forward their overspendings in view of the pressures faced by the services in the current year. This is also consistent with policies that have been applied to previous years overspendings.
- 3.5 If approved, this would reduced the in-year contribution to General Fund balances (and the overall level of balances) to **£1.063m** (in-year £1.299m underspend plus £0.236m).
- 3.6 In view of this, and in view of the budget pressures facing the Council in the short to medium term it is felt prudent **to recommend that the 2 earmarked carry forward requests from EDS be allowed and that no underspendings or overspendings be carried forward** under the terms of the 1% rule .

#### **4.0 SCHOOLS POSITION**

- 4.1 The Dedicated Schools grant is ring fenced and can only be spent on schools and associated areas as specified by the Department for Education in various Statutory Instruments. In accordance with these statutory requirements, balances of each school are carried forward into the next financial year for the benefit of the relevant school.
- 4.2 The level of school balances at 31<sup>st</sup> March 2012 is **£7.805m**. This represents an increase of **£3.301m** from the opening balance of **£4.504m**.
- 4.3 Schools' 2011/12 delegated budgets increased by almost £2¼ million when compared to 2010/11, mainly because of the new Pupil Premium grant.
- 4.4 As at 31<sup>st</sup> March 2012, schools have accumulated a surplus balance of £8.042m across the schools in Bury. This is an increase of more than £2 million compared to 31<sup>st</sup> March 2011, with 79 out of 80 schools showing surplus balances. There is only one school reporting an agreed deficit of £23,000.
- 4.5 Eleven of the schools are reporting balances, which are deemed "excessive" as defined by the "Scheme for Financing Schools" and as such will be subject to a balance control review by the Director of Children's Services, who will take into account the views of the Schools Forum.
- 4.6 Any balances within the Central Spend are also carried forward into the following financial year and subsequently allocated to services and schools funded by the DSG. Two years ago, several schools did not complete their pupil numbers return to the Department for Education properly, which resulted in a significant reduction in the amount of external funding available to schools. This significantly contributed to the Central Spend having a deficit of £2.422 million at the end of 2009/10. This overspending was lowered to £1.547 million in 2010/11.
- 4.7 Financial Services have been instrumental in working with schools to ensure that the full amount of external funding for each year is received.
- 4.8 The deficit on the net expenditure in the schools' central Spend now stands at £0.857m compared to £1.545m in 2010/11. The actual amount to be carried forward into the next financial year is £0.237m, which has been achieved by additional grant monies, following representations by Financial Services to the Department for Education regarding the numbers of pupils in Bury schools.

- 4.9 The reduction in spending has been achieved partly as a result of restructuring of support services and spending restrictions. Additionally, Inter-authority Recoupment for pupils "belonging" to other local authorities means that more money was provided by them than the original budget (£0.310m), as well as fees for SEN pupils attending Independent Special schools under spent by £0.117m. Supply Cover, largely maternity and paternity reported an overspend, as did Retirement and Redundancy due to the costs relating to compulsory redundancies and voluntary severances, which occurred as a consequence of remodelling some support services.
- 4.10 The 2011/12 surplus of £7.8 million represents 6% of the total Schools Budget of £134m, while the 2009/10 surplus of £3.7 million represents approx 3% of the total Schools Budget of £125m.
- 4.11 The overall level of school balances masks some of the trends in individual schools. Appendix B shows an analysis of movements on school balances, to allow Members to consider the spread of school balances around the Borough. Schools are currently being asked to identify the committed usage of their balances. These figures will be included in the Consistent Financial Reporting return and the Section 251 Outturn Statements which are published nationally.

## 5.0 RESERVE MOVEMENTS

- 5.1 The 2011/12 Budget and Outturn includes a number of transfers to and from earmarked reserves. Members should note that IAS20 *Government Grants* states that where grant income has been received that has no conditions attached to it, but where the grant has yet to be applied and there are no restrictions as to how the monies are to be applied, then Authorities may earmark such grant income until it is applied. This is achieved by setting the amounts aside in earmarked reserves to provide financing to meet the requirements of the grant.
- 5.2 Movements to/from earmarked reserves are undertaken to optimise the Authority's financial position. The figures show transfers to/from earmarked reserves as shown in the Statement of Accounts. Members are asked to approve the transfers to and from reserves.

|                                | <b><u>Transfers<br/>Out</u></b><br><b><u>£000's</u></b> | <b><u>Transfers<br/>In</u></b><br><b><u>£000's</u></b> | <b><u>Total</u></b><br><b><u>£000's</u></b> |
|--------------------------------|---|--|---|
| ABG Top Slice                  | 0   | 1  | 1   |
| Adult Care Services            | (572)   | 3,231  | 2,659                                       |
| Arts Reserve                   | (15)  | 0  | (15)  |
| BCCI Reserve                   | (55)  | 0  | (55)  |
| Chief Executives               | (418)   | 320  | (98)  |
| Children's Services            | (456)   | 339  | (117)                                       |
| EDS                            | (321)   | 258  | (63)  |
| Energy Conservation            | (43)  | 128  | 85  |
| Environmental Services         | (59)  | 0  | (59)  |
| GM Connexions Partnership      | (18)  | 510  | 492   |
| Leisure                        | (47)  | 40   | (7)   |
| Local Area Partnership Reserve | (1)   | 0  | (1)   |
| Outwood Viaduct                | 0   | 8  | 8   |
| Pay And Grading Reserve        | (450)   | 1,211  | 761   |
| School Catering Reserve        | (10)  | 99   | 89  |
| Transformation Reserve         | (881)   | 1,413  | 532   |

|               |                |              |              |
|---------------|----------------|--------------|--------------|
| Commuted Sums | (498)          | 714          | 216          |
| <b>TOTALS</b> | <b>(3,844)</b> | <b>8,272</b> | <b>4,428</b> |

- 5.3 On the assumption that the recommendations made in paragraph 3.6 are approved then the level of General Fund balances will be as follows:

|   | £m           |
|---|--------------|
| <b>General Fund Balance 31 March 2011</b>         | <b>9.604</b> |
| Less : Minimum balances to be retained in 2012/13 | -4.300       |
| <b>Available balances at 1 April 2012</b>         | <b>5.304</b> |

- 5.4 Given potential budget pressures facing the authority in the future it is strongly recommended that the available balances are retained.

## 6.0 RISK MANAGEMENT

- 6.1 In determining the minimum level of balances, a key aspect of the assessment of the Assistant Director of Resources (Finance & Efficiency) is the level of risk faced by the authority that may impact on the financial situation.
- 6.2 For 2012/13 the Council accepted the Assistant Director's recommendation that the minimum level of balances should be retained at **£4.3m**, £0.6m above the amount indicated by the 'Golden Rules'. In coming to this recommendation the Director considered the assessment of corporate risks that had been undertaken in February 2012.
- 6.3 As a result provision of £1.5m was made for unpredictable and demand led expenditure, £0.85m as a budget strategy risk cushion and £0.4m to cover the potential costs of minor emergencies.
- 6.4 It was also indicated that the minimum level of balances would be kept under regular review, and this will happen quarterly as part of the budget and risk monitoring process. However it is felt appropriate to also consider the balances position at this stage.
- 6.5 Departmental strategic risk assessments have also been completed and at this stage there are no issues that are anticipated to impact directly on balances over and above provision that has already been made around systems, demand levels, workforce development and changing structures as a result of the corporate risk assessments. Departments will be setting out risk mitigation measures within their individual Medium Term Financial Strategies.
- 6.6 A further assessment of minimum balances will be incorporated into the Month 3 Monitoring report that will be presented to the Cabinet on 22 August 2012.
- 6.7 Effective budget monitoring is vital and various risk management techniques have been applied to budget monitoring throughout the year. These include the traffic light process which is used to assess budgets in terms of forecast over and underspending and secondly the identification of 'hot spots' based on risk factors that are inherent in individual budget areas. Reports containing this information were provided on a regular basis to the Strategic Leadership Team, the Overview & Scrutiny Committee, the Executive, Audit Committee and Star Chambers.



6.8 The use of this methodology will continue in 2012/13 and reports will be presented to the Cabinet meetings.

## **7.0 HOUSING REVENUE ACCOUNT OUTTURN 2011/12**

7.1 The Housing Revenue Account (HRA) for 2011/12 is attached at Appendix C. The HRA is a ring-fenced account funded principally through Housing Rents. Any surplus or deficit is required to be carried forward between financial years. Councils cannot budget for a cumulative deficit on the HRA. The 2011/12 budget assumed a working balance of **£0.737m** at the end of 2011/12. The final outturn shows a working balance of **£0.765m** at the end of 2011/12.

7.2 The outturn for 2011/12 shows a **£0.029m** underspend against the revised budget. There are a number of variations that have contributed to this overall result however there are only 4 budget lines within the HRA where the variation is more than 10% and above £50k:

- Depreciation/impairment of fixed assets - the increased charges are reversed back out of the HRA (Appropriation relevant to impairment) so have no impact on the 'bottom line' of the account.
- Self Financing Settlement – Payment to DCLG - from April 2012 the Government is introducing a self-financing funding system whereby the HRA will retain its rental income locally. To effect this change in funding we were required to make a payment of £78.3m to the DCLG on 28 March 2012 however this charge is reversed back out of the HRA so has no impact on the 'bottom line' of the account; details of the new system of financing council housing were included in the report to the Executive on 8 February 2012, where approval was given to uplift the Council's prudential indicators in order to allow for the increased level of HRA debt.

7.3 There are a number of factors that can impact on the HRA year-end balance but the main ones are normally void levels, the level of rent arrears and the levels of Right to Buy sales.

7.4 The rent loss due to voids for 2011/12 was on average 1.88%. The original dwelling rents budget allowed for a void level target of 2%. This reduction in void losses equates to an additional rental income of £0.032m.

7.5 The total rent arrears at the end of 2011/12 were £0.821m, a reduction of 3% from the start of the year when arrears totalled £0.846m.

7.6 The original HRA budgets assumed 15 Right to Buy sales during 2011/12. The actual number of sales in 2011/12 was 12.

7.7 A major element of the HRA's costs is the Management Fee paid to the authority's ALMO, Six Town Housing. As the ALMO is a wholly owned Council company it is appropriate for the Cabinet to take a view on the company's financial position.

7.8 In the 2011/12 financial year the ALMO made a surplus of **£0.125m** on a turnover of **£14.249m**, a rate of 0.8% (for 2010/11 on the same basis the rate was 2%); the surplus is excluding pension adjustments made in line with FRS17 requirements.

7.9 Six Town Housing are currently developing a Reserves Policy (with input from the Council's section 151 Officer) which will determine the minimum level of balances that the company should hold and thus identify any 'free' reserves over and above this level. The use of these reserves will be subject to joint decisions by Six Town Housing and the Council. From the Council's perspective, it is suggested that the Executive Director of Adult Care Services and the Executive Director of Resources be given delegated authority to negotiate the final treatment of the surplus, in consultation with appropriate Members.

## **8.0 OTHER ISSUES**

8.1 The Accounts and Audit (England) Regulations 2011 require that Councils have their Accounts approved by 30<sup>th</sup> June each year by the Council's Section 151 Officer although the accounts were still presented to members of the audit committee. The accounts were approved by the Council's Section 151 Officer, and presented to audit committee members, on 26 June 2012.

8.2 The audited Statement of Accounts will be presented to Audit Committee on 23 August 2012 for approval.

8.3 Members are also asked to note that the Accounts for 2011/12 were available for public inspection at the Town Hall for 20 working days effective **from 25 June 2012**. This matter was advertised in the local press and placed on the Council's website and the Accounts can be viewed by contacting the Assistant Director of Resources (Finance and Efficiency) or the Head of Financial Management (details below).

## **9.0 EQUALITY AND DIVERSITY**

9.1 There are no specific equality and diversity implications.

## **10.0 FUTURE ACTIONS**

10.1 Budget monitoring reports for 2012/13 will continue to be presented to the Strategic Leadership Team on a monthly basis and on a quarterly basis to the Cabinet, Star Chambers, Overview and Scrutiny Committee and Audit Committee.

**Councillor Tony Isherwood**  
**Cabinet Member for Finance and Resources**

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### ***Background documents:***

*Revenue Cost Information and Finance Working Papers, 2011/12*

***For further information on the details of this report and copies of the detailed variation sheets, please contact:***

Mr S. Kenyon, Assistant Director of Resources (Finance and Efficiency), Tel. 0161 253 6922, E-mail: [S.kenyon@bury.gov.uk](mailto:S.kenyon@bury.gov.uk), or

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|  | <b>2011/12<br/>Current<br/>Budget<br/>£000's</b> | <b>2011/12<br/>Outturn<br/>£000's</b> | <b>Variance<br/>£000's</b> | <b>Reason For Variance</b>   | <b>One -<br/>Off /<br/>Ongoing</b>   |
|--|--|---------------------------------------|----------------------------|--|--|
| <b>Directorate of Environmental and Development Services</b> |  |                                       |                            |  |  |
| <b>Arts, Libraries<br/>&amp;<br/>Adult Learning</b>          | 3,818  | 3,779                                 | (39)                       | Libraries & Arts Services salary costs underspend due to vacancies, fewer additional hours and grant contributions towards arts salary costs (-£0.053m)<br>Extra income was received from the museum shop (-£0.042m)<br>Overspend on running costs of BLF community libraries (+£0.028m)<br>Adult Learning overspend due to pressures on staffing and premises costs (+£0.028m)  | One Off<br><br>One-Off<br>One-Off<br>Ongoing                                   |
| <b>Operational Services</b>                                  |  |                                       |                            |  |  |
| Highways Services  | 8,921  | 8,890                                 | (31)                       | Traffic Management & Road Safety vacancies on school crossing patrol salary costs (-£0.038m).<br>Highway Network services underspent mainly due to reduction in the amount of minor maintenance carried out (-£0.082m)<br>Parking services overspend mainly due to reduction in parking service income, including penalty charge notices (+£0.199m)<br>Transportation services underspend due to increased income from bus lane enforcement and lower contract costs of £25,000 (-£0.116m)   | One-Off<br><br>One-Off<br><br>Ongoing<br><br>Ongoing                           |
| Leisure Services   | 6,245  | 5,742                                 | (503)                      | Minor overspends (+£0.006m)<br>Civic Halls overspend due to lower than anticipated income despite savings of £85,600 in management & salary costs (+£0.213m)<br>Catering underspent due mainly to underspends on salary costs & equipment budgets (-£0.293m)<br>Parks & Bereavement services underspent due to various minor variances across the services (-£0.080m)<br>Leisure centres & sports development underspent due underspends on staff costs (-£0.025m)<br>Administrative buildings underspent (-£0.336m) due to savings on repairs & maintenance and other property budgets (-£0.205m), energy costs (-£0.057m) and reduced rates & water charges (-£0.052m) | One-Off<br>Ongoing<br><br>One-Off<br><br>One-Off<br><br>One-Off<br><br>One-Off |

|  |               |               |              |  |  |
|--|---------------|---------------|--------------|--|--|
| Community Safety   | (127)         | (189)         | (62)         | Emergency and Security Services additional income and savings on staffing and equipment costs (-£0.062m)   | One-Off  |
| Waste Management   | 16,573        | 16,927        | 354          | One-off costs of to fund bins and caddies for the phase 2 recycling rollout (+£0.206m) and contribution to levy reserve (+£0.179m)<br>Refuse collection & recycling costs overspend due to fuel, severance costs, extra transport costs offset by reduced loan repayment costs for new bins, underspending on labour costs (+£0.186m) and levy refund from reduced tonnages<br>Public conveniences underspend (-£0.021m)<br>Street cleansing underspend (-£0.012m)<br>Minor underspends (-£0.005m)   | One-Off<br>Ongoing<br>One-Off<br>One-Off<br>One-Off            |
| <b>Operational Services Sub Total</b>                    | <b>31,612</b> | <b>31,370</b> | <b>(242)</b> |  |  |
| <b>Planning, Environmental &amp; Regulatory Services</b> | 4,417         | 4,459         | 42           | Environmental Services employee costs underspend & additional income from licensing & gambling fees (-£0.051m)<br>Energy Management Services underspend on provision for the cost of buying carbon allowances under the new CRC Energy Efficiency Scheme (-£0.109m)<br>Planning overspend due to ongoing impact of current economic conditions on planning & building regulation income (+£0.202m)   | One-Off<br>One-Off<br>Ongoing                                  |
| <b>Trading Services</b>                                  | (1,155)       | (1,177)       | (22)         | Architectural Services overspend due to lower than expected income (+£0.288m).<br>Beverage & vending services overspend due to lower than expected income (+£0.016m)<br>The Cleaning service underspend due to reductions in employees costs & supplies (-£0.175m)<br>The Engineers Streetworks service overspend due to lower than expected income and an overspend on subcontractors costs (+£0.161m)<br>Transport Services underspend on leasing costs & repairs plus extra income from increased hire of spare vehicles in the fleet (-£0.272m) plus vehicle maintenance underspend (-£0.015m)<br>Minor underspends (-£0.025m) | Ongoing<br>Ongoing<br>One-Off<br>Ongoing<br>Ongoing<br>One-Off |
| <b>TOTAL EDS</b>   | <b>38,692</b> | <b>38,431</b> | <b>(261)</b> |  |  |
|  |               |               |              |  |  |

| <b>Children's Services Directorate</b> |        |        |       |   |  |
|--|--------|--------|-------|---|--|
| <b>Learning</b>                        | 11,454 | 11,193 | (261) | Home to School Transport for pupils with special educational needs underspend including the Independent Travel Initiative (-£0.141m)<br>Non-filling of Education Welfare vacancies (-£0.030m)<br>Non-filling of Bus Escorts vacancies (-£0.031m)<br>Underspends due spending restrictions and non-filling of vacancies (-£0.059m)   | One-Off<br>One-Off<br>One-Off<br>One-Off |
| <b>Prevention &amp; Partnership</b>    | 8,772  | 8,424  | (348) | Youth Service overspend due to not meeting the £900,000 savings agreed in 2011-12 because of the appropriate consultation requirements (+£0.249m). Restructure of the services, spending restrictions and non-filling of vacancies (-£0.597m) including Connexions (-£0.155m), Early Years (-£0.198m), Social Care Admin (-£0.064m), Youth Offending service (-£0.030m), Sure Start – Redvales (-£0.064m), Children In Need (-£0.059m) and various minor underspends (-£0.027m)   | One-Off<br>One-Off                       |
| <b>Social Care</b>                     | 10,114 | 10,881 | 767   | Overspends on Children's Agency (+£1.192m), Leaving Care (+£0.076m), Advice and Assessment (+£0.089m), and Community Services/Fieldwork (+£0.062m). A range of preventative strategies were introduced and all existing care packages were reviewed in a drive to minimise the costs, however it is extremely difficult to contain expenditure on services that are subject to unprecedented demand pressures. Despite the demand pressures the Department took action to try and meet these additional burdens which included reviewing payments to Foster Carers. Non-allocation of the Early Intervention Grant (-£0.216m) Child and Adolescent Mental Health Services underspend (-£0.081m). Savings by the non-filling of vacancies and spending restrictions (-£0.355m) including Fostering & Adoption (-£0.220m), Emergency Duty Team (-£0.054m) and Family Support (-£0.050m) | Ongoing<br>One-Off<br>One-Off<br>One-Off |
| <b>Other Management Costs</b>          | 2,983  | 2,864  | (119) | Contributions from external grant funding balances (-£0.498m). Redundancy and severance payments overspend (+£0.312m) for staff within  | One-Off<br>Ongoing                       |

|  |               |               |           |   |  |
|--|---------------|---------------|-----------|---|--|
|  |               |               |           | Children's Services<br>Non-achievement of savings due to delays in implementing collaborative working arrangements (+£0.111m)<br>CYP Partnership Fund underspend (-£0.022m)<br>Other variations (-£0.022m)  | One-off<br><br>One-Off<br><br>One-Off                |
| <b>TOTAL CHILDREN'S SERVICES</b>       | <b>33,323</b> | <b>33,362</b> | <b>39</b> |   |  |
| <b>Adult Care Services Directorate</b> |               |               |           |   |  |
| <b>Operations</b>                      | 10,116        | 9,205         | (911)     | Vacancies held in Reablement Services (-£0.264m)<br>Carry forward of 2010/11 monies to offset overspends on care in the community (-£0.264m)<br>Mental Health services savings on vacant posts and running expenses (-£0.221m)<br>Assessment & Care Management services delayed filling of new posts and generation of additional external income by the Employment Support service (-£0.149m)<br>Minor underspends (-£0.009m)  | One-Off<br><br>One-Off<br><br>One-Off<br><br>One-Off |
| <b>Workforce Modernisation</b>         | 10,394        | 10,065        | (329)     | Learning Disability Care teams efficient use of agency and care pool staff to cover vacancies (-£0.200m)<br>Older People Day & Residential Care services efficient use of agency and care pool staff to cover vacancies and increased income from greater occupancy rates (-£0.129m)  | One-Off<br><br>One-Off                               |
| <b>Business Redesign</b>               | 5,791         | 5,773         | (18)      | Unavoidable costs such as security, basic maintenance & rates on non-operational buildings (+£0.153m)<br>Performance & Housing Strategy – staff savings and in most budget headings (-£0.060m)<br>Housing Choices – reduced premises costs (-£0.031m)<br>Asylum Seekers contracts – a combination of additional fees and reduced premises & staff costs (-£0.099m)<br>Urban Renewal - reduced capitalisation of salaries possible as schemes are completed (+£0.018m) | Ongoing<br><br>One-off<br><br>One-off<br><br>One-off |
| <b>Finance &amp; ACS General</b>       | (408)         | (601)         | (193)     | Carry forward of 2010/11 monies to offset overspends on care in the community (-£0.193m)  | One-Off  |

|   |               |               |             |  |   |
|---|---------------|---------------|-------------|--|---|
| <b>Commissioning &amp; Procurement</b>    | 29,552        | 30,931        | 1,379       | <p>Result of increasing numbers of people qualifying for services in all client categories and all types of service (+£2.000m) - total net spend increased by more than £1.8 million in 2011/12, with this trend likely to continue in 2012/13. A Panel of senior managers continue to check that eligibility criteria are strictly adhered to &amp; supported by the procurement team ensure that care packages represent the most cost effective option. In addition a range of preventative initiatives are either now in place or being piloted, for example reablement, crisis response, Transitions planning &amp; new dementia services. All high cost care packages are also being reviewed.</p> <p>Carry forward of 2010/11 Age of Opportunities monies to offset overspends on care in the community (-£0.171m)</p> <p>Commissioning &amp; Strategy underspend due to expenditure on care packages for carers being less than anticipated; staff vacancy savings in a number of teams, reduced expenditure on external contracts and receipt of additional income (-£0.407m)</p> <p>Minor underspends (-£0.043m)</p> | <p>Ongoing</p> <p>One-Off</p> <p>One-Off</p> <p>One-Off</p> |
| <b>TOTAL ADULT CARE SERVICES</b>          | <b>55,445</b> | <b>55,373</b> | <b>(72)</b> |  |   |
| <b>Directorate of the Chief Executive</b> |               |               |             |  |   |
| <b>Corporate Management</b>               | 1,096         | 1,188         | 92          | Combination of minor variances in respect of corporate management and subscriptions.   | One-Off   |
| <b>Deputy Chief Executive's Division</b>  |               |               |             |  |   |
| Communities and Policy & Development      |               |               | (76)        | <p>CPA inspection fees underspend (-£0.074m),</p> <p>LAP managers salaries overspend (+£0.089m)</p> <p>Vacancies held and tightening of controllable expenditure (-£0.091m)</p>  | <p>Ongoing</p> <p>One-off</p> <p>One-Off</p>                |
| Personnel                                 |               |               | (42)        | <p>Software costs for the Trent System overspend (+£16,000)</p> <p>Outstanding agreed virement with Children's Services re H.R. centralisation savings (+£20,000)</p> <p>Vacancies held and tightening of controllable expenditure (-£78,000)</p>  | <p>Ongoing</p> <p>One-Off</p> <p>Ongoing</p>                |

|  |              |              |              |  |   |
|--|--------------|--------------|--------------|--|---|
| Legal & Democratic Services            |              |              | (111)        | Member Allowances underspend (-£0.057m)<br>Unfunded legislative developments within Municipal Elections and Registration of Electors (+£0.127m)<br>Underspends within Democratic Services (-£0.043m), Civic and Mayoral Expenses (-£0.017m)<br>Over-recoveries of income against budget for Land Charges (-£0.025m) and Registrar of Births, Deaths and Marriages fees (-£0.018m)<br>Savings in relation to delays in appointing staff to vacant posts (-£0.078m)  | Ongoing<br>Ongoing<br>Ongoing<br>One-Off<br>One-Off   |
| <b>Deputy Chief Executive's</b>        | <b>4,314</b> | <b>4,085</b> | <b>(229)</b> |  |   |
| <b>Executive Director of Resources</b> |              |              |              |  |   |
| Finance & Efficiency                   |              |              | (224)        | External Audit costs underspend (-£0.060m)<br>Internal Audit flexible working arrangements underspend (-£0.018m)<br>Superannuation charges underspend (-£0.022m), Contribution from Bad Debt Provision underspend (-£0.072m)<br>Miscellaneous running costs underspend (-£0.020m) Accounts Payable income underspend (-0.029m).<br>Savings for Central Pay Services overspend (+£0.046m)<br>Bank/credit card charges overspend (+£0.017m).<br>Corporate Procurement vacant post underspend (-£0.046m)<br>Over recovery of recharge income from schools underspend (-£0.011m)<br>Minor underspends (-£0.009m) | Ongoing<br>Ongoing<br>One-Off<br>One-Off<br>One-Off<br>Ongoing<br>Ongoing<br>One-Off<br>One-Off |
| Customer Support & Collections         |              |              | (204)        | The Council Tax Benefit Subsidy underspend (-£0.119m) Council Tax and NNDR summons costs income under-recovery (+£0.075m).<br>Holding of vacancies underspend (-£0.231m)<br>Cost of providing cover for Prestwich Cash Office overspend (+£0.030m)<br>Running expenses overspend (+£0.045m)<br>Minor underspends (-£0.004m)  | One-Off<br>One-Off<br>One-Off<br>Ongoing<br>Ongoing<br>Ongoing                                  |
| ICT                                    |              |              | 0            | Admin Building recharges overspend (+£0.020m)<br>Under-recovery of printing income (+£0.026m)<br>Additional hours overspend (+£0.031m).  | Ongoing<br>Ongoing<br>One-Off   |



|  |              |              |             |   |  |
|--|--------------|--------------|-------------|---|--|
| Property & Asset Management              |              |              | 726         | Six Town Housing SLA underspend (-£0.034m)<br>Reductions on agency costs (-£0.017m)<br>Training costs underspend (-£0.023m)<br>Minor underspends (-£0.003m)<br><br>Shortfall in rent income due to increased voids (+£0.332m) Shortfall in income received for The Millgate Shopping Centre due to reduced occupancy (+£0.526m)<br>Additional income from De-Minimis Capital Receipts (£0.018m)<br>Reduced Repairs & Maintenance costs (-£0.066m),<br>Reduced recharge costs (-£0.020m)<br>Contribution to the Bad Debt Provision underspend (£0.020m). | Ongoing<br>One-Off<br>One-Off<br>One-Off<br><br>Ongoing<br>Ongoing<br>One-Off<br>One-Off<br>One-Off<br>One-Off |
| <b>Executive Director of Resources</b>   | <b>1,392</b> | <b>1,690</b> | <b>298</b>  |   |  |
| <b>TOTAL CHIEF EXECUTIVE'S</b>           | <b>6,802</b> | <b>6,963</b> | <b>161</b>  |   |  |
| <b>Grants to Voluntary Organisations</b> | <b>1,302</b> | <b>1,259</b> | <b>(43)</b> | Contingency fund underspend (-£0.032m)<br>Transport Grants underspends  | One-Off<br>One-Off   |
| <b>Non Service Specific Items</b>        |              |              |             |   |  |
| Housing                                  | 462          | 501          | 39          | Reduced subsidy and administration grant received for the Housing Benefit administration (-£0.094m)<br>Contribution to the bad debt provision (+£0.143m)<br>Minor underspends (-£0.009m)  | One-Off<br>One-Off<br>One-Off  |
| Cost of Borrowing                        | 10,265       | 9,103        | (1,162)     | Airport loan interest saving (-£0.520m)<br>Loan interest saving payable (-£1.000m)<br>Loss of investment income (+£0.400m)<br>Other underspends (-£0.042m)  | One-Off<br>Ongoing<br>Ongoing<br>One-Off   |
| Passenger Transport levy                 | 13,044       | 13,044       | 0           | n/a   |  |
| Environment Agency                       | 92           | 92           | 0           | n/a   |  |
| National Non Domestic Rates              | 108          | 108          | 0           | n/a   |  |
| Manchester Airport                       | (1,328)      | (1,328)      | 0           | n/a   |  |
| Council Tax Reduction                    | 400          | 400          | 0           | n/a   |  |
| Provisions                               | 761          | 761          | 0           | n/a   |  |
| Cost of Retirement                       | 37           | 37           | 0           | n/a   |  |

|   |                |                |                |     |  |
|---|----------------|----------------|----------------|-----|--|
| IAS19 Retirement Benefits                       | 2,458          | 2,458          | 0              | n/a |  |
| Accumulated Absences                            | (541)          | (541)          | 0              | n/a |  |
| Capital Charges / Asset Rentals                 | (16,774)       | (16,774)       | 0              | n/a |  |
| <b>TOTAL NON SERVICE SPECIFIC</b>               | <b>8,984</b>   | <b>7,861</b>   | <b>(1,123)</b> |     |  |
| <b>Total Revenue Expenditure (exc. Schools)</b> | <b>144,548</b> | <b>143,249</b> | <b>(1,299)</b> |     |  |
| <b>Use of Balances</b>                          |                |                |                |     |  |
| General Fund                                    | (627)          | (1,926)        | (1,299)        |     |  |
| <b>Revenue Budget Total</b>                     | <b>145,175</b> | <b>145,175</b> | <b>0</b>       |     |  |
| Funded by:                                      |                |                |                |     |  |
| RSG   | (16,012)       | (16,012)       | 0              |     |  |
| NNDR  | (51,801)       | (51,801)       | 0              |     |  |
| Council Tax                                     | (77,362)       | (77,362)       | 0              |     |  |
|   | (145,175)      | (145,175)      | 0              |     |  |

**LEVEL AND MOVEMENT OF SCHOOL RESERVES**
**Appendix B**

| <b>Overall Levels of Balances</b> | <b>2007/08<br/>£000</b> | <b>2008/09<br/>£000</b> | <b>2009/10<br/>£000</b> | <b>2010/11<br/>£000</b> | <b>2011/12<br/>£000</b> |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| School Balances at 31st March     | (8,397)                 | (6,591)                 | (3,681)                 | (4,504)                 | (7,805)                 |
| Standards Fund                    | 0                       | 0                       | 0                       | 0                       | 0                       |

**Number of Schools – Surpluses/Deficits in Percentage Terms**

| Table  | 2007/08           | 2008/09           | 2009/10           | 2010/11           | 2011/12           |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | Number of Schools | Number of Schools | Number of Schools | Number of Schools | Number of Schools |
| <b>Nursery &amp; Primary</b>                             |                   |                   |                   |                   |                   |
| Greater than +10%  | 16                | 9                 | 2                 | 3                 | 7                 |
| +8% to 10%   | 10                | 9                 | 11                | 7                 | 14                |
| +5% to +8%   | 15                | 21                | 19                | 27                | 27                |
| 0% to +5%  | 21                | 23                | 31                | 25                | 14                |
| Deficits   | 2                 | 2                 | 1                 | 2                 | 1                 |
| Total  | 64                | 64                | 64                | 64                | 63                |
| <b>Secondary</b>   |                   |                   |                   |                   |                   |
| Greater than +7%   | 7                 | 4                 | 3                 | 4                 | 4                 |
| +5% to +7%   | 2                 | 2                 | 1                 | 1                 | 4                 |
| 0% to +5%  | 5                 | 8                 | 10                | 9                 | 6                 |
| Deficits   | 0                 | 0                 | 0                 | 0                 | 0                 |
| Total  | 14                | 14                | 14                | 14                | 14                |
| <b>Special</b>   |                   |                   |                   |                   |                   |
| Greater than +10%  | 2                 | 2                 | 3                 | 1                 | 0                 |
| +5% to +10%  | 0                 | 0                 | 0                 | 0                 | 2                 |
| 0% to +5%  | 0                 | 1                 | 0                 | 2                 | 1                 |
| Deficits   | 1                 | 0                 | 0                 | 0                 | 0                 |
| Total  | 3                 | 3                 | 3                 | 3                 | 3                 |
| Number above the original "Excessive Surplus" thresholds | 37                | 26                | 20                | 16                | 24                |

(Prim/Spec 8% & High 5%)

|   |    |    |   |   |    |
|---|----|----|---|---|----|
| Number above the new "Excessive Surplus" thresholds | 25 | 15 | 8 | 8 | 11 |
|---|----|----|---|---|----|

(Prim/Spec 10% & High 7%)

### Number of Schools – Surpluses/Deficits in Monetary Terms

| Table                        | 2007/08           | 2008/09           | 2009/10           | 2010/11           | 2011/12           |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                              | Number of Schools | Number of Schools | Number of Schools | Number of Schools | Number of Schools |
| <b>Nursery &amp; Primary</b> |                   |                   |                   |                   |                   |
| <b>Deficits</b>              |                   |                   |                   |                   |                   |
| £0 to £25,000                | 2                 | 2                 | 1                 | 2                 | 1                 |
| <b>Surpluses</b>             |                   |                   |                   |                   |                   |
| £0 to £50,000                | 31                | 32                | 35                | 33                | 20                |
| £50,000 to £100,000          | 19                | 23                | 23                | 26                | 31                |
| £100,000 to £150,000         | 7                 | 6                 | 4                 | 2                 | 10                |
| £150,000 to £200,000         | 4                 | 1                 | 1                 | 1                 | 1                 |
| £200,000 to £250,000         |                   |                   |                   |                   |                   |
| Greater than £250,000        | 1                 |                   |                   |                   |                   |
| <b>Total</b>                 | <b>64</b>         | <b>64</b>         | <b>64</b>         | <b>64</b>         | <b>63</b>         |
| <b>Secondary</b>             |                   |                   |                   |                   |                   |
| <b>Deficits</b>              |                   |                   |                   |                   |                   |
| £0 to £25,000                | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Surpluses</b>             |                   |                   |                   |                   |                   |
| £0 to £50,000                | 2                 | 4                 | 3                 | 2                 | 1                 |
| £50,000 to £100,000          | 3                 | 3                 | 3                 | 1                 | 2                 |
| £100,000 to £150,000         | 1                 | 1                 | 3                 | 2                 | 1                 |
| £150,000 to £200,000         | 1                 | 1                 | 3                 | 4                 | 2                 |
| £200,000 to £250,000         | 1                 | 2                 |                   | 3                 | 3                 |
| £250,000 to £500,000         | 5                 | 1                 | 3                 | 2                 | 4                 |
| Greater than £500,000        | 1                 | 2                 |                   |                   | 1                 |
| <b>Total</b>                 | <b>14</b>         | <b>14</b>         | <b>14</b>         | <b>14</b>         | <b>14</b>         |
| <b>Special</b>               |                   |                   |                   |                   |                   |
| <b>Deficits</b>              |                   |                   |                   |                   |                   |
| £0 to £25,000                | 1                 | 0                 | 0                 | 0                 | 0                 |
| <b>Surpluses</b>             |                   |                   |                   |                   |                   |
| £0 to £50,000                |                   |                   |                   | 1                 | 1                 |
| £50,000 to £100,000          |                   | 1                 |                   | 1                 |                   |
| £100,000 to £150,000         | 1                 |                   | 1                 |                   |                   |
| £150,000 to £200,000         |                   | 1                 |                   |                   | 2                 |
| £200,000 to £250,000         |                   |                   |                   |                   |                   |
| Greater than £250,000        | 1                 | 1                 | 2                 | 1                 |                   |
| <b>Total</b>                 | <b>3</b>          | <b>3</b>          | <b>3</b>          | <b>3</b>          | <b>3</b>          |

## HOUSING REVENUE ACCOUNT

## APPENDIX C

|  | <b>2011/12<br/>REVISED<br/>ESTIMATE<br/>£</b> | <b>2011/12<br/>OUTTURN<br/>£</b> | <b>VARIATION<br/>FROM<br/>BUDGET<br/>£</b> |
|--|---|----------------------------------|--|
| <b>INCOME</b>  |   |                                  |  |
| Dwelling rents   | 26,929,700                                    | 26,959,614                       | (29,914)                                   |
| Non-dwelling rents   | 236,100                                       | 238,754                          | (2,654)                                    |
| Heating charges  | 54,400  | 55,664                           | (1,264)                                    |
| Other charges for services and facilities                      | 745,400                                       | 755,980                          | (10,580)                                   |
| Contributions towards expenditure                              | 55,400  | 46,103                           | 9,297                                      |
| <b>Total Income</b>  | <b>28,021,000</b>                             | <b>28,056,115</b>                | <b>(35,115)</b>                            |
| <b>EXPENDITURE</b>   |   |                                  |  |
| Repairs and Maintenance  | 6,830,000                                     | 6,832,085                        | 2,085                                      |
| General Management   | 6,696,000                                     | 6,650,281                        | (45,719)                                   |
| Special Services   | 1,114,200                                     | 1,103,502                        | (10,698)                                   |
| Rents, rates, taxes and other charges                          | 50,100  | 52,002                           | 1,902                                      |
| Increase in provision for bad debts                            | 91,000  | 116,694                          | 25,694                                     |
| Cost of Capital Charge   | 1,684,600                                     | 1,632,233                        | (52,367)                                   |
| Depreciation/Impairment of fixed assets<br>- council dwellings | 4,961,300                                     | 16,217,739                       | 11,256,439                                 |
| Depreciation of fixed assets - other assets                    | 38,800  | 38,779                           | (21)                                       |
| Debt Management Expenses                                       | 15,800  | 17,915                           | 2,115                                      |
| HRA subsidy payable  | 6,393,400                                     | 6,479,977                        | 86,577                                     |
| Self-financing settlement-payment to DCLG                      | 0   | 78,253,000                       | 78,253,000                                 |
| <b>Total Expenditure</b>                                       | <b>27,875,200</b>                             | <b>117,394,207</b>               | <b>89,519,007</b>                          |
| <b>Net cost of services</b>                                    | <b>(145,800)</b>                              | <b>89,338,092</b>                | <b>89,483,892</b>                          |
| Amortised premia / discounts                                   | (34,500)                                      | (34,462)                         | 38   |
| Interest receivable - on balances                              | (10,800)                                      | (14,221)                         | (3,421)                                    |
| Interest receivable - on loans (mortgages)                     | (2,600)                                       | (2,780)                          | (180)                                      |
| <b>Net operating expenditure</b>                               | <b>(193,700)</b>                              | <b>89,286,629</b>                | <b>89,480,329</b>                          |
| <b>Appropriations</b>  |   |                                  |  |
| Appropriation relevant to Impairment                           | 0   | (11,256,472)                     | (11,256,472)                               |
| Appropriation relevant to depreciation and MRA                 | (38,800)                                      | (38,779)                         | 21   |
| Revenue contributions to capital                               | 184,200                                       | 184,549                          | 349  |
| Self-financing settlement                                      | 0   | (78,253,000)                     | (78,253,000)                               |
| <b>(Surplus) / Deficit</b>                                     | <b>(48,300)</b>                               | <b>(77,073)</b>                  | <b>(28,773)</b>                            |
| <b>Working balance brought forward</b>                         | <b>(688,300)</b>                              | <b>(688,346)</b>                 | <b>(46)</b>                                |
| <b>Working balance carried forward</b>                         | <b>(736,600)</b>                              | <b>(765,419)</b>                 | <b>(28,819)</b>                            |