

TORBAY COUNCIL

Report No: **151/2005**

Title: **Provisional Revenue Account Outturn 2004-2005**

To: Executive on 14 June 2005
 Overview and Scrutiny Board on 22 June 2005
 Council on 21 July 2005

1. Purpose

- 1.1 The purpose of this Report is to inform Members of the provisional revenue outturn for the Council for the financial year 2004/2005.

2. Relationship to Corporate Priorities

- 2.1 As this report outlines the provisional outturn position for the whole of the Council, this report will inevitably cover all the Council's priorities to some degree.

3. Recommendations

- 3.1 That the provisional outturn position for 2004/2005 be noted.
- 3.2 That Executive recommends to Council the carry forward sums into the new financial year and the appropriate spending as outlined in the report.
- 3.3 That Executive recommends to a Council that a contribution of £202,000 is made to the Council's General Fund balances.

4. Reason for Recommendations

- 4.1 To enable the Council to plan the future financial position of the authority.

5. Key Risks associated with the Recommendations

- 5.1 The first recommendation is for noting. If the committee does not approve the carry forwards as listed within this report the key risk is there will be a detrimental impact upon the delivery of individual Business Unit's service objectives. The Council needs to ensure its level of general fund balances are sufficient to assist with its medium term financial planning.

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12X	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		Impact			

Low risk
 Intermediate risk
 High risk

The "x" in the above matrix denotes where the author has assessed the level of final risk to fall

6. Alternative Options (if any)

6.1 None.

7. Background

7.1 The Council approved the budget for 2004/05 at its meeting on 4th March 2004. At this meeting Members approved a net revenue budget of £139.4 million for 2004/05 which was revised in August 2004, due to the Government's decision to cap Torbay.

7.2 As part of the Director of Finance's statutory responsibilities, regular budget monitoring reports have been presented to both the Executive and the Overview and Scrutiny Board during 2004/05. These reports identified the key spending pressures faced by the Council and the action officers took to ensure the Council spent within the agreed budget set for the year. This process ensured that there was effective public monitoring and scrutiny of the revenue budget throughout the financial year.

7.3 This report is comparing the budget position for 2004/05 to the provisional outturn as at the end of May 2005 with respect to the Council's structure as at 1 April 2004. This is consistent with the format used for budget monitoring throughout the year. As with previous reports, expenditure is taken back to that Directorate which has overall responsibility for the provision of that service. Thus, for example, central charges were taken back out of the service directorates and monitored, in the main, by the central directorates.

7.4 The outturn position indicated in this report at this stage is still provisional and the Council's accounts have yet to be audited by our external auditors PWC. As with most provisional outturn reports, it is expected that there will be some changes to the overall position for the Council, however, the variations to the figures are not expected to be materially significant.

7.5 The external audit of the accounts will commence on 15 August 2005. The resultant Statement of Accounts will be presented to Council on 21 July 2005 to accord with statutory requirements. Members will recall that the timetable for the statutory closure of accounts is being brought forward. Last year the accounts were presented to Members in August, this year July and from next year the statement of accounts must be presented to Council before the end of June 2006.

7.6 This report only deals with general issues arising from the final accounts and does not deal with the detail reasons for any variations in the outturn compared to the budgeted position. Financial reports will be prepared giving explanations of the variation between the budget and the final outturn position for each directorate.

8. Carry Forwards

8.1 Within the Council's Financial Regulations, paragraph 9.5 states that, subject to the approval of Council when considering the end of the financial year position, any net underspendings within a directly controllable revenue budget may be carried forward into the following financial year.

8.2 Under the terms of the Constitution, Directors and Executive Members have discussed the proposed carry forwards and have agreed these that should be recommended for approval. These monies will be used for expenditure in the current financial year to meet existing commitments or to ease pressures, which currently exist. The total carry forward to 2005/2006 is £1.209m and an analysis of these carry forwards is shown below.

Learning and Culture – Education

8.3 Carry forwards from the Learning and Culture (Education) directorate being put forward for approval total £43,000. Of this £12,000 is committed expenditure i.e., the expenditure had been committed prior to the end of the financial year to fund the relocation of the

professional development centre in July 2005 from South Devon College to a new site at Vantage Point. The remaining £31,000 carry forward request which requires Member approval will be used for strategic investment within Children's Services for development activities within the new integrated service.

- 8.4 In addition, schools will be carrying forward balances of £2.945 million from 2004/05 to 2005/06, which is an increase of £0.558 million against the previous year. There will also be a carry forward of £592,407 in respect of Standards Fund monies which is a mandatory requirement as it can be spent by schools over a 17 month period.

Learning and Culture – Culture

- 8.5 Carry forwards from the Learning and Culture (Culture) directorate being put forward total £62,000. All of this is committed expenditure. This sum includes:

- £3,000 for works to repair drains to prevent flooding;
- £5,000 for the removal of planters from Ellecombe Park;
- £3,000 to install posts around central grass areas between driveways in the Bay to prevent access to cars;
- £4,000 for improvements to facilities in Victoria Park;
- £6,000 for repairs and maintenance of playgrounds for health and safety reasons;
- £27,000 to continue essential repair and maintenance works in the Bay's Parks and Gardens;
- £14,000 for essential repairs and maintenance works in the Bay's beaches.

Environment

- 8.6 The Environment Directorate will be carrying forward £651,300 into 2005/06. All of this expenditure has been committed prior to the end of the financial year. A list of the carry forwards are shown below:

- £ 35,000 to fund delayed storm damage works undertaken in 2005/06;
- £ 166,800 to complete the maintenance programme for corporate buildings;
- £ 55,000 funding for the specialist toilet at Palace Avenue;
- £ 13,700 funding of the Brixham shuttle bus in 2005/06;
- £ 25,500 in respect of introducing Decriminalised Parking Enforcement;
- £ 203,700 with respect to the Planning Delivery Grant rolled over to fund a 4 year service improvement programme for Development Control;
- £ 16,200 to fund of a new CAPS I.T. system within Building Control;
- £ 59,700 with respect to the Planning Delivery Grant rolled over to fund initiatives in Strategic Planning;
- £ 10,000 for printing the Waste Strategy consultation document;
- £ 6,000 for waste management promotional work;

- £ 59,700 to use the 2004/05 DEFRA grant to acquire a specially commissioned waste collection vehicle.

Finance

- 8.7 Carry forwards from the Finance Directorate being put forward total £88,000. These are all grants from the Department of Pensions and Works for a variety of specific purposes including the Fraud Incentive Scheme and Performance Standards Framework within the Exchequer and Benefits division.

Corporate Governance

- 8.8 Carry forwards from the Corporate Governance directorate total £80,000. Included within this figure is £65,000 for the Crime and Disorder Partnership which has been committed in conjunction with the Council's Partners. Approval from Members is sought for a £15,000 carry forward to fund the consultation with residents for the consideration of Parish Councils.

Torbay Development Agency

- 8.9 Carry forwards from Torbay Development Agency which have been committed total £168,000 and include:
- Funding of Harbour light improvements amounting to £57,000;
 - Expenditure on the marketing budget which is funded through advertising income carried forward from 04/05 amounting to £111,000.

Adults Services

- 8.10 Carry forwards of £117,000 is proposed for Adults Services and the Directorate. Of this £40,000 is for committed expenditure and relates to the delay in implementing the new Tunstall system within Community Alarms. The following items are not committed and require Member approval:
- £28,000 to support the training budget for the integrated Adults Service;
 - £20,000 for Supporting People to assist with the Needs Assessment in order to implement the recovery plan;
 - £29,000 to fund funding repairs at Baytree House following storm damage.
- 8.11 In total, £1.209m is proposed to be carried forward into 2005/06 of which £123,000 is uncommitted, and it is recommended this be approved. This compares with the previous year when the level of carry forward was £888,000 of which £235,000 was for uncommitted expenditure.

9. Net Committee Expenditure

- 9.1 After taking into account the carry forward total of £1.209m net expenditure for 2004/05 is £138.383m which is a net underspend of £432,000 against the revised budget. The main variations are shown in the table overleaf.

Table 1

Net Revenue Expenditure 2004/05

	Revised Budget	Actual Spend	Carry Forward to 2005/2006	Provisional Outturn	Net Over /(Underspend)
	£'000	£'000	£'000	£'000	£'000
Learning and Culture (Education)	61,554	61,437	43	61,480	(74)
Learning and Culture (Culture)	3,568	3,554	62	3,616	48
Environment	16,045	15,158	651	15,809	(236)
Other Services					
- HR	1,500	1,536	0	1,536	36
- Finance	11,900	10,439	88	10,527	(1,373)
- Law & Admin	2,160	2,457	0	2,457	297
- Corporate Gov.	2,885	2,751	80	2,831	(54)
Social Services					
- Adults	24,936	24,680	69	24,749	(187)
- Children's	9,960	10,510	0	10,510	550
- Directorate	1,824	1,477	48	1,525	(299)
Housing	1,201	1,754	0	1,754	553
Torbay Development Agency	1,282	1,106	168	1,274	(8)
Storm Damage	0	315	0	315	315
TOTAL	138,815	137,174	1,209	138,383	(432)
Supporting People					
- 2004/05	6,134	6,666	0	6,666	532
- 2003/04 c/f	0	230	0	230	230
OUTTURN					330
Funded By					
Revenue Support Grant	55,702				
National Non- Domestic Rates	36,554				
Council Tax Income	46,559				
Total Income	138,815				

- 9.2 In addition, there is a projected overspend of £762,000 for Supporting People, £532,000 in 2004/05 and £230,000 from 2003/04. If the Supporting People expenditure is taken into account the overall position is a £330,000 overspend.
- 9.3 The variations have arisen for the reasons explained during the year in the monitoring reports but in summary the principal reasons for any underspends or overspends within each directorate are explained below.

Learning and Culture

- 9.4 Learning and Culture - Education is expected to underspend by £74,000 at year-end. A number of underspends include special education needs due to staff vacancies and recoupment savings due to lower expenditure on placing pupils with other Local Authorities and reduced costs for home to school transport provision. These have been offset to some extent by budget pressures for independent school fees and pupils with statements, Education Other than at schools. increased Interim Tuition, increased referrals to the Pupil Referral Unit and expenditure within the Schools contingency budget.
- 9.5 Learning and Culture – Culture is expected to overspend by £48,000. The main variations are due to overspends within libraries, museums and arts and events which have been partly offset by net underspends within recreation and sports, and beach related activities.

Environment

- 9.6 Environment directorate is expected to underspend by £236,000. There have been a number of variations in spend when compared to budgets with the main underspend due to improved income from Section 38 highway supervision fees, additional income from Transportation Services and Environmental Health plus savings due to vacancy management across the directorate and other operational and administrative savings.
- 9.7 These have been partly offset by overspends in the provision of toilets, increased costs of maintaining Corporate Buildings and a net increase in costs for the collection & disposal of waste.

Human Resources

- 9.8 Human Resources is projected to overspend by £36,000. This is due primarily to the costs of Superannuation relating to employees who have retired and additional staffing costs.

Finance

- 9.9 The Finance directorate is projecting an underspend of £1.373m. The main reasons for the underspend include Treasury Management savings including a one – off cash saving from the restructuring of £6.8m of long-term debt and an underspend due to lower interest costs for the Council with respect to its borrowing and higher interest on its investments. Rate refunds for a number of car parks and the International Riviera Centre resulted in additional income to the Council. The Council also received compensation from the ODPM due to the removal of the Local Authority Social Housing Grant which was not budgeted for.

9.10 Corporate Governance

The Corporate Governance directorate is expecting to underspend by £54,000 for the year. The main areas accounting for the underspend are within Members Allowances, additional income generation within the registrar's service and reduced external audit fees which were offset by overspends for the Elections function due to 4 by-elections in the year.

Assistant Chief Executive – Law and Administration

- 9.11 The Assistant Chief Executive's department is projecting an overspend of £297,000. The main reason for the overspend is due to lower than anticipated income from Land Charges due to a downturn in the housing market. There has been additional spend within the Coroners due to the one-off costs of establishing the new Coroner's Office and a change to the mix of cases considered by the Coroner resulting in higher unit costs per case.

Social Services

- 9.12 Adults Services within the Directorate is expected to underspend by £187,000. The main reason for the underspend is due to in-house domiciliary care, community meals and

purchased nursing care. This has been offset by spending pressures within learning disabled budgets and mental health care – the latter which is provided by the Devon Partnership Trust.

- 9.13 The Directorate's costs are projected to underspend by £299,000. The main reason for this is due to the capitalisation of the Paris system and savings within the training budget.
- 9.14 Children's Services are though expected to overspend by £550,000. Budget pressures have been reported throughout the year for this service and the key pressures which are the increased costs for boarding out and increased costs within the Children's disabilities service.

Housing

- 9.15 The Housing division has been reporting to overspend throughout the year due to the costs of homeless people within the Bay amounting to an overspend of £553,000.

Supporting people

- 9.15 Supporting People is expected to overspend by £532,000. The main reason for the overspend was due to the cost of services being provided within the Supporting People Programme has been in excess of the grant allocation received from the government. In addition, the Council carried forward a £230,000 overspend from 2003/04.

Torbay Development Agency

- 9.17 The TDA is expected to underspend by £8,000 for the year. The main reason for the underspend is due to the management of vacant posts and improved income stream from Council leased properties.

Storm Damage

- 9.18 The costs incurred due to the storm in October 2004 are expected to be £315,000. Members will recall that the Council did make a claim under the Bellwin scheme to finance some of the costs of the repairs required as a result of the storm damage. On 2 June, the Council received a letter from the ODPM stating that the claim was unsuccessful. This was because the Council did not meet all of the criteria as set out within the Bellwin scheme.

10. Overall Financial Position

- 10.1 Before taking into account the expected overspend within Supporting People the net impact of all the variations reported above is a net underspend of £432,000 in the revenue budget at the end of the financial year.
- 10.2 However, when the overspend from Supporting People is included this results in an overspend of £330,000. It is recommended that the Council take the opportunity to offset the 2003/04 overspend within Supporting People and carry forward the 2004/05 overspend. Approval to carry forward this deficit was granted to all local authorities in a letter from Wendy Jarvis from the ODPM on 14 January 2004. This is in line with previous decisions by the Executive to manage the deficit over more than one financial year as allowed by the government. The government is expecting all local authorities to make efficiency savings within the Supporting People Programme. Officers are working towards achieving these efficiencies and are in the process of implementing a Recovery Plan which will assist with this process.

- 10.3 If the 2003/04 Supporting People overspend is offset, this would mean the Council would declare an underspend of £202,000 for the year. In light of the level of the Council's General Fund reserves, it is recommended that a contribution of £202,000 be made to the Balances. Members will recall that PWC, the Council's external auditors have commented on the level of the General Fund Balances, which are one of the lowest for Unitary authorities.

11 Impact on 2005/06 and Later Years

- 11.1 Many of the variations that have been identified as part of this closing process were identified during the financial year and were addressed or considered as part of the budget setting process for 2005/06.

- 11.2 However, this does not mean that there are no concerns arising from these final figures and Members will need to be especially vigilant in the 2005/06 financial year in certain key areas. The areas of particular concern include:

(a) Housing

Despite the action taken in 2004/05 and the extra money put in for 2005/06, there must be a worry that this budget will be under great strain in the current year unless the trend in homelessness can be reversed.

(b) Supporting People

The Council will continue to face pressures in this service until existing contracts can be reviewed and compensating reductions implemented. Given the time delay built into the process, including the appeals procedure, the Council could be facing a similar sized overspend against grant in 2005/06, which would then mean that there was a £1m deficit in grant funding. Whilst deficits have been carried forward from 2004/05 to 2005/06, this approval can not be guaranteed to last in future years and the Council may be faced into having to address this shortfall in the near future.

(c) Children's Services

The Council will continue to face pressures within this service unless the number of Children taken into care starts to fall. A combination of increased referrals and increased costs due to the use of agency staff within the service has contributed to budget pressures in the last two years. Members will recall the additional investment to the service in response to the inspection of Children's Services, as agreed at Executive on 17 May 2005. Members will want to monitor the impact of this investment as part of the regular monitoring reports throughout the financial year.

- 11.3 The above budgets are amongst those volatile budgets which are monitored and forward projections made on a monthly basis and will be included in the future budget monitoring reports coming to this meeting.

12 Conclusion

- 12.1 Torbay has been faced with a number of budget pressures during 2004/05. Children's Services and the Housing Service have experienced increasing demands from clients which has put considerable pressure on the Council's resources. Budget pressures have persisted within the Supporting People Programme due to the grant allocation from government being insufficient to meet the costs of the programme.

- 12.2 In addition, the Council had to approve a revised budget in August 2004 due to the government's decision to "cap" Torbay in 2004/05. This revised budget was over £600,000 lower than originally set in March 2004.

- 12.3 The Council has responded positively to these challenges and still ensured that overall expenditure was contained within the Council's overall budget. In addition Torbay is now rated as a "Fair" authority under the CPA – one of the most improved authorities in the country.

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Director of Finance

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IMPLICATIONS, CONSULTATION AND OTHER INFORMATION

Part 1

These sections may have been completed by the Report author but must have been agreed by the named officers in the Legal, Finance, Human Resources, Estates and Property and Procurement.

Does the proposal have implications for the following issues? If "Yes" - give details. <i>delete as appropriate</i>		Name of responsible officer
Legal	No	Bill Norman
Financial – Revenue	Yes – contained within the report	Paul Looby
Financial – Capital Plan	Yes – contained within the report	Paul Looby
Human resources	No	Geoff Williams
Property	No	Sam Partridge
Procurement and Efficiency	No	Steve Parrock

Part 2

The author of the report must complete these sections.

Could this proposal realistically be achieved in a manner that would more effectively: <i>delete as appropriate</i>		
(i)	promote environmental sustainability?	No
(ii)	reduce crime and disorder?	No
(iii)	promote good community relations?	No
(iv)	promote equality of opportunity on grounds of race, gender, disability, age, sexual orientation, religion or belief?	No
(v)	reduce (or eliminate) unlawful discrimination (including indirect discrimination)?	No

If the answer to any of the above questions is "Yes" the author must have addressed the relevant issue/s in the main report and have included a full justification and, where appropriate, an impact assessment.

Part 3

The author of the report must complete this section.

	<i>delete as appropriate</i>	If "Yes", give details
Does the proposal have implications for any other Business Units?	Yes	The provisional outturn and the approved carry forwards will assist in the delivery of Business Unit's service priorities.

Part 4

Is this proposal in accordance with (i.e. not contrary to) the Council's budget or its Policy Framework?		<i>delete as appropriate</i>
		Yes
1.	If "No" - give details of the nature and extent of consultation with stakeholders and the relevant overview and scrutiny body.	
2.	If "Yes" - details and outcome of consultation, if appropriate.	

Part 5

Is the proposal a Key Decision?	<i>delete as appropriate</i>	If "Yes" - give Reference Number
	No	

Part 6

Wards

All

Appendices

None

Documents available in Members' Room

None

Background Papers:

None