

NORTH LINCOLNSHIRE COUNCIL

CABINET

OUTTURN 2007/08

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To report on council spending in 2007/08.
- 1.2 The report presents the outturn position for council spending in 2007/08. It shows
 - Revenue spending is £0.3m (or 0.3%) within budget, despite additional expenditure on flood recovery during the year
 - There is a surplus on schools related spending
 - Spending on capital investment and related expenditure is £31m
- 1.3 The report invites cabinet to consider the outturn position, consider the carry forward of revenue and capital funds to 2008/09 and approve the closure of the Housing Revenue Account.

2. BACKGROUND INFORMATION

- 2.1 This is the end of year report on council spending. It compares actual spending in 2007/08 to the budget approved by council. The figures in this report are provisional until the accounts are closed, but give an overview of financial performance.
- 2.2 The council manages its spending on services within a statutory framework and makes sure spending is within cash-limited budgets:
 - General Fund services are paid for from government grant, council tax and service charges. This is revenue spending.
 - Investment in long-term assets such as roads and buildings are paid for from borrowing, external finance, capital receipts from the sale of council assets, and revenue. This is the capital programme.

REVENUE

- 2.3 Overall council services underspent by £0.3m or 0.3% in 2007/08. This is a creditable achievement given the significant additional expenditure on flood recovery required during the year. Additional income from the PCT for the costs of continuing care previously met by the council provides a further bonus. Taken together with an underspend on

schools and pooled budgets it takes the overall position to £1.4m underspent.

- 2.4 General Fund expenditure is shown service by service at appendix 2, together with the impact on reserves. The variances between actual spending and budget are explained service by service at appendix 1.
- 2.5 Within the General Fund schools manage their own budgets under the Education Reform Act 1988 and are able to carry forward surpluses from year to year in earmarked reserves. In 2007/08 schools make a net contribution to their reserves of £364k after applying in full their share of the brought forward DSG surplus from 2006/07 (£370k). Central budgets funded from Dedicated Schools Grant (DSG) have incurred additional costs including the write off of overspends on school closure, special educational needs and the under fives budget. These have been covered by the central budget share of the DSG surplus from 2006/07 (£315k) leaving a reduced carry forward of £53k into 2008/09.
- 2.6 The revenue figures include budgets for learning disability and mental health which the council pools with the PCT. These resources are usually ring-fenced and taken together there is a projected underspend of £173k. In addition there is £572k of additional continuing care income to the pools and the rest of adult services combined. This is payment from the PCT for costs previously met by the council. It results from a change in legislation which took place in October 2007, and the financial implications are only now becoming apparent.
- 2.7 The General Fund includes two other ring-fenced spending areas, the Property Trading Account and the Building Control Account (appendix 2). There is a small call on both reserves.
- 2.8 The council has in the past operated a separate Housing Revenue Account (HRA) as required by law to manage its housing stock. At the end of 2007/08 the Account has a balance of £1.5m. With the transfer of the stock to North Lincolnshire Homes in February 2007 the council now has authorisation from the secretary of state to close this account.

CAPITAL

- 2.9 Appendix 3 shows service by service the £28.8m invested during 2007/08 in capital assets. This equates to a net underspend of £0.5m against the latest approved budget for council schemes.
- 2.10 There is further spend of £2.2m on related initiatives which takes the total to £31m: £1.3m of capital receipts to cover North Lincolnshire Homes set-up costs as planned; £0.2m of leased vehicles for fleet services funded from revenue; and £0.5m on the Sub Regional Housing Project which the council leads for the four Humber area authorities. The Housing project has a significant underspend (£3.1m).
- 2.11 Appendix 4 shows spending scheme by scheme. There has been advance spending on some schemes; spending on others is deferred. There are some minor over and underspends.

3. OPTIONS FOR CONSIDERATION

- 3.1 A number of services have submitted requests for carry forward to fund initiatives. The council's policy on over and under-spends is relevant here. Essentially consideration can be given to bids from services which underspend. For services which overspend this is not appropriate. Bids are proposed below where services have underspent or the issue is a corporate one:

		£000
Human Resources	Restructure costs	82
Asset Management and Culture	Office accommodation initiatives	60
Highways & Planning	To develop an inventory of Highway trees and to advance other environmental developments from 2009/10	39
Total		181

- 3.2 Members are asked to consider the requests and may also wish to consider whether services overspending their 2007/08 budget should make a repayment in 2008/09.
- 3.3 The treatment of pooled budget carry forwards will need to be considered. These stand at £173k excluding the continuing care refund. It is established practice to approve these carry forwards.
- 3.4 Cabinet are invited to approve the rephasing of capital expenditure detailed in Appendix 4. The general approach is to allow carry forward of unspent funds to 2008/09, and to reduce the 2008/09 scheme budget where there has been advance spending.

4. ANALYSIS OF OPTIONS

- 4.1 Approval of the carry forward requests from services that have underspent in 2007/08 is consistent with past practice and rewards good budget management. These are affordable within the council's policy on reserves. The same principles apply to pooled budget carry forwards.
- 4.2 Housing Revenue Account balances are £1.5m at 31 March 2008. This is after making provision for outstanding expenditure commitments of £350k (see appendix 2). The balance can now be transferred to general fund.
- 4.3 Realignment of the capital programme between years facilitates effective monitoring. The required rephasing of schemes between 2007/08 and 2008/09 is detailed at appendix 4

- 4.4 There is minimal impact on the prudential performance indicators approved by council in February. The proposals at appendix 4 are largely a realignment of existing programmed spending between years.

5 RESOURCE IMPLICATIONS

- 5.1 The main financial implications are detailed in section 3.
- 5.2 Sufficient balances are needed to allow the council to manage financial and other risks and to cover unforeseen circumstances. At the start of 2007/08 balances were £5.1m. Council in February approved a strategy for reserves which would have increased general balances to £6m by the end of 2008/09. In fact the transfer of HRA balances of £1.5m can now proceed in 2007/08. This means that at 31 March 2008 general balances stand at £6.6m.
- 5.3 Because of the council's favourable overall position the £0.25m planned to be used from the insurance reserve is not required and the call on the Revenue Account Support Reserve is reduced from £1.2m to £1m.

6 OTHER IMPLICATIONS

- 6.1 The 2003 Local Government Act and associated regulations provide the statutory accounting framework.

7 OUTCOMES OF CONSULTATION

- 7.1 Not required

8 RECOMMENDATIONS

- 8.1 To receive the revenue and capital outturn position for 2007/08
- 8.2 To approve carry forward of revenue budgets to 2008/09 at paragraphs 3.1 and 3.3 and to determine any repayment of overspends
- 8.3 To approve the revised capital programme for 2008/09 (appendix 4)
- 8.4 To formally close the Housing Revenue Account, set aside an appropriate amount for outstanding costs and to transfer the remaining balance to general fund.

SERVICE DIRECTOR FINANCE

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REVENUE VARIANCES

APPENDIX 1

Adult Services (£210k overspend)

A net overspend on residential and homecare agency payments, Older People Services; reduced by savings on the training budget and through vacancy management. (Note that when taken together with the position on pooled budgets, the net overspend is £37k).

Asset Management & Culture (£462k overspend)

These are £340k costs of reinstating IT facilities and restoring property for elements of flood damage not covered by insurance. Shortfalls in markets, tourism and at Waters Edge are covered by recharges to the property trading account shown elsewhere; there is a further overspend on repairs and maintenance

Corporate Budget (£117k overspend)

Spending of £170k on a coroner's inquest is partially offset by vacancy savings and other general savings.

Community Planning & Resource (overspend £69k)

This is primarily a loss of income in the reprographics unit following the summer floods.

Learning Schools and Communities (£73k overspend)

School improvement costs have exceeded budget.

There are minor overspends in Legal and Democratic Services (£15k) and Children, Strategy and partnerships (£13k)

Neighbourhood and Environment (£13k underspend)

Lack of a market for the sale of landfill credits generates an income shortfall of £226k; partially offset by reduced waste disposal costs following the success of the cardboard and plastics recycling schemes; with further savings from vacancy management and redirection of grant. There is a further income shortfall on the catering and cleaning service of £100k; and additional backdated costs of £100k relating to public conveniences. These costs have been offset by savings from a change in financing of the vehicle fleet.

Highways & Planning (£39k underspend)

A projected overspend on the Better Routes budget of £151k includes £106k of flood related costs not eligible for Bellwin grant. These and other costs are offset by £145k of additional income from planning fees and further general savings.

Finance (£88k underspend)

Financial Services and Audit and Risk Management have made staff cost savings and generated additional income for services provided. These offset

an additional cost of £64k in the Benefits service relating to benefits subsidy.

Human Resources (£102k underspend)

There are savings on staff vacancies and other staff related costs.

Capital financing (£995k underspend)

There are savings in the costs of financing debt and higher interest receipts. A decision has also been taken to substitute borrowing for £300k of revenue finance.

REVENUE BUDGET 2007/08

	Approved Budget	Actual	APPENDIX 2 Difference
	£000	£000	£000
Adult Social Care	23,641	23,851	210
Asset Management & Culture	7,915	8,377	462
Capital Financing	9,534	8,539	-995
Children, Strategy & Partnership	12,873	12,886	13
Community, Planning & Resources	5,601	5,670	69
Corporate Budgets	7,458	7,575	117
Finance	4,110	4,022	-88
Highways and Planning	7,134	7,095	-39
Human Resources	1,835	1,733	-102
Learning, Schools & Communities	9,940	10,013	73
Legal and Democratic Services	2,417	2,432	15
Neighbourhood & Environmental	14,413	14,400	-13
Large Scale Voluntary Transfer - Housing	1,500	1,500	0
Net Service Expenditure	108,371	108,093	-278
Education– Schools	90,210	89,793	-417
Adult Service Pooled Budgets	5,819	5,646	-173
Building Control	8	29	21
Property Trading Account	-2,099	-2,079	20
Continuing Care Refund from PCT	0	-572	-572
Total Cost	202,309	200,910	-1,399
General fund reserves	-236	0	236
Revenue account support reserve	-1,180	-986	194
Insurance reserve	-250	0	250
Large Scale Voluntary Transfer Reserve	-1,500	-1,511	-11
Property Trading Account	0	-20	-20
Building Control Reserve	-8	-29	-21
schools reserves	0	364	364
earmarked DSG reserves	-685	-632	53
2006/07 carry Forwards	-167	-167	0
2007/08 Carry Forwards	0	354	354
Transfers to Reserves	-4,026	-2,627	1,399
Total General Fund	198,283	198,283	0
Financed by			
Formula grant	50,599	50,599	0
Dedicated Schools Grant	89,525	89,525	0

Council Tax	58,159	58,159	0
Total Financing	198,283	198,283	0
HOUSING REVENUE ACCOUNT			
Net surplus(-)deficit(+)	610	173	-437
Earmarked Reserve	-610	-260	350
Total	0	-87	-87
Balance brought forward		-1,414	-1,414
Balance at year end	0	-1,501	-1,501

CAPITAL PROGRAMME BY SERVICE 2007/08

Appendix 3

Service	Approved budget £000's	Actual £000's	Difference £000's
Adult Social Care	117	178	61
Asset Management & Culture	5,908	6,183	275
Children & young Peoples Service			0
-Children, Strategy & Partnership	343	419	76
-Learning , Schools & Communities	6,711	6,493	-218
Community Planning & Resource	69	71	2
Corporate Budgets	368	335	-33
Highways & Planning	8,336	8,087	-249
Neighbourhood & Environment	6,285	5,942	-343
Local Area Agreement	1,195	1,118	-77
Service Total	29,332	28,826	-506
Sub-Regional Housing Project	3,790	652	-3,138
North Lincolnshire Homes Set-up Costs	1,356	1,356	0
Fleet Vehicle Leasing	209	209	0
Housing	0	-6	-6
Total	34,687	31,037	-3,650
<u>Financing</u>			
Grants & External Funding		14,824	
Borrowing		13,000	
Capital receipts		2,352	
Direct Revenue Funding		0	
Leasing		209	
Financed prior period		652	
	0	31,037	0

Capital Programme by Scheme

Appendix 4

Scheme	Rephasing Effecting 2008/09 Budget							
	Budget 2007/08	Actual Forecast	Variance	Grant Funding	External Funding	Direct revenue Funding	Internal Resource	Total
	£000's	£000's	£000's	£000's		£000's	£000's	£000's
Adult Social Care Capital								
Sandfield Phase I (04-05)	0	2	2	0	0	0	0	0
Sandfield Phase 3 (07-08)	18	0	-18	0	0	0	18	18
Improving the Care Home Environment	84	160	76	-76	0	0	0	-76
Minor Works	15	16	1	0	0	0	0	0
Total Adult Social Care Capital	117	178	61	-76	0	0	18	-58
Asset Management & Culture								
Normanby Hall Social History	0	2	2	0	0	0	0	0
Aid To Communities	140	169	29	0	0	0	0	0
Normanby Hall Access	7	8	1	0	0	0	-1	-1
Sports Academy	927	1,068	141	0	0	0	-141	-141
Museum Loan Service Relocation	3	6	3	0	0	0	0	0
Ancholme L/C-Fitness Suite	0	7	7	0	0	0	0	0
Baysgarth Pool Redevelopment	2,506	2,689	183	0	0	0	-183	-183
On-Line Bookings - Sports Facilities	29	0	-29	0	0	0	29	29
Property Trading Ac Develpmnts	1,304	1,304	0	0	0	0	0	0
Implementing E- Government	0	0	0	0	0	0	0	0
Government Connect	64	63	-1	0	0	0	0	0
Capitalised I.T Staff Cost 07/8	50	41	-9	0	0	0	0	0
Pittwood Computer Room	25	23	-2	0	0	0	0	0
Design Preliminaries	197	191	-6	0	0	0	0	0
Minor Works Capital	104	97	-7	0	0	0	0	0
Disabled Access	72	60	-12	0	0	0	10	10
Energy Management	90	87	-3	0	0	0	0	0
Building Enhancement	283	283	0	0	0	0	0	0
Capitalised Property Enhance	67	66	-1	0	0	0	0	0
Office Accommodation Schemes	40	19	-21	0	0	0	20	20
Total Asset Man & Culture Capital	5,908	6,183	275	0	0	0	-266	-266
Childrens & Young Peoples Service								
Children, Strategy & Partnership								
The Cygnets	0	10	10	0	0	0	0	0
Ashby Children's Centre	11	11	0	0	0	0	0	0
Cambridge House Disabled Access	139	145	6	0	0	0	0	0
The Cygnets-Ceiling Hoists	18	16	-2	0	0	0	2	2
Off-Road Parking, Poplar Drive	19	18	-1	0	0	0	0	0
Child Protection Team Security	5	6	1	0	0	0	0	0

YOT Infrastructure	88	97	9	0	0	0	0	0
Disabled Facilities	48	51	3	0	0	0	0	0
Carefirst Computer Facility	15	65	50	0	0	0	-50	-50
Total Childres & Families Capital	343	419	76	0	0	0	-48	-48

Learning , Schools & Communities

Formula Capital Devolved To Schools	2,500	2,357	-143	143	0	0	0	143
Residual Scheme Costs	0	31	31	0	0	0	0	0
South Ferriby Primary	89	44	-45	0	0	0	45	45
Access In Schools	202	215	13	0	0	0	-13	-13
Barton Adult Education Centre	169	151	-18	0	0	0	18	18
Brigg Primary School	86	28	-58	0	58	0	0	58
Huntcliff School	3	3	0	0	0	0	0	0
Sure Start Children's Centre	1,474	1,474	0	0	0	0	0	0
Barton St Peters - 2 Classroom Extension	166	138	-28	0	28	0	0	28
Worlaby Primary - 3 Classroom Extension	160	185	25	-25	0	0	0	-25
Heslam Park Study Centre	0	35	35	0	0	0	0	0
Crowle Youth Club Gates	5	3	-2	0	0	0	0	0
Schools Sustainability Initiatives	260	265	5	-5	0	0	0	-5
St Lukes Demolition	45	34	-11	0	0	0	11	11
Parkwood Primary - Surplus Place	45	24	-21	0	0	0	21	21
Flood Recovery Grant	50	9	-41	0	0	0	0	0
St Hughs - Specialist School	80	47	-33	33	0	0	0	33
Building Schools for the Future	777	741	-36	0	0	0	36	36
Big Lottery - P.E In Schools	500	636	136	-136	0	0	0	-136
Kirton Primary Extension	100	73	-27	0	0	0	27	27
Total Learning , Schools & Communities	6,711	6,493	-187	10	86	0	145	241
Total Children & Young Peoples Service	7,054	6,912	-142	10	86	0	97	193

Corporate Budgets Capital

Urban Renaissance Capital	232	200	-32	32	0	0	0	32
Cleaner Safer Greener	101	101	0	0	0	0	0	0
Rural Target Fund	30	29	-1	0	0	0	0	0
Rural Renaissance	0	3	3	0	0	0	0	0
Scunthorpe Town Centre	5	2	-3	0	3	0	0	3
Total Corporate Budgets Capital	368	335	-33	32	3	0	0	35

Highways & Planning

Street Lighting	500	500	0	0	0	0	0	0
Local Transport Plan	4,911	4,811	-100	0	0	0	100	100
LTP Adjustment - capitalisation policy	116	116	0	0	0	0	0	0
Local transport Plan - section 106	111	111	0	0	0	0	0	0
Alkborough Flats Business Supp	229	229	0	0	0	0	0	0
Normanby Enterprise Park	630	630	0	0	0	0	0	0
Waters' Edge Visitor Centre	132	173	41	0	0	0	0	0

Countryside Rights of Way	56	43	-13	0	0	0	13	13
Safety Camera Partnership	64	58	-6	6	0	0	0	6
Environmental Team Flood Damage Footpaths	65	66	1	0	0	0	0	0
S Humber Bank Heritage Project	1,522	1,350	-172	0	172	0	0	172
Total Highways & Planning	8,336	8,087	-249	6	172	0	113	291

Neighbourhood & Environment

Renovation Grants	1,104	1,106	2	0	0	0	-2	-2
Disabled Facilities Grants	854	892	38	0	0	0	-38	-38
Air Quality	0	10	10	0	0	0	0	0
Cashless Payment System	8	7	-1	0	0	0	1	1
Fleet Replacement Programme	1,800	1,794	-6	0	0	0	0	0
Brigg Depot	10	13	3	0	0	0	-3	-3
Advance Crosby	1,059	1,097	38	-38	0	0	0	-38
Youth Build Programme	286	256	-30	0	0	0	0	0
Replace Fuel Tanks-Station Rd	15	0	-15	0	0	0	15	15
Homelessness Initiatives	21	18	-3	0	0	0	3	3
Extra Care Housing	100	0	-100	0	0	0	100	100
Demolition Of Transfer Station	56	31	-25	0	0	0	25	25
Bins For Large Families(360l)	17	17	0	0	0	0	0	0
Waste Performance Enhancement	83	42	-41	41	0	0	0	41
Plastics Recycling	872	659	-213	0	0	0	213	213
Total Neighbourhood & Environment	6,285	5,942	-343	3	0	0	314	317

Community Planning & Resource

Implementing E-Government	22	21	-1	0	0	0	0	0
Libraries Capital	47	50	3	0	0	0	0	0
Total Community Planning & Resource	69	71	2	0	0	0	0	0

Local Area Agreement	1,195	1,118	-77	77	0	0	0	77
Total Local Area Agreement	1,195	1,118	-77	77	0	0	0	77
Sub Regional Housing Project	3,790	652	-3,138	3,138	0	0	0	3,138
North Lincolnshire Homes set-up cost	1,356	1,356	0	0	0	0	0	0
Fleet Vehicle Leasing	209	209	0	0	0	0	0	0
Housing	0	-6	-6	0	0	0	0	0
TOTAL PROGRAMME	34,687	31,037	-3,650	3,190	261	0	276	3,727