

Outturn 2010/11 and other Financial Referrals to Council 14 September 2011

Report of Cabinet

PURPOSE OF REPORT

This report seeks Council's consideration of various matters in connection with the overall outturn position for 2010/11 and updates Council on a matter that has arisen as part of Quarter 1 monitoring in the current year.

This report is public.

RECOMMENDATIONS

- 1. That the requests for carry forward of underspent budgets as set out at Appendix A be approved.**
- 2. That the Annual Treasury Management report as set out at Appendix B be noted and the supporting year end Prudential Indicators as set out at Appendix C be approved.**
- 3. That Council's notes the position regarding works and costs in connection with Ashton Memorial Steps.**

1 Introduction

- 1.1 At the Cabinet meeting held on 26 July, Members approved numerous recommendations regarding the revenue, capital and treasury outturn for last year. The following sections provide details of those aspects requiring Council approval, together with an issue that has arisen more recently and needs to be brought to the attention of Council.

2 Carry forward of Revenue Budgets

- 2.1 Various requests have been made by Service Managers where, for a variety of reasons, they did not spend the full budget allocations in last year and now wish to carry the funding forward, to support spending in this year. Any such requests that involve amounts greater than £10,000 must all receive full Council approval and therefore several items have been referred on from Cabinet.
- 2.2 Under current Financial Regulations, the aims of the Carry Forward Scheme are to:
 - provide some flexibility in delivering the Council's stated objectives

- remove the incentive to spend up budgets unnecessarily by year end, and
- promote good financial management.

2.3 **Appendix A** sets out the requests requiring Council approval and in total, these amount to £398,400 for General Fund and £30,000 for Housing Revenue Account (HRA). The carry forward requests as attached are either tied in with existing contractual or statutory commitments, or they are requesting a change in use of the original budget underspend or for it to be applied to new schemes or anticipated commitments. All requests have been supported by Cabinet.

2.4 Assuming that all requests are approved as set out, this would have the following effect on revenue balances at the end of the current year:

Fund	Estimated Balances as at 31 March 2012			Basic Minimum Balances Level
	Per Approved Budget	Assuming all requests approved	Variance (Surplus Balances)	
	£'000	£'000	£'000	
Housing Revenue Account (HRA)	350	407	(57)	350
General Fund	1,326	1,984	(658)	1,000

2.5 It can be seen that even after allowing for the carry forward requests, as a result of net underspending in last year there would still be some surplus resources available for both the HRA and General Fund. These balances will be taken into account in the forthcoming review of the Council's Medium Term Financial Strategy and the budget process generally.

3 Treasury Management and Prudential Indicators

3.1 The annual treasury management report is attached at **Appendix B** and sets out the performance of treasury operations for 2010/11 in terms of long and short term borrowing, investment activities and relevant borrowing limits and prudential indicators. Under the Code of Practice on Treasury Management in Local Authorities, it is a requirement that an information report on these matters be presented to Council as well as Cabinet.

3.2 In addition to the treasury related prudential indicators, there are others that draw on the capital outturn for the year. A full schedule is attached at **Appendix C** for Council approval, in accordance with the Prudential Code for Capital Investment. Only those indicators relating to out-turn (as highlighted) require approval, all other indicators having been approved by Council previously.

4 Reporting of Urgent Works (in accordance with Financial Regulations)

4.1 Separate to the outturn but as highlighted in the first quarter's formal monitoring to Cabinet this year, a further issue is brought to Council's attention:

- A partial collapse of a section of the lower steps below the Ashton Memorial has necessitated some urgent technical support to be commissioned. This is to inform what works are needed and any associated options; in the meantime

the steps have been blocked off to prevent public access. A separate report is being produced on this matter, but for now Council is requested to note that structural engineering and stone mason costs totalling £6,200 have been committed to date. Whilst no specific budget exists, the provisions within Financial Regulations have been relied upon (to allow expenditure to be incurred where there is the threat of major structural damage etc). Specific financing will be addressed in the separate report but in the interim, it is assumed that other underspendings in this year will be used to cover the technical support costs incurred. There is clearly the risk, however, that further significant expenditure will be needed in due course.

5 Details of Consultation

- 5.1 No specific external consultation has been undertaken. The outturn was considered by Budget and Performance Panel at its meeting on 30 August.

6 Options and Options Analysis (including risk assessment)

- 6.1 In respect of Carry Forward Requests, the basic options available to Council are either:

- To approve any number of the items / requests, in full or part; or
- To refuse any number of the requests and if commitments have already been incurred, require alternative funding options to be identified. Council should note, however, that in all likelihood this would impact adversely on other areas of service delivery. Whilst this risk would need acknowledging, clearly it is not possible to assess the full potential impact at this stage.

No other options are put forward given timescales and it being well into the current financial year.

- 6.2 No options are put forward in respect of the treasury management report and prudential indicators, and the position regarding Ashton Memorial steps. This is because they are predominantly for information only, or based on past events.

7 Conclusion

- 7.1 As a result of underspending in last year it is felt appropriate to support the carry forward requests attached, to support service delivery, but this still ensures that surplus balances will be available to help fund future years' budgets or other liabilities arising. The consideration of treasury matters will take the Council one step closer to completing the reporting of its outturn for last year.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Any specific key issues arising are reflected in the individual carry forward requests.

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has no further comments to add.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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