

**Provisional Revenue and Capital Outturn 2011/12
18 July 2012**

Report of Cabinet

PURPOSE OF REPORT

This report seeks Council's consideration of various matters in connection with the overall outturn position for 2011/12.

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.**
- 3. That the year end Prudential Indicators as set out at Appendix C be approved.**

1 Introduction

- 1.1 At the Cabinet meeting held on 03 July, Members approved numerous recommendations (subject to call-in) regarding the revenue, capital and treasury outturn for last year. The following sections provide details of those aspects requiring Council approval.

2 Carry forward of Revenue Budgets

- 2.1 Various requests have been made by Service Managers where, for a variety 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 £241,700 for General Fund and £29,100 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 unallocated resources.

- 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 2013			Basic Minimum Balances Level £'000
	Per Approved Budget	Assuming all requests approved	Surplus Balances (above minimum level)	
	£'000	£'000	£'000	
Housing Revenue Account (HRA)	350	663	(313)	350
General Fund	1,278	1,638	(638)	1,000

(Note: the above figures have been updated since being reported to Cabinet)-

- 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 (MTFS) and the budget process generally. The MTFS review will pick up on the housing regeneration funding position, including any match funding needs linked to the Empty Homes grant offer.

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 2011/12 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 Details of Consultation

- 4.1 No specific external consultation has been undertaken. The outturn will be considered by Budget and Performance Panel at its meeting on 17 July.

5 Options and Options Analysis (including risk assessment)

- 5.1 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 Conclusion

- 6.1 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.

<p>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.</p>	
<p>FINANCIAL IMPLICATIONS As set out in the report.</p>	
<p>SECTION 151 OFFICER'S COMMENTS The s151 Officer has no further comments to add.</p>	
<p>LEGAL IMPLICATIONS There are no legal implications arising from this report.</p>	
<p>MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS None</p>	<p>Contact Officer: Andrew Clarke Telephone: 01524 582138 E-mail: aclarke@lancaster.gov.uk Ref:</p>