

## CARRY FORWARDS FROM GENERAL FUND REVENUE OUTTURN 2009/10

**EXECUTIVE MEMBER:** Councillor E Woodburn  
**LEAD OFFICER:** Alison Clark, Accountancy Services and Acting  
Section 151 Officer  
**REPORT AUTHOR:** Chris Dove, Project Accountant

### **RECOMMENDATION:**

Resource Planning Working Group is asked to:

- (i) Recommend to Executive whether to accept, decline or defer the requests for £975,092 of carry forwards.
- (ii) Note the resource context detailed in this report

### **Summary:**

The provisional revenue outturn at 31<sup>st</sup> March 2010 after accounting adjustments but before audit, is a net underspend of £1,416,191 against a final budget for 2009/10 of £12,926,257. This report gives details of requests to carry forward specific underspends within this overall net underspend. RPWG is asked to evaluate these requests and recommend to Executive whether or not to accept them.

Members are reminded that these decisions are in the context of annual savings targets increasing up to £2.8 million, of potential reductions in some grant streams in the current year and the need to balance carry forward requests against other emerging pressures. Subject to audit, unallocated General Fund Balances at the year end are £1,490,322 after setting aside £397,181 identified in Quarter 3 monitoring but before meeting any further requests. If all requests are agreed the uncommitted balance will be £912,411.

## **1 INTRODUCTION**

- 1.1 The purpose of this report is to request RPWG consider in detail the requests for carry forwards made against the net underspend in 2009/10 and make recommendations to the Executive with regards to these carry

forwards. These recommendations will be included in the Provisional Outturn report presented to Executive on 29<sup>th</sup> June. If approved by Members, these will be earmarked in general fund reserves once the audit is completed and reflected in service budgets for 2010/11.

## **2 CONTEXT**

- 2.1 The provisional outturn shows spend on services of £12,837,936 against a final budget of £14,254,127, a net underspend of £1,416,191 This results in a provisional balance of uncommitted General Fund Balances of £1,490,322 after allowing for £397,181 reported at Quarter 3 but before meeting any new carry forward requests.
- 2.2 A more detailed consideration of the provisional revenue outturn including variances against budget will be included in the provisional revenue outturn report presented to Executive on 29<sup>th</sup> June.
- 2.3 The outturn figures in the report are provisional, as they are subject to external Audit. The draft Statement of Accounts will be presented to the Audit Committee, for their approval, on behalf of the Council, at their meeting of 28<sup>th</sup> June, to meet the statutory deadline for the approval of Accounts of 30<sup>th</sup> June.
- 2.4 This report has been produced in the context that funding for local government will be severely reduced in future. Indeed, the £6.2 billion of spending reductions for this year announced by government on 24<sup>th</sup> May included £1.2 billion of reductions in grants to local government. At the time of writing the individual funding streams affected have not been announced and implications for this authority are unclear, but there is a risk that these will impact on some of the assumptions underpinning the 2010/11 budget. However, reductions will be much more severe in 2011/12 and beyond. The current medium term strategy assumes a funding gap of £1.4 million in 2011/12 rising to £2.8 million by 2013/14.
- 2.5 The forecasts in the medium term strategy, presented to RPWG on 8<sup>th</sup> April also emphasise the need to ensure the Council's finances are as robust as possible. Adequate balances will be needed to meet potential transitional costs during what is likely to be an extremely challenging transitional phase whilst reviews are developed and implemented. Resources may be needed to:
  - meet costs of restructuring, including potential redundancy costs
  - make investments that generate longer-term savings
  - cover costs of providing services whilst new ways of working are implemented
  - temporarily maintain provision of priority services that would otherwise cease.

- 2.6 Please note that through this report :-
- the use of a negative figure represents a favourable position i.e. either an underspend or additional income received.
  - the term “underspend” is taken to include both reduced expenditure and/or increased income
  - the term “overspend” includes both spending above budget and/or reduced income levels.

### **3 CARRY FORWARD REQUESTS**

3.1 Any net underspending/savings on services estimates under the control of the Head of Service may be requested to be carried forward subject to Member approval. The benefit of making carry forward requests is to facilitate the achievement of more strategic longer-term budgeting which requires greater flexibility of budgets between years. But as highlighted in Section 2 of this report, these requests need to be balanced against increasingly intense pressure on services and budgets. To inform these judgements managers been asked to make very clear the extra benefits if requests are agreed, the consequences if they are not agreed, and why they could not be met from existing budgets.

3.2 Details of the carry forward requests, which itemise committed expenditure, are contained in Appendix A, and total £975,092.

3.3 Carry forwards are broken down into the following categories.

- a). £397,181 previously reported in Quarter 3 monitoring. Of this, £196,350 specifically supports assumptions in the approved 2010/11 budget, and £175,397 was to set aside to the Job Evaluation reserve and therefore underpins the medium term strategy. Proposals for the use of £25,434 LABGI allocation are included in a separate report on Copeland Regeneration to Executive on 29<sup>th</sup> June.
- b). £135,410 relating to programmes agreed since Quarter 3, where either it was planned that spend would spread into 2010/11 or spending has subsequently been delayed. If these sums are not carried forward the current programmes could not be delivered in full.
- c). £74,269 of commitments against 2009/10 budget allocations. This includes items that are contractually committed and other sums that are set aside in a similar manner to sinking fund contributions. If these are not carried forward there is a likelihood of pressure on 2010/11 budgets.
- d). £368,232 of new requests. These relate to service improvements or potential new pressures against 2010/11 budgets.

3.4 The major items of new carry-forward requests relate to:-

- Homelessness £39,172

- Seaside Coastal Park Initiative £200,000
- Delivery of Habitats Directive £33,670
- Reducing staff sickness £25,000

3.5 RPWG is asked to consider these requests for carry forwards to 2010/11. In making recommendations with regards to these carry forwards, RPWG is asked to consider the potential trade-off between:

- meeting carry forward requests
- meeting the potential impact of reductions to grants in 2010/11
- building up funds towards the transitional costs identified in paragraph 2.5.
- damping the implementation of other service review options.

3.6 RPWG may wish to recommend Executive agree or decline individual requests. Executive could also recommend that some decisions be deferred until more is known about the potential grant cuts in 2010/11 and options emerging from service reviews. Carry forward requests could then be weighed up against those pressures.

3.7 The recommendations arising from RPWG consideration of the requests will be included in the Provisional Outturn report presented to Executive on 29<sup>th</sup> June. If approved by Members, these will be earmarked in general fund reserves once the audit is completed and reflected in service budgets for 2010/11.

#### **4 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)**

4.1 This report gives details of requests to carry forward specific underspends against the 2009/10 budget. RPWG recommendations with regards to these carry forward requests will be reported to the 29<sup>th</sup> June meeting of Executive as part of the provisional revenue outturn report. The provisional outturn, before audit, shows unallocated General Fund Balances at the year end of £1,490,322 after setting aside £397,181 identified in Quarter 3 monitoring but before meeting any further carry forward requests. If all requests are agreed this balance will reduce to £912,411.

#### **5 PROJECT AND RISK MANAGEMENT**

5.1 Budgets are monitored during the year with exceptions reported through Corporate Team and Executive during the year on a quarterly basis. At the year- end, the draft outturn prior to the external audit process must be

reported formally. It is also good financial practice to report the year-end position on reserves and provisions as a consequence of the outturn.

## **6 IMPACT ON CORPORATE PLAN**

- 6.1 The budget and monitoring process is fully integrated into the planning process of the Council embracing all the objectives of the Council.

## **List of Appendices**

Appendix A Carry forward requests

## **List of Background Documents**

Council Budget Reports 2009/10 and 2010/11; Executive Budget Monitoring Reports during 2009/10; Medium Term Financial Strategy to RPWG 8<sup>th</sup> April 2010.

## **List of Consultees**

Corporate Team

## **CHECKLIST FOR DEALING WITH KEY ISSUES**

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Section 151 Officer Comments	No further comments to add
Monitoring Officer Comments	None

Please say if this report will require the making of a Key Decision YES/NO