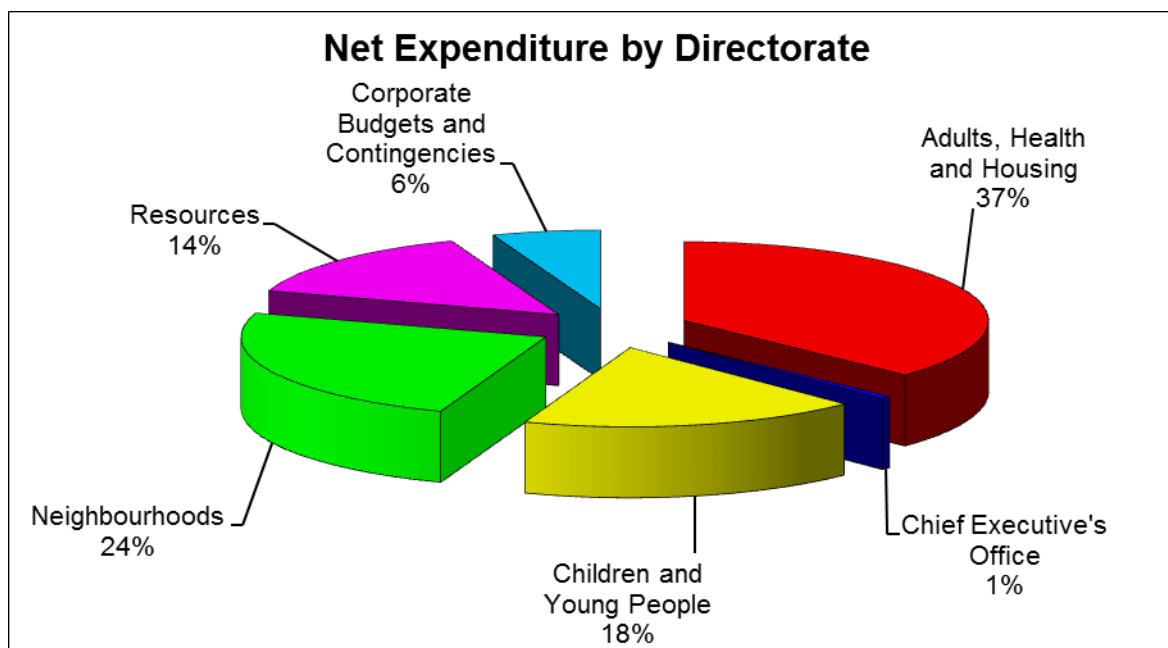


Revenue Outturn 2014/15

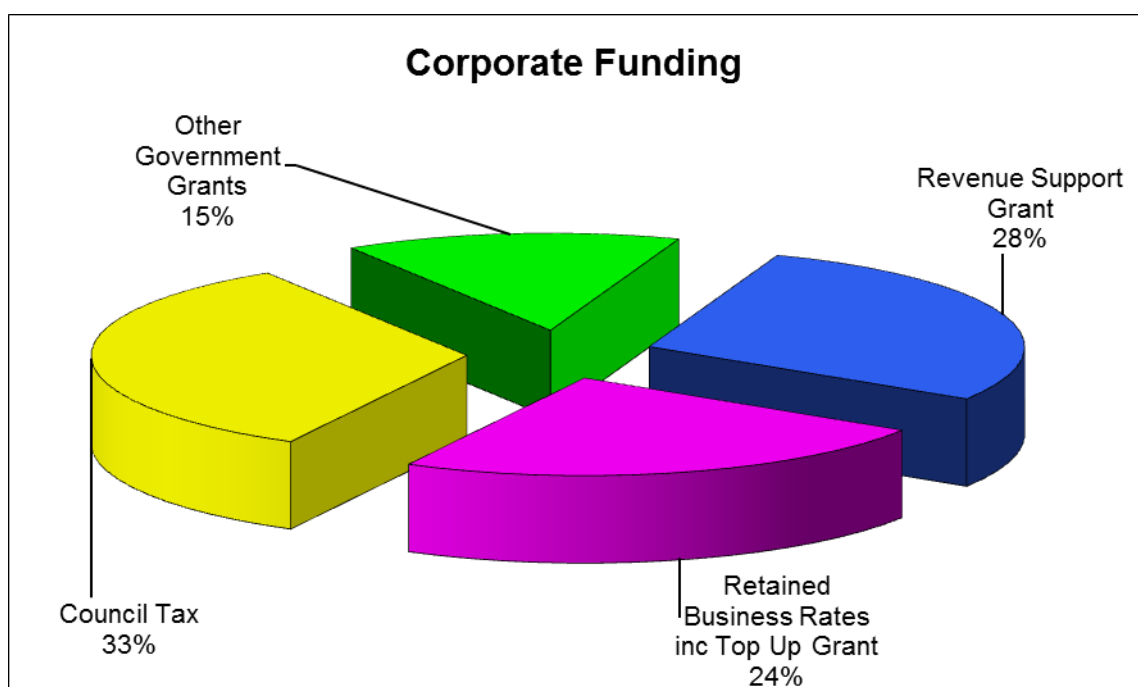
SUMMARY

- 1.1 This report outlines the Council's Revenue Budget final outturn position, subject to audit, for the 2014/15 financial year. It describes the main variances against the Revised Budget for 2014/15 and sets out a number of issues requiring decisions.
- 1.2 The general fund revenue outturn position shows a net underspend, however this is after applying over £6m of reserves and one-off grants and a number of one-off savings which will not be repeated in future years. A principle of an in year freeze on non-essential spend was also applied.
- 1.3 The report also outlines the final outturn position of the Dedicated Schools Budget, the Housing Revenue Account and the Collection Fund (Council Tax and Business Rates Collection Account).
- 1.4 Summary financial results for the year up to 31 March 2015 are as follows...
 - The overall year end General Fund revenue outturn position is a net underspend of £3,776,686, a 1.73% variance compared to the Council's General Fund revenue budget, excluding the Dedicated Schools Budget and Housing Revenue Account.
 - £3,496,686 of the overall outturn is to be transferred to the corporate budget risk reserve, after providing £280,000 for carry forward requests as explained in section 5.
 - 86% of the Council's £28,046,000 savings target for 2014/15 has been delivered as planned; the remaining 14% has been achieved through one-off savings contained within the outturn. Further details are provided in section 7.
 - The Housing Revenue Account - HRA - shows an outturn net underspend of (£4,504,000), as explained in section 9, which increases overall HRA balances to £40,964,000 at 31 March 2015.
 - The Collection Fund shows an outturn surplus position of £4,483,000, as detailed in section 10.
 - The Dedicated Schools Grant closed with a surplus of £4,983,000 on the central non-delegated items and individual school balances are £7,448,000 as detailed in section 11.

- 1.5 During the year the City Council manages and controls spending on services such as social services and leisure facilities through its General Fund. A summary of the net cost of running each main service area is shown below:



- 1.6 This spending is corporately financed from Council Tax, Business Rates and Government Grants as shown below.



RECOMMENDATION

- 2.1 To note the overall General Fund revenue budget outturn position for 2014/15 (subject to audit) and budget variances at 31 March 2015 as set out in section 4.
- 2.2 To approve a reduction in the level of in-year drawdown of reserves to the actual levels required to support service need, as set out in paragraph 4.4
- 2.3 To approve the transfer to reserves of identified surpluses following the completion of the 2014/15 Housing Benefit Subsidy claim as set out in paragraph 4.5.
- 2.4 To approve the year-end carry forward request totalling £280,000, and the treatment of the remaining net saving of £3,496,686 as detailed in paragraphs 5.2 and 5.3.
- 2.5 To approve the use of the budget risk reserve in 2015/16 to support identified budget pressures as detailed in paragraph 5.4.
- 2.6 To note the savings achieved in 2014/15 as summarised in section 7.
- 2.7 To approve the Housing Revenue Account outturn net surplus of (£4,504,000) as set out in section 9 and Appendix 5.
- 2.8 To note the Collection Fund outturn surplus of £4,483,000 as set out in section 10.
- 2.9 To note the overall Dedicated Schools Budget position for 2014/15 as set out in section 11.
- 2.10 To authorise the Director of Finance and Procurement (as Section 151 Officer) to adjust the Council's Budget Risk Reserve in the event that the Council's Auditors (Grant Thornton) require any adjustments to the Final Accounts for 2014/15 that alter the overall Council's position.

REASONS FOR RECOMMENDATION

- 3.1 Under the Local Government Act 2003, the Council has a legal obligation to achieve an annual balanced budget position.
- 3.2 The Medium Term Financial Plan - MTFP - sets the funding for the Council and the use of those funds is then monitored throughout the year to ensure delivery of Council priorities. The Outturn report indicates how the Council's resources have been used to support the delivery of budgetary decisions.

**SUPPORTING INFORMATION****4. Introduction and General Fund Summary**

- 4.1 This report outlines the actual out-turn, subject to audit, compared with the Revenue Budget for the 2014/15 financial year, and the subsequent effect on the Council's levels of reserves.
- 4.2 The report is structured into sections:
- Section 4 – Introduction and General Fund Summary
 - Section 5 – Carry Forward Requests
 - Section 6 – Directorate Outturn Analysis
 - Section 7 – Achievement of Savings
 - Section 8 – Analysis of Reserves, including School Balances
 - Section 9 – Housing Revenue Account
 - Section 10 – Collection Fund.
 - Section 11 – Dedicated Schools Grant
- 4.3 The overall general fund revenue position at the end of the year is a net underspend of £3,776,686, a 1.73% variance from the total net budget, excluding the Dedicated Schools Budget, Housing Revenue Account and Collection Fund. This is summarised with supporting explanations for the main variances in section 6. The variance is within the Council's annual budget target of between 0% and -2% net budget variance.
- 4.4 In establishing the Council's final outturn position a number of movements in reserves require approval including the reduced use of reserves approved during the financial year. Approval is therefore requested for the movements in reserves as set out in the table below, to reflect actual need. This movement includes the return of £2,486,000 to the budget risk reserve from Adults Health and Housing. The use of £6,600,000 from the budget risk report was previously approved to fund pressures within the Children and Young Peoples (£2,800,000) and Adults, Health and Housing (£3,800,000) directorates. The final outturn position requires the transfer of £400,000 from Adults to Childrens and the remaining underspend in Adults to be transferred back to reserves.

Directorate	£'000s	Reserve	Description
Directorate wide	285	Various	Use of reserves to fund on going projects spanning multiple years including JE and Procurement
Adults, Health and Housing	103	Housing General Fund	Application of Single Homelessness Grant

Adults Health and Housing	934	Public Health	Transfer of ring fenced public health grant to reserve
Adults Health and Housing	2,486	Budget Risk	Return of unused budget risk to fund pressures in AHH and CYP
Adults Health and Housing	300	Older Peoples Strategy	Return of unused reserves previously identified as required to support outturn
Resources	142	Backdated Vat	Reclaimed Vat
Neighbourhoods	(377)	MUSA	Pre enabling costs at the Arena
TOTAL	3,873		

- 4.5 The Council completed and submitted the 2014/15 Housing Benefit Subsidy return to the Department of Work and Pensions which resulted in a surplus position at year end. The Council is anticipating future budgetary pressures at the introduction of universal credit and increased levels of bad debt. It is therefore requested that the transfer of £1.395m to a specific Welfare reserve is approved.

- 4.6 The summary revenue budget variance is shown below.

Directorate	Final Approved Budget £'000s	Actual £'000s	Final Outturn Variance £'000s	Forecast Variance at Quarter 3 £'000s
Adults, Health and Housing	74,729	74,729	0	0
Chief Executive's Office	(1,164)	(1,053)	111	0
Children and Young People	36,057	36,057	0	919
Neighbourhoods	50,345	48,957	(1,388)	(136)
Resources	29,105	28,935	(170)	(456)
Corporate Budgets and Contingencies	13,887	11,557	(2,330)	0
Total	202,959	199,182	(3,777)	327
Approved Use of Reserves	15,324	15,324		
Revised Outturn Variance	218,283	214,506	(3,777)	327

5. Carry Forward Requests

- 5.1 In accordance with the Council's Financial Procedure Rules, there is a general principal that any savings are transferred to the Council's budget risk reserve to support unforeseen future budget pressures. Any specific requests for carry forwards require approval on an individual basis.

5.2 There are a number of specific carry forward requests from directorates:

Directorate	Carry Forward Requested £	Supporting Explanation
Neighbourhoods	100,000	Required to fund repairs to market stalls
Neighbourhoods	50,000	Derbyshire Institute of Sport partner funding
Neighbourhoods	80,000	Partner contribution to D2N2 and LEP
Neighbourhoods	50,000	Golf contract
TOTAL	280,000	

5.3 Approval of the specific carry forward requests would reduce the Council's outturn balance to £3,496,686. It is proposed to transfer this balance to the corporate budget risk reserve to help manage future budget pressures.

5.4 As part of the outturn process, a number of budget pressures for 2015/16 have been identified. The following uses of the budget risk reserve in 2015/16 are requested by Directorates:

Directorate	Requested Use of Reserves £	Supporting Explanation
Neighbourhoods	100,000	Revenue funding for costs associated with the Our City Our River scheme investment which cannot be capitalised
Neighbourhoods	300,000	Revenue costs associated with enabling properties to be disposed in line with the Property rationalisation scheme, advertising, legal etc.
Corporate	335,000	Top up the year end adjustments reserve to £0.5m to manage 2014/15 final accounts implications
TOTAL	735,000	

- 5.5 Any further use of the budget risk reserve to support 2015/16 pressures will be subject to detailed business cases from Directorates and require Cabinet approval. It should be noted that there are further anticipated calls against the budget risk reserve which will be brought back to cabinet when amounts have been confirmed:
- continuing pressures in the Children and Young People Directorate relating to the costs of looked after children circa £2m
 - reduction to in year government funding following recent announcements by the Chancellor of the Exchequer circa £1.2m

6. Directorate Outturn Analysis

- 6.1 The actual outturn variance shows a £3,776,686 underspend.

Adults, Health and Housing Directorate

- 6.2 The Adults, Health and Housing Directorate forecast outturn at quarter 3 was a balanced position after applying £4,131,000 of approved reserves. The actual directorate outturn remains a balanced position after a reduced application of £900,000 of approved service reserves.
- 6.3 Home First and Direct Services has achieved a net saving of £803,000 across a number of service areas. The main variances are staffing £259,000 mainly due to vacancies and turnover, additional income £304,000 from increased residential care income and additional National Health Service - NHS contributions and further minor savings of £240,000. The saving of £803,000 after the application of £900,000 service reserve has been returned to reserves to achieve an overall balanced position.
- 6.4 Prevention, Personalisation and Professional Standards has achieved a net saving of £1,439,000 across a range of service areas. The main area is Ordinary Lives where a saving of £1,017,000 has been achieved through revisions to packages. The Transitions saving of £772,000 has been achieved because anticipated growth has not materialised. These have offset resultant pressures in Community Based packages of £298,000 and Independent Sector Residential and Nursing pressure of £184,000. Other minor savings total £132,000. The net saving of £1,439,000 has been returned to reserves to achieve an overall balanced position.
- 6.5 Commissioning has achieved a net saving of £750,000. The main variances are Housing related Support £296,000 from savings in contracts, Milestone House £190,000 saving from increased income and one off management savings, Drug and Alcohol Placements £95,000 and Personal Aids £77,000 where demand was less than anticipated and other minor savings totalled £95,000. The saving of £750,000 has been returned to reserves to achieve an overall balanced position.

- 6.6 Public Health has achieved a saving of £934,000 which has been transferred to a specific Public Health reserve for future spend. The main reason for the underspend is lower than expected liability for previous years costs relating to the Drugs and Alcohol and Sexual Health programmes.
- 6.7 Strategic Management has achieved a saving of £194,000 prior to any return of unused reserves. This is due to savings from conferences, seminars and partnerships, through the application of none essential spend. The saving of £194,000 has been returned to reserves to achieve an overall balanced position.

Children and Young People's Directorate

- 6.8 The Children and Young People's Directorate forecast a net overspend of £919,000 at quarter 3 for the financial year 2014/15. This included a use of corporate reserves of £4,291,000. The actual year end position reported was a balanced budget; however this was due to an increased use of corporate reserves of £5,061,000.
- 6.9 The single most significant pressure faced by the Directorate were the costs of agency placements for looked after children, an overspend of £5,900,000 was forecast at quarter 3 and remained the final outturn position. Numbers of looked after children have increased from 445 children at the end of March 2014 to 470 at March 2015. The reliance on the more expensive use of private foster carers has increased with agency placements rising from 171 in March 2014 to 195 in March 2015. Strategies are in place to increase the number of in house fostering beds to alleviate this pressure in the future.
- 6.10 To ensure that budget pressures were kept to a minimum the Directorate continued with previous years spending restrictions, only spending within essential areas and scrutinising the recruitment to vacant posts and initiated additional approval levels for the highest cost placements.

Neighbourhoods Directorate

- 6.11 The Neighbourhoods forecast variance at quarter 3 was a net saving of £136,000. The actual directorate outturn position is a net saving of £1,388,000.
- 6.12 The Environmental and Regulatory Services department had a net saving of £178,000. This was produced by a combined effort in reducing the level of non-essential spend, early achievement of 15/16 savings and an overachievement of income within Bereavement Service netted off by a pressures in Markets from voids and a temporary closure of the car boot market.
- 6.13 Leisure and Culture's final position was a net overspend of £420,000, mainly relating to Leisure Facilities. Overspends across the leisure centres have resulted from a shortfall in income across coaching, health and wellbeing and swimming activities and compounded by poor performance within Golf as a result of poor weather and ground conditions. The pressure has been reduced by increases in income at Markeaton Park following improvements and the additional car park and a concerted effort on non-essential spend.

- 6.14 The Planning and Property Services has a net saving of £250,000. This resulted from a significant refund from prior year NNDR charges and overachievement of income within Planning Development from a large number of high fee earning planning applications. This has been partially off-set by one-off Building Repairs and Maintenance underachievement of recharge income mainly from aborted capital schemes.
- 6.15 The Streetpride and City and Neighbourhood Partnerships (CNP) achieved a net saving of £1,388,000. Street Cleansing and Grounds Maintenance produced a combined net saving of £409,000 from overachievement of income targets, significant early achievement of savings in public convenience budgets and large savings on subcontractor budgets. Network Management and Parking Services produced savings after considerable overachievement of income £603,000 mainly as a result of road work permit income £308,000 after high volume of utility works and delays in completion of those works and through enforcement including enforcement of bus lanes £273,000. Other savings included high season ticket sales and staff vacancies within Parking Services. Engineering produced savings from overachievement of income on rechargeable work £250,000 and Concessionary Fares produced savings of £203,000 from reduced costs resulting from in year changes and reduced numbers. Waste Management outturned a net pressure of £450,000 mainly due to unachieved savings of £246,000 and prior year charges relating to Raynesway site of £239,000.

Chief Executive's Office

- 6.16 The Chief Executive's Office forecast variance at quarter 3 was a breakeven position. The actual directorate outturn position is a net pressure of £111,000.
- 6.17 The Chief Executive's Office had a pressure of £106,000 resulting from backdated Copyright Licencing payments to the Copyright Licencing agency (CLA).

Resources Directorate

- 6.18 The Resources Directorate forecast outturn at quarter 3 showed a saving of £453,000. The actual directorate outturn position is a net saving of £170,000.
- 6.19 Human Resources achieved a net saving of (£179,000) mainly due to staffing underspends as a result of staff being re- charged to projects and not being backfilled coupled with maternity leave and general turnover.
- 6.20 Business Support has a net pressure of £366,000. This is mainly due to delays in the achievement of savings for council tax billing £50,000, increased postage costs £106,000, increased printing pressure £92,000 as a result of increased printing across the Council, ICT desktop recharges of £115,000 because of a revised allocation basis and other net pressures of £3,000.
- 6.21 Legal and Democratic Services has a net pressure of £283,000 mainly due to the non-achievement of a printing saving to the core budget £160,000 and staffing pressures of £130,000.

- 6.22 Corporate Finance achieved a saving of £301,000 mainly due to net staffing savings of £244,000 from vacancies, maternity leave and turnover and savings on external audit fees and environmental levies £127,000. Other variances included overachievement of school buy back income £46,000 offset by £89,000 additional costs required to increase the insurance provision.
- 6.23 Customer Services has a pressure of £72,000. This is due to increased ICT desktop recharges £102,000 which have been offset by other net savings of £30,000.
- 6.24 ICT/ISS achieved a net saving of £397,000 relating mainly to lower than anticipated spend on centralised ICT/ISS budgets.

Corporate Budgets and Contingencies

- 6.25 The Council has a policy that any unused contingency budgets are transferred to earmarked reserves at the end of the financial year. The contingency budgets transferred to reserves are detailed in Appendix 3.
- 6.26 The corporate budgets outturn position is a net saving of £2,330,000. The main reason for this variance relates to savings of £2,243,000 within treasury management from reduced borrowing. This is due to slippage within the capital programme and the use of cash balances to further defer borrowing.

7. Achievement of Savings

- 7.1 The Council's Revenue budget for 2014/15 included significant savings targets for each directorate in order to support a balanced budget position. The achievement of these savings has been included within the overall budget outturn position.

7.2

Directorate	Budget Savings Targets 2014/15 £'000s	Savings delivered as planned £'000s	Year End Variance £'000s	Year End Variance %
Adults, Health and Housing	9,226	8,372	854	9
Chief Executive's Office	275	275	0	0
Children and Young People	3,378	2,178	1,200	36
Neighbourhoods	6,307	4,693	1,614	26
Resources	2,924	2,621	303	10
Corporate Budgets and Contingencies	5,936	5,936	0	0
Total	28,046	24,075	3,971	14

- 7.3 86% of savings were achieved as planned in 2014/15, with the remaining 14% planned for delivery in future years or managed through the latest medium term financial plan. The variance in 2014/15 has been delivered through alternative means, including the use of reserves. Further details of the achievement of savings by directorate are set out below.

Adults, Health and Housing

- 7.4 The Adults, Health and Housing directorate has achieved savings of £8,372,000 against a target of £9,226,000. However there are a number of savings which have not been achieved in 2014/15. The most significant are £569,000 in home care due to an overstatement of savings and £250,000 savings in day services due to a decision not to close Morleston Street. In addition £16,000 relating to Housing Management savings were not achieved.

Chief Executive's Office

- 7.5 Chief Executives Office has achieved 100% of the identified saving in 2014/15.

Children and Young People

- 7.6 The Children and Young People directorate has achieved savings of £2,178,000 against a target of £3,378,000. The undelivered savings are due to an increase in the cost of looked after children within the service.

Neighbourhoods

- 7.7 Budgeted saving of £1,614,000 have not been achieved in 2014/15 but have been contained within the Neighbourhoods directorate out-turn and will be resolved in 2015/16. The main variances are as a result of delays to the property rationalisation programme and non achievement of the full saving relating to the garden waste charging scheme. The waste scheme had a target saving of £1.248m (£0.9m income plus £0.348 cost reduction), the income target was not achieved by £0.428m but this has been partially offset by increased cost reduction of £0.182m resulting in a net £0.246m.

Resources

- 7.8 The Resources directorate has achieved savings of £2,621,000 against a target of £2,924,000. The main unachieved saving relates to reduction in printing costs within legal services. The unachieved savings have been contained within the directorate outturn and included within future budget processes.

8. Analysis of Reserves, including School Balances and DSG

- 8.1 The Council's main revenue reserve for general purposes is the General Fund Balance. This is set aside to support the management of risks in the Revenue Budget and could be used for any purpose if required. The General Fund Balance represents the minimum level of reserves that the Council should hold.
- 8.2 In February 2015, the Council calculated its target range for the General Fund Balance as being between £7,063,000 and £10,585,000. This target level was set by the Director of Finance and Procurement after consideration of the Council's strategic and operational risks. At 31 March 2015 the General Fund Balance stands at £7,143,000 and is therefore within the recommended target range.
- 8.3 The Council also holds a number of revenue earmarked reserves to fund specific projects included within the Council's budget and priorities, such as the Council's regeneration fund programme and waste strategy. As at 31 March 2015 revenue earmarked reserves held by the Council total £83.775m. A detailed review of all revenue earmarked reserves is carried out on an annual basis as part of the Medium Term Financial Strategy planning process. This aims to identify any earmarked reserves which could be redistributed to better support the Council's budget plans. Further details of the Council's revenue earmarked reserves are provided at Appendix 2.
- 8.4 Included within corporate earmarked reserves is a budget risk reserve of £20.540m at 31 March 2015. It is recommended that £0.735m of this reserve is used to support a number of budget pressures for 2015/16 where spending is already identified, as detailed in paragraph 5.4. The Budget Risk Reserve is held to support future budget planning risks and general unforeseen in-year budget pressures. Given the uncertain financial position going forward it is prudent to have a level of reserve sufficient to help address future risks.

School Balances and DSG

- 8.5 Each individual Council-controlled school in Derby has its own financial reserve, collectively known as 'School Balances'. Schools balances are delegated directly to schools and are not available to the Council for general use. The use of any surplus balances is defined within the local Scheme for Funding Schools.
- 8.6 School balances as at 31 March 2015 are £7.448 million (£7.875 million in 2013/14). A more detailed report on this will be brought to Cabinet at a later date.
- 8.7 Non delegated DSG balances are £4.983m and are to be retained and used for the purposes defined within the Schools funding regulations, with approval from the Schools forum.

9. Housing Revenue Account

- 9.1 The Housing Revenue Account includes only income and expenditure relating to the City's council housing stock. It does not include Local Authority expenditure on other Housing services e.g. support for Registered Social Landlords or Housing Benefit Payments. The purpose of the HRA is to separately identify the services that council tenants pay for through their rents as opposed to their Council Tax. It includes expenditure on Management and Maintenance of Council Housing and how these costs are met by Rents, Charges, Grants and other income.
- 9.2 The HRA shows an outturn surplus of (£4,504,000) which increases HRA balances, including the Major Repairs Reserve, from £36,787,000 to £41,291,000 for 2014/15. The increase is mainly due to a reduced use of revenue resources to fund capital expenditure. A summary and supporting explanation of the key variances are provided at Appendix 5. The reserve is managed annually as part of the 30 year HRA business plan.

10. Collection Fund

- 10.1 The Collection Fund is a separate account that the Council has a statutory duty to maintain outside of the General Fund. The Collection Fund Statement shows the transactions of the billing authority in relation to collection of taxes for Council Tax and Non Domestic Rates and the redistribution to its preceptors.
- 10.2 The Collection Fund is intended to break-even but is dependent largely on the robustness of the estimates and recovery levels of the amount of Council Tax and Non Domestic Rates collected. It involves forecasting the income due from all properties including the effect of exemptions and discounts across the City's. Surpluses and deficits declared on the collection fund are apportioned to the relevant precepting bodies in subsequent years.

Council Tax

- 10.3 The actual surplus on Council Tax at the end of 2014/15 was £3.405m. The primary cause of the surplus is higher than anticipated billing. Since the Budget and Council Tax for 2015/16 is set, the balance will be included in the 2016/17 budget process. An estimate of the Collection Fund balance as at the end of 2015/16 will be revised in the light of this surplus and all other circumstances just prior to setting the Council Tax and budget for the next financial year. Any estimated variation at that time will then be recovered during the next financial year.
- 10.4 The City Council administers the collection of Council Tax on behalf of the preceptors, Derbyshire Police and Crime Commissioner and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current surplus is as follows:

Derby City Council	£2.826m	(83.0%)
Derbyshire Police and Crime Commissioner	£0.413m	(12.1%)
Derbyshire Fire and Rescue	£0.166m	(4.9%)
	£3.405m	

Non Domestic Rates

- 10.5 The Council collects Non Domestic Rates - NDR - for its local area. NDR is based on the individual rateable property values set by the Valuation Office Agency - VOA - multiplied by a national multiplier set by Central Government.
- 10.6 The actual surplus on NDR at the end of 2014/15 was £3.382m. This was largely due to a reduction in the provision for outstanding appeals.
- 10.7 The City Council administers the collection of NDR on behalf of the preceptors, Central Government and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current surplus is as follows:

Derby City Council	£1.657m	(49.0%)
Central Government	£1.691m	(50.0%)
Derbyshire Fire and Rescue	<u>£0.034m</u>	(1.0%)
	£3.382m	

- 10.8 The net surplus of £4,483,000 that relates to the City Council will be transferred from the collection fund from 2015/16 and planned into future financial forecasts accordingly.

11. Dedicated Schools Grant – DSG

- 11.1 In 2014/15 Derby City Council received a DSG allocation of £197.322m. This grant is a ring fenced grant used specifically for school related and educational services which are clearly defined by the Schools Funding Regulations. £180m was delegated to schools through the formula funding (Individual Schools' Budgets) and the remaining £17m was used to support central expenditure on schools-related activity; fees to independent special schools out of authority, high needs support and inclusion services.
- 11.2 The non-delegated element of the DSG net underspend was reported as £2m as at quarter 3, the final position was significantly more underspent, £4.983m. The increase in the net underspend was as a result of significant one-off in year savings (rates revaluations and early years numbers being lower than planned for). Underspends within the central element of the DSG are carried forward to the next financial year. Schools Forum will consider any plans for the use of these reserves before approval is sought from Council Cabinet.
- 11.3 Any net savings or pressures within the Individual Schools Budget –ISB- delegated directly to schools are carried forward to the next financial year by the individual school although some of these are subject to claw back under the local Scheme for Funding Schools claw back mechanism.

- 11.4 In line with the Local Management of Schools the net outturn variance on Individual School Budgets have been transferred to School balances which has a year end balance of £7.448m. A separate report on retained school balances will subsequently be reported to Council Cabinet.

OTHER OPTIONS CONSIDERED

- 12.1 No other options considered as the Council has a statutory obligation to achieve a balanced budget position.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Not Applicable Martyn Marples, Director of Finance and Procurement Not Applicable Not Applicable Not Applicable Not Applicable
For more information contact: Background papers: List of appendices:	Mark Nash – Group Accountant 01332 643364 mark.nash@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Statement of Reserves Appendix 3 – Corporate Projects and Contingency Budgets Appendix 4 - HRA

IMPLICATIONS

Financial and Value for Money

- 1.1 As detailed in the report.

Legal

- 2.1 Under Section 28 of the Local Government Act 2003 the Council must review its performance against budget.

Personnel

- 3.1 None directly arising.

IT

- 4.1 None directly arising.

Equalities Impact

- 5.1 None directly arising.

Health and Safety

- 6.1 None directly arising.

Environmental Sustainability

- 7.1 None directly arising.

Property and Asset Management

- 8.1 None directly arising.

Risk Management

- 9.1 None directly arising.

Corporate objectives and priorities for change

- 10.1 None directly arising.

Appendix 2

Statement of Reserves

	Opening Balance at 01/04/2014	Net Movement in 2014/15	Balance at 31/03/2015
	£000	£000	£000
General Fund			
Unallocated General Fund Balance	(7,143)	0	(7,143)
Balances held by schools	(7,875)	427	(7,448)
TOTAL	(15,018)	427	(14,591)
Revenue Earmarked Reserves			
Budget Risk Reserve	(16,682)	(3,858)	(20,540)
Regeneration Reserve	(1,488)	(53)	(1,541)
Accommodation Strategy Reserve	(72)	39	(33)
Waste Strategy Corporate Reserve	(1,818)	769	(1,049)
Job Evaluation Reserve	(4,103)	(5,332)	(9,435)
Treasury Management Reserve	(1,800)	1,800	0
Building Schools For The Future Reserve	(938)	0	(938)
Transformation Corporate Reserve	(601)	(81)	(682)
Older Peoples Strategy Corporate Reserve	(1,211)	(375)	(1,586)
Partnership Reserves	(525)	220	(305)
PFI Reserves	(17,222)	(2,552)	(19,774)
Asbestos Reserve	(1,263)	0	(1,263)
Trading Services Reserve	(491)	127	(364)
Business Rate Volatility Reserve	(2,000)	2,000	0
Priority Families Reserve	(919)	(18)	(937)
Looked After Children Reserve	(970)	970	0
Connecting Derby Compensation Claims Reserve	(478)	200	(278)
Multi Use Sports Arena Reserve	(900)	392	(508)
DSG Non Delegated Reserve	1,356	(6,339)	(4,983)
Other Service Reserves	(9,509)	676	(8,833)
Other Corporate Reserves	(6,917)	(3,809)	(10,726)
TOTAL	(68,551)	(15,224)	(83,775)
Housing Revenue Account (Ringfenced)			
Housing Revenue Account	(25,452)	(8,254)	(33,706)
Major Repairs Reserve	(10,557)	3,758	(6,799)
Other Earmarked HRA Reserves	(778)	(8)	(786)
TOTAL	(36,787)	(4,504)	(41,291)

* After adjustment to reflect carry forward requests and use of reserves included in this report

Appendix 3

Cross-Directorate Contingencies	Transferred to Reserves £'000s	Reserve
Corporate Contingency	1,528	Budget Risk
Pension Contribution Rate Contingency	135	Exit Cost
Exit Cost Contingency	64	Exit Cost
New Burdens Contingency	365	Budget Risk
Inflation Contingency	60	Budget Risk
Job Evaluation Contingency	316	Job Evaluation
TOTAL	2,468	

Housing Revenue Account - HRA

The outturn position for 2014/2015 shows cumulative resources of £41.291 million, an increase of £4.504 million on the previous year's position. The table below shows the variations at outturn.

	£000
Estimated Outturn in 2014/2015 - February 2014 HRABP	(2,780)
Variations at outturn:	
Increase in rents and service charges	(1,598)
Increase interest earned on HRA reserves	(71)
Increase in Feed in Tariff Income	(120)
Reduced Repairs and Maintenance	(807)
Reduced Supervision and Management	(409)
Reduced expenditure Estates Pride	(801)
Reduced provision for bad debts	(616)
Reduced use of revenue to finance capital (RCCO)	(1,037)
Increased Premiums and discounts	(233)
Other minor variances	6
NET SURPLUS 2014/2015	(8,239)
Net Movement in HRA reserves	3,735
Total increase in HRA resources	(4,504)
Total reserves B/fwd from 2013/2014	(36,787)
Total Reserves 31 March 2015	(41,291)
Of which:	
Major Repairs reserve	(6,799)
HRA Earmarked reserves	(786)
General reserves including contingency	(33,706)
Total Reserves 31 March 2015	(41,291)

The Housing Revenue Account – HRA – shows an outturn surplus of £8.239 million which together with net movement in other reserves of £3.735m increases overall HRA balances by £4.504m to £41.291 million for the year.

General Balances £33,706,000

The general balance on the HRA at 31 March 2015 was £33.706m compared with a forecast of £22.78m. In addition to this there are £7.585m of earmarked reserves giving total HRA resources of £41.291m. The increase in general balances was mainly due to a reduced use of revenue resources to fund capital expenditure, increased rental and service charge income and lower than anticipated contribution

to the bad debt provision. The net reduction in other HRA balances is a direct result of capital expenditure being funded from these reserves.

Rents and Service Charges (£1,598,000)

Rents and Service charges are higher than anticipated due to better performance on void levels and properties moving to target rent after being re-let following a void period.

Interest earned on HRA balances (£71,000)

Higher than anticipated HRA balances has resulted in higher levels of interest earned.

Feed in Tariff Income (£120,000)

Additional income from Solar Panel feed in tariff scheme.

Repairs and Maintenance (£807,000)

Actual expenditure increased on repairs and maintenance programme by 1% between 2013/14 and 2014/15, whereas budget increased by 4.6% between the two years.

Retained Supervision and Management (£409,000)

Reduced pension recharges, increased income and reduced staffing costs. These were partially offset by increased costs of under-occupation scheme.

Estates Pride (£801,000)

Lower than anticipated expenditure on the Estates Pride programme

Provision for bad debts (£616,000)

Better performance on rent collection and delayed implementation of Universal Credit has resulted in a lower than anticipated bad debt provision.

Revenue Contributions to Capital Outlay (RCCO - £1,037,000)

Slippage in the capital programme has led to a lower demand for revenue funding contributions.

Premiums and Discounts (£233,000)

Net discount received from the previous restructuring of debt including the early repayment of borrowing.