

**Manchester City Council
Report for Resolution**

Report To: Executive – 28 July 2010
Subject: Departmental Outturn 2009/10
Report of: City Treasurer

Summary

This report provides details of the departmental outturn position for the year 2009/10 and identifies for approval any requests received to carry forward underspends or not carry forward any overspends.

Recommendations

The Executive is recommended to:

- Note the final departmental outturn positions as identified in the report
 - Agree not to carry forward overspends on Neighbourhood Services and Adults
 - Approve the requests for carry forward of underspends as recommended by the Revenue Gateway Group and identified in Appendices 1 and 2 to the report.
 - Approve the requests for contingency funding as identified in the report and summarised in paragraph 4.1
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Wards Affected: None directly

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Not applicable
Reaching full potential in education and employment	Not applicable
Individual and collective self esteem – mutual respect	Not applicable
Neighbourhoods of Choice	Not applicable

Financial Consequences – Revenue

If overspends against Chief Officers' controllable expenditure are carried forward compensating savings will need to be identified in the Department's current year's budget, with potential implications for levels of service provision. If under spends are carried forward this will result in a corresponding reduction to the level of the General Fund Reserve. Any under-spends carried forward will need to be spent on one off initiatives and cannot be used to support on-going expenditure or create further future commitments.

Financial Consequences – Capital

There are no consequences for the capital budget.

Contact Officers:

Name: Richard Paver
Position: City Treasurer
Telephone: 0161 234 3564
E-mail: r.paver@manchester.gov.uk

Name: Carol Culley
Position: Head of Financial Management
Telephone: 0161 234 1646
E-mail: c.culley@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Working Papers – 2009/10 Close Down (Room 606)

1.0 INTRODUCTION

1.1 It is customary to report to Executive the main reasons why departmental budgets have either over or under spent. The normal arrangements for dealing with these variances to budget are that any over spends are carried forward and are a first call on the departments budget for the new year although Heads of Service can make a case for not having overspends carried forward. Heads of Service are also able to request the carry forward of underspends that have occurred which carry a commitment to spend forward in to the new year (i.e. where expenditure has been delayed and will now fall into the new year). They can also request up to half of any managed underspend to utilise in the new year to fund one off initiatives to improve services. All requests for carry forward of underspends have been initially assessed by the Revenue Gateway Group, a senior manager group chaired by the Deputy Chief Executive (Performance), requests that they support are contained in the report and summarised in Appendix 1 for approval by Executive.

2.0 BACKGROUND

2.1 At its meeting in June the Executive considered a report on the overall General Fund outturn position for the financial year 2009/10. It was noted that the figures were still subject to potential change as the accounts are audited, but that was not expected that any major amendments would emerge at that stage. It was also noted that a further report would be made in July that provided further detail on the final outturn position against the departmental cash limits budgets (the Chief Officers' cash limit budget excludes capital financing costs and the effects of central departmental recharges).

2.2 In the June report a total overspend against the service cash limits of £1.087m was reported. Since the June report work has continued to scrutinise the detailed outturn position against cash limit budgets and this has led to the identification of some differences to the outturns as reported in June. As a result the reported overspend against Directorate's Cash Limits has increased by £430,000 to £1.517m. This increase does not impact on the overall outturn position of the Council or on the reported balance on the General Fund reserve as both of these are based on total actual spend and the differences between the figures in this report and those in June just represent changes in the reported position against the cash limit element of the budget and any changes are counterbalanced by equal changes in non cash limit spend.

2.3 The table below summarises the final outturn position for each of the Directorates compared to the position reported in the last monitoring report to Executive in February (projected outturn based on spend to the end of November):

Strategic Directorate	Revised Budget 2009/10	Outturn 2009/10	Over/ (under) spend Variation	Variation as reported to Exec in February
	£'000	£'000	£'000	£'000
Chief Executive's	75,525	75,380	(145)	685
Corporate Services	14,325	12,888	(1,437)	(1,373)
Children's Services	144,184	144,119	(65)	73
Directorate for Adults	133,427	133,686	259	705
Neighbourhood Services	99,589	102,567	2,978	1,959
	467,050	468,640	1,590	2,049

2.4 As can be seen from the above actions taken by Heads of Service to manage projected overspends identified at the end of November have led to a reduced overspend at outturn.

3.0 DETAILS OF DEPARTMENTAL VARIATIONS AGAINST CASH LIMIT BUDGETS

3.1 **Chief Executives Department** - The outturn for 09/10 shows an underspend of £145,000, an improvement of £830,000 from the monitoring report in February and an improvement on the reported underspend in the June outturn report of £70,000. The change from the June report has mainly come about from a reanalysis of the position on regeneration spend which identified some £137,000 of residual spend associated with Education Action Zones which will be met from an existing reserve, offset by an identified overspend of £73,000 on the events budget missed from the June report.

3.2 The Chief Executive has put forward to revenue gateway proposals for the carry forward of a number of budget underspends. Those supported by Gateway are included on Appendix 1.

3.3 **Corporate Services** – The outturn position for 2009/10 is an underspend of £1.437m which has increased by £64,000 from the underspend position reported in the February Monitoring Report. The reported underspend has reduced from the underspend reported in June by £72,000 due to a late adjustment made in the accounts. Underspends in Revenues and Benefits (£652,000), Corporate Procurement (£1.169m), Capital Projects and Technical Services (£80,000) and Corporate Property (£1.902m) have been partly offset by overspends on Financial Management (£959,000), Personnel (£1.101m), and Corporate Budgets (£396,000).

3.4 The outturn assumes that additional legal and administrative costs arising from single status claims of £75,828 will be met from contingency and Executive are asked to agree this transfer.

- 3.5 The City Treasurer has not requested that any of the underspend on his budgets be carried forward.
- 3.6 **Children's Services** – The 2009/10 outturn position shows a small overall underspend of £65,000 compared to a small overall overspend of £73,000 as being projected in the monitoring report to Executive in February. The main concern, however, is that increased costs within Children, Young People & Families largely resulting from increased, residential placements and foster care placements have been offset by under spends across other areas of the service of a non-recurring nature. The pressures on these budgets going forward will therefore continue to require careful monitoring and control.
- 3.7 **Directorate for Adults** - The Directorate has out-turned at an overspend of some £259,000 (not changed since the June report) compared to a projected overspend of £705,000 as at February. The main issues include:
- The higher than budgeted cost of new placements for Physical Disability clients,
 - Higher than budgeted staffing costs in Physical Disability supported accommodation,
 - pressures on the mental health pooled budgets and
 - Performance against income targets after the implementation of the new charging scheme.
- 3.8 It is requested that £50,000 of spend on Manchester Care be met from the £250,000 contingency set aside for this purpose.
- 3.9 **Neighbourhood Services**
- 3.10 Overall the Directorate has overspent against budgets by just under £3m assuming that the requests for contingency funding identified are approved. This is around £1m more than they had been projecting in February which is predominantly due to increased costs arising from the severe winter weather and the issue of capitalising salaries, both of which had been identified as risks within the risk register attached to that report. The reported overspend differs from that reported in June by £504,000. This was due to some £594,000 spend missed from the June reports in error and some small readjustments to the cash limit / non cash limit split, this was due to issues around the treatment of Support Services costs.
- 3.11 The Director of Neighbourhood Services has made a number of requests to the Revenue Gateway Group for carry forward of specific underspent budgets, those recommended to Executive by the Gateway Group are included on Appendix 1. The following provides some additional detail of the outturn position service by service.
- 3.12 **Street Management and Enforcement** – The outturn position is an underspend of £1.998m, £1.920m of which is the surplus on the parking and bus lane enforcement accounts that are transferred into their respective

reserves. There are also underspends on the Waste Levy (£797,000) due to GMWDA providing two years 'refund of contribution' in the same financial year, and Waste and recycling (£957,000), which is due to the delay in implementing new food collection services to 100,000 households across the city and a small underspends on Environmental Strategy, Licensing and Street Environment and Management. These are offset by an overspend on Business Support of £1.067m which largely relates to the costs of operating the depots and historic support service charges, these costs will be dealt with in 2010/11 and where appropriate allocated across the directorate.

- 3.13 **Private Sector Housing** – At outturn there is a net overspend of £800,000 made up of £427,000 unachievable efficiency savings plus £373,000 general overspending. Components of the overspending are employee costs, council tax payable on empty properties, reduced income and a bad debt provision.
- 3.14 **Trading Services** – The outturn position for 2009/10 is £276,000 underspend after taking account of £213,000 of residual costs relating to City Works. Over spends in Bereavement Services, Community Transport and Manchester Markets are offset by underspends in Town Hall Services, Street Scene and Manchester Contracts.
- 3.15 **Leisure** – The 2009/10 Outturn for Leisure is an overspend of £414,000 after factoring in the £235,000 additional funding for Sports Development from WNF. The main overspends are in relation to Legionella and Asbestos works and income from the Sport and Leisure Trusts being less than budgeted
- 3.16 **Libraries** – The 2009/10 Outturn position for Libraries is an underspend of £423,000. A large underspend on employees was partly offset by overspends on Premises, Shortfall against income targets and Transport/ Supplies and Services.
- 3.17 **Highways and MEDC** – Highways have overspent their budgets by some £2.929m. This overspend includes some significant costs arising from the severe winter weather including the need for additional winter gritting, significant additional spending in dealing with pot holes, an increase in trip claims and costs of retractable bollards. In addition, the service had assumed some £419,000 of salary costs could be charged to capital but under the current accounting regulations this has not been possible. MEDC fell short of their target surplus of £148,000 by some £97,000 as level of chargeable activity has been less than anticipated. The Highways service are seeking approval for the following costs incurred to be met from contingency:

	£000
Additional costs associated with severe winter weather	450,000
Pot Hole expenditure	494,000
	<u><u>944,000</u></u>

Executive are asked to approve these calls on contingency. If these calls on contingency are agreed, this will reduce the overspend on Highways to £2.034m.

4.0 CONTINGENCY

4.1 The report identifies the following requests for costs to be met from the central contingency:

	£000
Corporate Services:	
Single Status – Legal and Admin. costs	75,823
Neighbourhood Services:	
Additional costs associated with severe winter weather	450,000
Pot Hole expenditure	494,000
	<u><u>1,019,823</u></u>

4.2 Assuming Executive agree to the requests for contingency funding identified in the report above, there would be a balance of unused contingency of £3.0m. The Revenue Gateway Group have considered some proposed contingency spend that did not occur during 2009/10 as planned and are requesting that these sums be rolled forward in contingency for use in 2010/11. These total £304,873 and are attached as Appendix 2.

Service carry forward requests 2009/10 to 2010/11 recommended for approval by the Revenue Gateway Group

APPENDIX 1

Departmental:

BA	Gateway Date	Scheme Name	Carry Forward Amount £	Gateway Comment
<u>Libraries:</u>	Jun-10	Radio Frequency Identification	198,000	Approved
	Jun-10	Gorton Refurbishment	15,000	Approved
	Jun-10	Provision of Wi-Fi facilities	18,000	Approved
	Jun-10	Libraries Refurbishments	101,000	Approved
Total Libraries			332,000	
<u>Neighbourhood Services:</u>	Mar-10	Japanese Knotweed - Visual Environment Fund	25,000	Approved
	Apr-10	City Centre Canals	18,000	Approved
	May-10	Carbon Innovation Fund	89,395	Approved
	Jun-10	Civil Contingencies Unit	20,000	Approved
Total Neighbourhood Services			152,395	
<u>Chief Executives:</u>	Jun-10	Communications - Intranet	135,000	Approved
<u>Total all Services</u>			619,395	

Central Contingency, requests to carry forward underspends:

APPENDIX 2

BA	Gateway Date	Scheme Name	Carry Forward Amount £	Gateway Comment
Contingency - Unallocated ABG	May-10	ABG - Planning - Surface Water Management Plan	200,000	In Contingency relating to unallocated ABG. To be carried forward and allocated to 10/11 budget.
Contingency - Unallocated ABG	Feb-10	ABG - Education - Healthy Schools	88,537	To be carried forward and held centrally. Will be allocated to the service when all schools have achieved the healthy schools status.
Contingency - Data Protection	Jun-10	CEX - Democratic Services Data Protection Training	16,336	Approved
Total Requests for Carry Forward of unspent Contingency			304,873	