

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

|    |                     |  |
|----|---------------------|--|
| 1. | <b>Meeting:</b>     | <b>Self Regulation Select Commission</b> |
| 2. | <b>Date:</b>        | <b>27th June 2014</b>                    |
| 3. | <b>Title:</b>       | <b>Revenue Account Outturn 2013/14</b>   |
| 4. | <b>Directorate:</b> | <b>Resources</b>                         |

### 5. Summary

- In 2013/14 the Council **budgeted** to spend **£221.474m** on its **General Fund Revenue Account**. **Actual spending for the year** was **£220.440m**, a **saving** against budget of **-£1.034m (or -0.47%)**. Of this, £0.747m is accounted for by surpluses on trading accounts, leaving a **net underspend of £0.287m. (-0.13%)**

Requests to carry-forward £251k of unspent 2013/14 budgets for specific projects/purposes are also included in this report. **If approved the remaining balance available to support the future years' budget is £36k.**

- In addition, the **Delegated Schools' Budget was £154.271m**. Actual spend against this was **£155.155m**, an **overspend of £0.884m** for the year. This has drawn down from Schools' Reserves which at 31<sup>st</sup> March 2014 stood at £6.456m.
- The Housing Revenue Account (HRA) in 2013/14 was **budgeted** to draw down funding from the HRA General Reserve of **£2.599m**. However, use of the reserve was not required and there has been a **contribution to this Reserve of £1.570m**.
- This is a very positive outturn, especially given the challenges faced in-year which necessitated the implementation of a moratorium on all but essential spend from October. It is the result of the hard work of both elected Members and staff in managing reducing levels of funding at a time of increasing service need, and also the generally good and responsible financial management on the part of budget holders.
- Reflecting the above outturn position, and assuming the recommendations in this report are approved, the Council's Revenue Reserves as at 31 March 2014 were: **General Fund Reserves** available and uncommitted to support the Budget **£10.222m** and Earmarked Reserves £57.031m of which £43.540m is ringfenced for HRA, Schools and to meet future PFI contractual obligations.

## **6. Recommendations**

**That Self Regulation note the request to Cabinet to:-**

- 1. Note the Council's General Fund, Schools' and the Housing Revenue Account (HRA) Revenue Outturn Position Statements for 2013/2014.**
- 2. Note the level of the Council's Revenue Reserves as at 31 March 2014.**
- 3. Approve the carrying forward of underspends on Trading Services (£747,055) and requests for carrying forward of specific items (£251,467) in accordance with the Council's approved policy; and**
- 4. Approve the waiving of the Council's policy of carrying forward 20% of Directorate underspends from 2013/14.**

## 7. Proposals and Details

### 7.1 Revenue Outturn 2013/14

Rotherham's Net Revenue Budget (excluding Delegated Schools' Budget of £154.271m) for the 2013/14 financial year was £221.474m. Actual spending was £220.440m, resulting in an underspend of -£1.034m (or -0.47%). In addition to this, the Delegated Schools' Budget was exceeded and balances drawn from Schools' reserves to the value of £0.884m.

The Revenue Outturn position is analysed by Directorate at **Appendix 1** with the principal reasons for the variations set out in **Appendix 2**. More detailed Directorate Outturn reports have been presented to individual Cabinet Members for their portfolio areas of responsibility.

**In spite of significant pressures and commitments, the Council has managed to achieve, through taking a proactive series of management actions and careful financial management, a positive financial outturn. Excluding the position on Schools, there is a net underspend of -£1.034m (-0.47%) on the Council's Net Revenue Budget. This reflects the Council's continued prudent and sustainable approach to financial management.**

During 2013/14 the Council has continued the process of reconfiguring and rationalising its services in order to meet the financial challenges it is facing. As part of the process the Council offered the option of a voluntary severance scheme during the financial year. By the 31<sup>st</sup> March 2014, 126 employees had left or had been given approval to leave the Council under the terms of its Voluntary Severance arrangements (that is Voluntary Early Retirement, Voluntary Redundancy, Phased Retirement and Redeployment).

### 7.2 Schools' Budgets

Schools' budgets totalled £154.271m last year. Spending against these budgets came to £155.155m, requiring a use of schools balances of £0.884m. Schools' Reserves (including declared savings of £0.151m) stood at £6.456m as at 31<sup>st</sup> March 2014. The Department for Education (DfE) makes it clear, that schools are autonomous and self-managing and as such, within set guidelines the use of balances is under their control.

### 7.3 Housing Revenue Account (HRA)

The outturn position for the HRA showed a surplus for the year of £1.570m, which increased the HRA General Reserve to £16.698m as at 31<sup>st</sup> March 2014. The Service was budgeted to use reserves in 2013/14 of £2.599m. This resulted in an outturn variation of £4.168m. The principal reasons for the budget underspend are summarised within **Appendix 2**.

The HRA's 30 year Business Plan (under the Government's Self Financing Regime) has been updated to reflect the Outturn position and its contribution towards providing additional future investment in the Council's housing stock.

HRA Reserves (including the Major Repairs Reserve) stood at £21.922m at 31<sup>st</sup> March 2014.

## 7.4 Carry Forward of Balances into 2014/15

The following treatment of year end balances is proposed:

- **Trading services**

The Council's existing practice of carrying forward 100% of surpluses and deficits will continue and these will be taken into account in future year's business plans.

- **One-off or specific project budgets**

In cases where there are exceptional items of expenditure e.g. earmarked funding for special projects or developments, an application and supporting case has to be made to SLT to recommend to Cabinet the carry forward of up to 100% of any unspent balance at the end of the financial year if the project remains to be completed.

The outturn position for 2013/14 now reported reflects the position before the approval of the carry forward of trading services and specific balances. **Appendix 3** shows the position under each of the above categories and the supporting case for their application to carry forward specific project budgets.

SLT has considered the requests for carry forward and recommends to Cabinet that all requests are approved. These total £0.998m composed of: £0.747m in respect of traded services and £0.251m relating to one-off or exceptional items.

## 7.5 Reserves

### Reserves to Support the General Fund Revenue Budget:

General Fund Reserves are held in order to protect the Council against unforeseen costs and contingencies to mitigate financial risks. In order to ensure that a prudent level of balances is held, the value of balances is risk assessed annually as part of the budget setting process. Reflecting the outturn position and after assuming that the carry forward requests are approved, **£10.222m of the General Fund Reserve is available to support future years' budgets**. This figure is equivalent to about 4% of the Council's Net Revenue Budget which is in line with the Council's Financial Plan and is deemed to be at a prudent level..

### Earmarked Reserves

At the end of the 2013/14 financial year the Council's earmarked reserves stood at **£57.031m** comprising:

- Schools' Balances of £6.456m;
- HRA Reserves of £21.922m comprising a General Reserve of £16.698m and a Major Repairs Reserve balance of £5.224m ;
- PFI Reserve (£15.162m) to meet future contractual obligations over the life of the Schools and Leisure schemes;
- Commutation Adjustment Reserve (£8.394m) to meet future debt repayment costs;
- Furnished Homes Reserve of £3.186m;
- Culture and Leisure Insurance Reserve (£0.251m) and;
- Other Earmarked Reserves (£1.660m).

Cabinet is asked to note the Council's level of Revenue Reserves at 31 March 2014.

## 8. Finance

In total, the Council **budgeted to spend £375.745m on its General Fund Revenue Account in 2013/14**, (excluding Schools' Budgets the total was £221.474m). **The actual spend was £375.595m**; an underspend of -£0.150m or -0.04% less than budget. This is made up of the following:

|  | £m      | %      |
|--|---------|--------|
| General Fund (excl. Schools Delegated Budgets) | - 1.034 | - 0.47 |
| Schools Delegated Budgets                      | +0.884  | +0.57  |
|  | -----   | -----  |
|  | -0.150  | - 0.04 |
|  | -----   | -----  |

The summarised effect of this outturn position on the Council's Reserves has been set out above in the Reserves section of this report.

**Cabinet is asked to support the following proposed treatment of the non-schools unspent 2013/14 General Fund balance:**

|  |         |
|--|---------|
| General Fund (Non-Schools) Outturn Balance |         |
| - transferred to General Fund Reserves     | £1.034m |

**Less:**

|   |                |
|---|----------------|
| Carry forward of Traded Services                      | £0.747m        |
| Carry forward requests for specific projects/purposes | <u>£0.251m</u> |

|   |                       |
|---|-----------------------|
| <b><u>Balance available to support a future year's budget</u></b> | <b><u>£0.036m</u></b> |
|---|-----------------------|

## 9. Risks and Uncertainties

Decisions about the level of resources (including reserves) that are deployed to deliver the Council's priorities involve risk and uncertainty. However, the impact of unforeseen circumstances and adverse variances against budget can be minimised by continuing improvements in financial management, including the more effective management of financial risks.

## 10. Policy and Performance Agenda Implications

Approval with regard to the carry forward requests for Traded Services and for specific projects/purposes should be given as soon as possible so as to give certainty to the final level of approved budget for the current (2014/15) financial year.

## 11. Background Papers and Consultation

Cabinet Reports:

- Revenue Budget and Council Tax for 2013/14, 6<sup>th</sup> March, 2013
- Revenue and Capital Budget Monitoring reports to SLT and Cabinet.

Other Documents

- Statement of Accounts 2012/13 and draft Statement of Accounts 2013/14

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**APPENDIX 1 – 2013/14 General Fund Outturn Summary by Directorate**

| <u>Directorate</u>                           | <u>Budget</u>      | <u>Outturn</u>     | <u>Surplus (-)<br/>Deficit (+)</u> | <u>Trading</u>  | <u>Non-<br/>Trading</u> |
|--|--------------------|--------------------|------------------------------------|-----------------|-------------------------|
|  | <u>£</u>           | <u>£</u>           | <u>£</u>                           | <u>£</u>        | <u>£</u>                |
| <b>CYPS</b>                                  | 46,773,276         | 47,121,009         | +8,782                             | -303,623        | +312,405                |
| <b>Schools – Impact of Academy transfers</b> |                    |                    | +338,951                           |                 | +338,951                |
| <b>CYPS Total</b>                            | <b>46,773,276</b>  | <b>47,121,009</b>  | <b>+347,733</b>                    | <b>-303,623</b> | <b>+651,356</b>         |
|  |                    |                    |                                    |                 |                         |
| <b>EDS*</b>                                  | 47,499,105         | 46,753,588         | -745,517                           |                 | -745,517                |
|  |                    |                    |                                    |                 |                         |
| <b>Adult Social Services*</b>                | 77,836,998         | 77,566,123         | -270,875                           |                 | -270,875                |
| <b>Neighbourhoods</b>                        | 2,460,701          | 2,049,508          | -411,193                           | -77,218         | -333,975                |
| <b>NAS Total</b>                             | <b>80,297,699</b>  | <b>79,615,631</b>  | <b>-682,068</b>                    | <b>-77,218</b>  | <b>-604,850</b>         |
|  |                    |                    |                                    |                 |                         |
| <b>Resources**</b>                           | <b>14,442,325</b>  | <b>14,413,062</b>  | <b>-29,263</b>                     | <b>-366,214</b> | <b>+336,951</b>         |
|  |                    |                    |                                    |                 |                         |
| <b>Central and Other Services</b>            | <b>32,461,595</b>  | <b>32,536,579</b>  | <b>+74,984</b>                     |                 | <b>+74,984</b>          |
|  |                    |                    |                                    |                 |                         |
| <b>TOTAL (Excl Schools)</b>                  | <b>221,474,000</b> | <b>220,439,868</b> | <b>-1,034,132</b>                  | <b>-747,055</b> | <b>-287,077</b>         |
|  |                    |                    |                                    |                 |                         |
| <b>Schools' Budgets</b>                      | <b>154,271,416</b> | <b>155,155,531</b> | <b>+884,115</b>                    |                 | <b>+884,115</b>         |
|  |                    |                    |                                    |                 |                         |
| <b>TOTAL</b>                                 | <b>375,745,416</b> | <b>375,595,399</b> | <b>-150,017</b>                    | <b>-747,055</b> | <b>+597,038</b>         |

\* Includes matrix-managed services (except ICT)

\*\* Includes ICT – matrix-managed by EDS

## **APPENDIX 2 - EXPLANATION OF MAJOR BUDGET VARIATIONS IN 2013/14**

### **Children & Young People's Services Directorate**

The Directorate overspent by £348k before allowing for the carry forward of trading surplus balances. After taking these into consideration the overspend was £651k.

#### **Academy Conversions (+£339k)**

When a school with a Sponsor has a deficit balance and converts to an Academy the deficits under DfE Regulations must be borne by the Local Authority. Swinton Brookfield Primary's deficit of £38,951 and an estimated deficit for Rawmarsh School, a Sports College, of £300K have therefore contributed an additional cost to the Directorate of £339k in 2013/14.

#### **School Effectiveness (-£94K)**

This underspend is due to the School Effectiveness Service maximising use of grant income (-£50K) & slight delays in staff recruitment (-£28K). There was also additional income generation at Rockingham Professional Development Centre making (-£9K) over & above the £35K income target & an underspend (-£7K) in the Youth Enterprise team on supplies & services.

#### **Special Education Provision (-£129K)**

This underspend is partly due to voluntary early retirements & redundancies in the Parent Partnership service (-£10K), the SEN & Admissions Team (-£4K) & the Education Psychology Service (-£40K). There were also underspends on the Complex Needs placements budget due to the re-negotiation of lower placement fees (-£22K) and delays in staff recruitment in the Children in Public Care Team (-£14K), the Learning Support & Autism Communication Team (-£39K).

#### **Early Years Services (-£479K)**

This underspend consists of (-£72K) within central Early Years services & (-£407K) within the Children Centres due to voluntary early retirements & redundancies, maximising the use of grants & a strict moratorium on non-essential spend.

#### **Integrated Youth Support Services (-£396K)**

This consists of an overspend on the Outdoor Education service due to not achieving the income targets at Crowden (+£18K) & Habershon (+£38K) offset by an underspend on the wider youth service (-£452K) due to voluntary early retirements & redundancies, delays in staff recruitment, maximising use of grants & a moratorium on spend.

#### **Safeguarding, Children and Families Service Wide (+£173K)**

The main reason for this overspend is legal fees (+£157k) due, largely, to an increase in court fees notified to us in July 2013, agency & advertising costs for the Director of Safeguarding post (+£17K) & inspection consultancy costs (+£38K). This overspend is partially offset by savings due to delays in staff recruitment (-£39K) in Business Support.

#### **Child Protection Teams (+£26K)**

This overspend is due to confirmation in year of a reduction in the DSG contribution from schools as agreed by Schools Forum (+£49K) partially offset by underspends on supplies in the Safeguarding Unit due to the non-essential spend moratorium (-£5K). In addition, savings on the Advocacy contract within the Children's Rights Team due to delays in staff recruitment (-£18K).

### **Children in Need Social Work Teams (+£187K)**

This overspend is due to Agency staff costs & additional staff appointments within the Children in Need North team & the Borough Wide team (+£138K). Additional tribunal, premises & mileage costs in the Children in Need South team (+£24K). Confirmation in year of a charge for call handling for the Out of Hours Team (+£32K) & the cost of dilapidations for the Greasbrough Centre (+£42K), all partially offset with savings from staff vacancies from the Early Intervention teams (-£49K).

### **Looked After Children (+£985K)**

The overspend is mainly due to out of authority residential placements (+£1.617m), remand placements (+£187K) and independent fostering placements (+£36K). This overspend is net of a provision for additional Continuing Care income from Rotherham Clinical Care Group (CCG) of £401K which is £193K above the projected income after allowing for professional, expert advice in support of the submission.

These pressures are partially offset by underspends in the Contact Worker Team (-£27K) & LAC Team (-£4K) due to delays in staff recruitment, and in Children's Homes (-£121k) mainly due to not staffing the Silverwood annexe. Fostering Services have underspent (-£313k) on fostering allowances/equipment, and Residence Orders & Families Together placements have underspent due to a lower demand than what was expected at the start of the year. Adoption placements have underspent (-£213k) due to the re-profiling of adoption placements and the impact of this on inter-agency adoption costs & due to maximising the use of grants. Savings have also been achieved through reduced use of transport for LAC (-£86k) & (-£119k) within Leaving Care services on accommodation costs & a reduction in the number of weekly payments required.

### **Disability Services (+£79K)**

This overspend is mainly due to overtime & agency costs at Cherry Tree & Liberty residential homes due to cover for sickness & vacancies (+£75K), an overspend on direct payments (+£49K) and on the Disability short-breaks contracts (+£5K) offset by savings on delays in recruiting to staff vacancies in both the Disability Team (-£19K) & Outreach Team (-£27K). There is also a slight underspend on the Liberty/Cherry Tree kitchen (-£4K). The overspend on direct payments is due to providing carers to support families with children with extremely complex needs which would otherwise require Out of Authority residential placements, and at a much higher cost.

### **Remaining CYPS Services (-£39k)**

There is a slight overspend on the Director of Schools & Lifelong Learning (+£1K) due to room bookings offset by a contribution of (-£8K) from the Catering Traded Service and an underspend on Pensions of (-£32K) due to a reduction in payments required.

### **Impact of Management Actions**

Considerable, concerted proactive management actions to contain, and where possible, reduce the financial pressures faced by the Directorate have continued throughout 2013/14. In total these actions have helped the service avoid £721K of costs that would otherwise have been incurred including; a reduction in client placement costs (£553k) through renegotiating contracts with external providers, the Fostering Framework (-£91K) reductions on standard fostering placements & the Block contract (-77K) savings on Complex fostering placements.

### **Environment and Development Services Directorate**

The overall service outturn position was **-£0.746m below budget**. The main variations against budget were:

### **Asset Management, Insurance and Internal Audit (-£242k).**

This Department is reporting a number of underspends within Building Cleaning (-£191k) due to reduced expenditure following a review and rationalisation of service overheads and additional income generation through increased contracts with some expanding schools and neighbourhood services, Caretaking (-£67k) due to additional income generation, and the Corporate Environmental Team (-£128k) due to the Carbon Reduction Commitment Scheme costing less than forecast. In addition, further combined savings across the services total (-£154k) which have arisen due to the imposed moratorium on non-essential spend and some additional one-off income being generated.

The above savings have exceeded the overspending areas of the service; Facilities Management (+£232k) due to additional costs of Community buildings and Land & Property Bank pressures, and other combined service-wide pressures which show an overspend of (+£66k) relating to staff costs and income under-recovery.

### **Directorate's Business Unit (-£71k)**

This underspend is due to effective management of vacancies, the moratorium on non-essential spend and a tightly controlled training programme.

### **Communications (-£11k)**

Due to the moratorium on non-essential spend and a small amount of additional income generation.

### **Regeneration, Planning and Cultural Services (-£136k).**

A number of areas have reported underspends totalling -£634k, these include: Business Centres (Managed Workspace) -£169k due to reduced expenditure due to the moratorium on non-essential spend and increased rental income through improved occupancy rates; Markets -£49k due to renegotiated security contracts at lower rates and higher than anticipated occupancy of town centre pitches; Cultural Services -£198k resulting from increased Theatre income and reduced usage of the Book Fund, plus vacating premises earlier than anticipated; Partnerships -£100k, with other smaller savings across the following services (Building Control, Rotherham Economic Regeneration Fund (RERF), Management and Rotherham Investment Development Office (RIDO), collectively contributing a further -£118k underspend, mainly resulting from the moratorium. These combined savings have helped mitigate pressures across the Service, +£180k as Customer Access were not able to fully deliver its savings target; a one-off payment to HMRC for over-recovery of VAT, and a reduced level of income recovery have meant an overspend of +£170k within Land Charges; and a shortfall on planning application fees shows an under recovery of income of +£90k. Other numerous smaller reported overspends total +£58k.

### **Streetpride (-£286k)**

### **Network Management (+£177k).**

The key pressures are Parking Services +£196k mainly due to a shortfall on income recovery, and Winter Service +£135k as this budget is insufficient for a reasonable level of salting and gritting activity. Drainage overspent +£20k due to responding to increased service demands. These pressures have been partially mitigated by underspends within Streetworks and Enforcements -£59k, Street Lighting -£50k, Highways Maintenance -£62k, Public Rights of Way -£3k, which are the result of additional income generation and reduced expenditure due to the moratorium.

### **Waste Management (-£10k)**

Commercial Waste have shown an overspend, +£162k mainly due to a shortfall on income recovery, this has been offset by savings on Waste Disposal -£135k due to renegotiated contracts and a further -£37k on the Waste PFI account from reduced

external consultancy costs and the later than planned recruitment to a Project Support post.

### **Leisure and Community Services (+£180k)**

Leisure and Green Spaces have reported an overspend +£100k, predominantly due to a one-off retrospective VAT payment for Country Parks income. Community Services overspent +£80k, mainly due to increased demand on cleansing services for fly tipping, weed-killing, and increased works around bungalow sites have caused further financial pressure on grounds maintenance.

### **The Corporate Transport Unit and associated services (-£320k)**

The underspend is mainly due to revised transport requirements commissioned by the Home to School Transport service. There has also been an additional benefit from the change in the charging for operator licences.

Further underspends are shown against Streetpride's Corporate Accounts **-£173k** and Stores and Depots **-£111k** due to the moratorium on non-essential spend, and Transportation have reported an underspend of **-£29k** mainly due to increased income from external grants.

## **Neighbourhoods and Adult Services Directorate**

### **Adult Services**

Adult Services outturn **delivered an underspend of -£0.033m against budget**. The key variations within each service area can be summarised as follows:

#### **Adults General (-£140k)**

Mainly due to restricting spend to essential items only throughout the year, managed savings on training budgets plus additional grant funding for HIV support.

#### **Older People's Services (+£298k)**

The main overspends were a recurrent budget pressure on Direct Payments (+£757k), delays in implementing a budget savings target in In-House Residential Care due to the extended consultation period (+£126k), an overspend on independent residential and nursing care (+£812k) due to the budget savings target for additional Continuing Health Care (CHC) income not being achieved plus an increase in demand for domiciliary care (additional 58 clients) particularly during final quarter of 2013/14 (+£975k).

These budget pressures were significantly reduced by: additional Winter Pressures funding received in last quarter (-£220k); vacancies due to service reviews and increased staff turnover within Assessment & Care Management and Social Work Teams (-£654k); the impact of restricting spend to essential items only throughout the year within Day Care services (-£130k); delays to developing services for Dementia clients (-£309k) and carers breaks (-£196k); additional funding from health to support hospital discharges (-£500k); and revenue savings due to delays in the replacement programme for Community Alarms and funding through capital resources (-£363k).

#### **Learning Disability Services (+£132k)**

Due to an overspend on SYHA residential and nursing care contracts (+£95k), increase in care packages and reduction in CHC income in supported living schemes (+£64k), increase in demand and unachieved budget saving in Domiciliary Care (+£85k) and high cost placements in independent day care (+£66k). There were also recurrent pressures on Day Care transport including an under-recovery of income from charges and new high cost placements during the year (+£110k).

These pressures were reduced by underspends in independent sector residential care budgets as a result of a review of all high cost placements (-£169k) plus efficiency savings on a number of independent and voluntary sector contracts (-£65k) and reduced care packages within Community Support services (-£54k).

### **Mental Health Services (-£446k)**

Savings on Community Support Services (-£184k) as clients moved to a direct payment plus additional funding from public health to meet public health outcomes in respect of alcohol and substance misuse (-£262k).

### **Physical and Sensory Disabilities (+£383k)**

A recurrent budget pressure and increase in demand for Direct Payments (+10 clients) resulted in an overspend (+£776k), plus additional demand for independent Domiciliary Care (+£152k). These pressures were reduced by a planned delay in developing specialist alternatives to residential and respite care provision (-£321k), efficiency savings on contracts with providers for day care, advocacy and Community support services (-£163k), equipment and minor adaptations (-£9k) and staff vacancies and non-pay budgets (-£52k).

### **Adults Safeguarding (-£148k)**

Mainly due to additional Public Health funding to support Domestic Violence, plus higher than expected staff turnover.

### **Supporting People services (-£112k)**

Due to additional savings relating to a reduction in actual activity on a number of subsidy contracts.

## **Neighbourhoods**

The net outturn for Neighbourhood services shows an **underspend of -£0.411m before the carryforward of traded services balances and -£0.334m after taking traded service balances into account**. The key variations can be summarised as follows:

### **Safer Neighbourhoods (-£95k)**

As a result of vacant posts, the impact of restricting spend to essential items only throughout the year, and some one-off grant funding that was used to partially fund expenditure within the Community Protection Team.

### **Business Regulation services (-£89k)**

Food Safety, Health and Safety, Animal Health, Trading Standards, Licensing and Bereavement Services underspent mainly due to staff turnover greater than forecast plus delays in planned repairs. A request for £10k to complete this work has been requested for carry forward.

### **Housing and Communities services (-£94k)**

This included an underspend as a result of Members Allocations not being fully spent in the year within the Community Leadership Fund. A request for Cabinet to support carry-forward of £19,232 was submitted on 24<sup>th</sup> February to Cabinet Member for Community Cohesion (Ref minute number 48). Further savings within this service were made due to tight controls on supplies and services within Area Assemblies due to restricting spend to essential items only throughout the year.

### **Strategic Housing and Investment services (+£19k)**

Mainly due to staff cost pressures and a small shortfall on income.

### **The Housing Options service (-£145k)**

Within this the Dispersed Units Trading Account generated a surplus of £77,218 and this report includes a proposal to carry forward this trading surplus. Additional income was also generated from fees within the Adaptations Service.

### **Central Neighbourhood services (-£7k)**

Due to savings made on supplies and services budgets as a result of restricting spend to essential items only throughout the year.

### **Public Health**

Public Health services were transferred from health to Local authorities on 1 April 2013. The service is funded by a ring fenced specific grant from the Department of Health, which for Rotherham was £13.790m for 2013/14. The final outturn position was an underspend of £585k which has been transferred to reserves to meet additional commitments by the service in 2014/15.

### **Housing Revenue Account (HRA)**

The Housing Revenue Account **budgeted** to make a contribution from reserves of **£2.599m**. Actual contribution to reserves was **£1.570m; £4.168m above budget**.

The principal reasons for the £4.168m variation from budget were:

- Underspend on repairs (-£857k) due to rebasing of contracts and shared savings agreed with contractors plus under-utilisation of the bad weather contingency and contractual risks budget
- Review of staffing structures, including vacancies, and restricting spend to essential items only throughout the year plus a review of Service Level Agreements (-£1.276m)
- Reduction in the cost of capital due to lower interest rates (-£290k)
- Revaluation and impairment of Fixed Assets (-£466k)
- Additional income from charges for services and facilities (-£831k) in respect of Furnished Homes, District Heating and an increase in Right to Buy sales
- Additional rent income (-£366k)
- Other fees and charges income (-£82k) from tenants contents insurance, sales of second hand furniture and recovery of court costs.

### **Resources**

The overall service outturn position **was a -£29k underspend before the carryforward of traded services surpluses and +£0.337m above budget when these are taken into account**. The main variations against budget were:

#### **ICT Services (+£748k)**

This overspend is due to a loss of income on the Rotherham Grid for Learning (RGfL) contract with schools (+£305k) as a result of contract renegotiations, and a £443k income under-recovery as a result of the moratorium on non-essential ICT spend by internal Directorates and departments.

#### **HR & Payroll and Legal Services (-£281k)**

Due to additional income generation and reduced staff costs. Of the -£281k underspend, £30k is being requested for carry-forward for new additional licence costs to be incurred in 2014/15 to meet Ofsted recommendations.

### **Financial Services (-£374k)**

This includes a net surplus (-£366k) on schools traded services which will be carried forward into 2014/15. (See Appendix 3). The balance (-£8k) is due to savings through the moratorium on non-essential spend.

### **Revenues and Benefits Service (-£38k)**

Due to reduced staff costs, additional income and the moratorium on non-essential spend.

### **Resources Management (-£84k)**

Due to reduced staff costs, below budget pension costs and the impact of the moratorium on non-essential spend.

### **Central and Other Services**

Overall these services **slightly overspent (+£75k)**. This overspend consists of a number of over and under spends:

- Incomplete delivery of the budgeted 2013/14 Commissioning Savings Target **(+£391k)**.
- Non-delivery of the savings target in respect of renegotiating Staff Terms and Conditions. Options for progressing this saving were considered and rejected by the Unions during the year **(+£300k)**.

The above pressures were mitigated through use of the Council's Contingency budget **(-£600)**; and other minor savings **(-£16k)**.

The Council's Outturn position also reflects inclusion of a provision for the level of business rates income likely to be affected by rating appeals. The provision for this has been increased following timely and better information being made available from the Government's Valuation Office Agency and recent clarification from DCLG and CIPFA on how appeals should be determined for the purpose of completing the end of year, NNDR 3 return. The capital financing savings reported to Cabinet during 2013/14 in respect of refinancing of capital spend originally funded by prudential borrowing mitigate the need for this accounting provision.

## APPENDIX 3 - CARRY FORWARD OF 2013/14 REVENUE BUDGET UNDERSPENDS

### **Carry Forward of Traded Balances (£747,055)**

In accordance with the 9<sup>th</sup> April 2008 Cabinet decision to carry forward 100% of traded services surplus and deficits and be included in future years' business plans, the following trading service balances will be carried forward in to 2014/15 financial year.

### **C&YPS**

- £210,778 Schools Catering Service (Trading surplus). The service will be using this surplus to meet service savings targets agreed when setting the 2014/15 budget.
- £92,845 Schools Music Service. The Authority has secured £1.4m in funding in respect of the Rotherham Music Hub from the Arts Council of England over a 3 year period with the funding reducing over that 3 year period. It is requested that, as in 2012/13, the surplus funds from operations in 2013/14, be carried forward into 2014/15 to partially offset the fall in government funding in future years.

### **NAS**

- £77,218 This is the trading surplus on the Dispersed and Furnished Units service which provides emergency overnight accommodation. Income from the weekly charge from occupied units is used to contribute to replace fixtures, furniture and furnishings within the temporary units for the homeless and is ring-fenced to the service area. Due to the nature of what the properties are used for it is difficult to estimate the occupancy, thus the income levels that may be generated throughout the year are reinvested into the upkeep of the properties and to cover operational costs, any reserve that is generated at year end is used the following year to maintain property standards and to supplement any short fall in income due to under occupancy of the units in year. This service sits alongside the furnished accommodation scheme to help support the establishment of vulnerable tenancies.

### **Financial Services**

- £284,200 This surplus relates to the Schools' Staff Sickness Insurance Scheme which provides financial compensation to schools which need to employ additional staff to cover their own staff's absence.
- £82,014 This surplus is for Schools' Finance Traded Service which provides financial management and professional support and advice to Head Teachers and Governing Bodies in managing their financial resources

## Carry Forward of specific project budgets

As previously indicated, the existing policy requires that in the case of exceptional items of expenditure, an application and supporting case be made to SLT to recommend to Cabinet the carry forward of 100% of any unspent balance at the end of the financial year.

These requests are set out below by Directorate:

### Neighbourhoods

- £19,232 Community Leadership Fund - the Members Community Leadership Fund had an under spend of £19k at the year end. It was agreed on 24th February at Cabinet Member meeting for Community Cohesion to request to Cabinet a carry forward of any unspent balance for use in 2014/15. (See Minute Ref 48)
- £10,000 Bereavement Services Partnership – To fund delayed essential cemetery repair works that will now be undertaken during 2014/15.
- £23,707 Required as Match Funding towards the Roma Matrix Grant.

### Environment & Development Services

- £97,140 Joint Funding for the Rotherham Partnership is provided by organisations like the South Yorkshire Police, the Chamber of Commerce, NHS Rotherham, Rotherham Hospitals, Voluntary Action Rotherham and Thomas Rotherham and Dearne Valley Colleges.
- £12,171 Emergency Planning Joint Service with Sheffield City Council. This represents the 2013/14 underspend on this jointly funded service.
- £37,900 To fund new additional Carbon Reduction Commitment costs in 2014/15, following rule changes within the Scheme.

### Resources

- £16,317 International Events (£11,057) and Town Twinning (£5,260 – to fund commitments for events in 2014/15)
- £5,000 Partial use of underspend on the Members Development budget to fund desk mounted amplification equipment in John Smith's Room and Committee Rooms 1&2.
- £30,000 HR & Payroll Service – funding to meet costs associated with electronic DBS checks needed to avoid vulnerabilities at future Ofsted Inspections.

### TOTAL

- **£998,522** **Of this, £747,055 relates to trading accounts and £251,467 to specific balances.**