

CABINET – 23 JUNE 2011

26. FINANCIAL OUT-TURN 2010/2011

A full review of the financial accounts for 2010/11 had now been completed and a report by the Director of Finance provided a comparison of the out-turn against the estimate for 2010/11 and an analysis of the major variations together with details of the amounts held in reserves and provisions at 31 March 2011.

Councillor S Foulkes informed that he had serious concerns over the lateness of this report which had meant that Members had very little time to consider and analyse its content but had agreed that it could be discussed at this meeting and decisions would be made so that the Council's 2010/11 accounts could be closed. Councillor Foulkes also told the Cabinet that it was a worrying report that set out a £5.3m overspend that had been lost in the system and had not known at the time the 2011/12 budget had been set but had now come to light. He was disappointed that predictable pressures were being reported long after the budgetary process had ended and he told the Cabinet that this was just not acceptable.

The Cabinet noted that the main headlines in respect of the General Fund were as follows:

- (a) for 2010/11 there was an overspend of £5.3 million that arose in the areas of Adult Social Services, Children's Services and Technical Services. This was largely offset by 'one-off' savings within the areas of Treasury Management and Housing Benefit. Net this was a £0.3 million overspend;
- (b) the level of balances at 31 March 2011 increased by £1 million. The release of a further £5.7 million from reserves being used to meet the requirement to include £4.4 million of Early Voluntary Retirement/Voluntary Severance Scheme to be spent in 2011/12 in the 2010/11 accounts and to meet the net overspend; and
- (c) the Council's provisions and reserves at 31 March 2011 were £15 million higher than a year earlier. This was due to the requirement to provide for the £8.7 million of Early Voluntary Retirement/Voluntary Severance payments due in 2011/12, the Community Fund grant of £4.4 million required for future years and a £3 million increase in schools balances.

RESOLVED: That

- (1) the revenue out-turn for 2010/11 be agreed;**
- (2) the provisions and reserves be agreed;**
- (3) Cabinet expresses its dismay at the Council's reported £5.3m overspend in Adult Social Services, Children's Services and Technical Services;**

- (4) in view of the looming reduction in Council resources, the Cabinet believes that substantial corrective action should have been taken at an earlier stage in order to avoid placing more pressure on the following year's budget, and that the pressures creating the overspends were well known within the year;**
- (5) Cabinet notes that these overspends have been covered by one off savings from Treasury Management and Housing Benefit;**
- (6) Cabinet points out that as resources get scarcer, these one off sums cannot be relied on to bail out overspending areas, and that, where they are available, they should be used to reduce the pressures on the following year's budget; and**
- (7) Cabinet also expresses its concern that these figures may hide ongoing commitments which could lead to built in overspends in future years if they are not tackled, and asks Chief Officers to address these matters urgently.**