

Report to the Finance and Performance Management Scrutiny Panel



Date of meeting: 19 June 2012

Portfolio: Finance and Technology

Subject: Provisional Revenue Outturn 2011/12.

Responsible Officer: Peter Maddock (01992 564602)

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That the overall 2011/12 revenue out-turn for the General Fund and Housing Revenue Accounts (HRA) be noted;
- (2) That as detailed in Appendix D, the carry forward of £446,000 District Development Fund expenditure be noted ; and

Executive Summary

This report provides an overall summary of the revenue outturn for the financial year 2011/12.

Reasons for proposed decision:

To note the provisional revenue outturn.

Other options for action:

No other options available.

General Fund

1. The table below summarises the revenue outturn for the General Fund and the consequential movement in balances for 2011/12.

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Net Expenditure after Adjustments	15,682	15,643	15,165	(517)	(478)
Government Grants and Local Taxation	15,511	15,712	15,712	(201)	-
(Contribution to)/from Balances	171	(69)	(547)	(718)	(478)
Opening Balances – 1/4/11	(8,570)	(8,570)	(8,570)	-	-
(Contribution to)/from Balances	171	(69)	(547)	(718)	(478)

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Closing Balances – 31/3/12	(8,399)	(8,639)	(9,117)	(718)	(478)

2. Net expenditure for 2011/12 totalled £15.165 million, which was £517,000 (3.4%) below the original estimate and £478,000 (3.2%) below the revised. When compared to a gross expenditure budget of approximately £85 million, the variances can be restated as 0.6% and under 0.5% respectively.

3. An analysis of the changes between Continuing Services Budget (CSB) and District Development Fund (DDF) expenditure illustrates where the main variances in revenue expenditure have occurred.

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Opening CSB	17,090	17,393	17,026	(64)	(367)
In Year Growth	486	1,102	1,112	626	10
In Year Savings	(1,894)	(2,852)	(2,973)	(1,079)	(121)
Total Continuing Services Budget	15,682	15,643	15,165	(517)	(478)
DDF – Expenditure	1,698	1,965	1,557	(141)	(408)
DDF – One Off Savings	(594)	(1,615)	(1,745)	(1,151)	(130)
Total DDF	1,104	350	(188)	(1,292)	(538)
Appropriations	(1,275)	(281)	735	2,010	1,016
Net Expenditure	15,511	15,712	15,712	201	-

Continuing Services Budget

4. CSB expenditure was £517,000 below the original estimate and £478,000 lower than the revised. Variances have arisen on both the opening CSB, £367,000 lower than the probable outturn and the in year figures, £111,000 lower than the probable outturn.

5. In common with recent years salary savings make up a proportion of this saving. Actual salary spending for the authority in total, including agency costs, was some £18.847 million compared against an original estimate of £19.796 million. The saving of £949,000 was primarily spread over four directorates Housing, Environment and Street Scene, Planning and Economic Development and Office of the Chief Executive, though much of the latter has been treated as DDF. The largest monetary saving relates to Housing so broadly half of the overall saving fell on the Housing Revenue Account (HRA) or Housing Repairs Fund rather than on the General Fund. The saving was a little higher than in 2010/11 (4.8% compared to 4.0%) however a sizeable amount of this saving was built into the Probable Outturn. The saving over and above the probable outturn amounted to £199,000,(1.1%).

6. There were a number of other CSB savings when compared to the revised, these include:

- (a) Some unspent monies relating to the corporate improvement budget (£33,000)
- (b) Building Maintenance (£25,000)

- (c) A few NNDR reductions (£24,000)
- (d) Various savings on recruitment advertising, postage and stationery within directorate admin budgets. (£24,000).
- (e) A significant number of other budgets showing underspends of between £6,000 and £12,000.
- (f) There was also a reduction in the Provision for bad and doubtful debts of £63,000. The external auditors had requested the General Fund provision be reviewed and this has been carried out. The reduction represents 3.5% of the provision that existed at the start of the financial year.

7. The original in year CSB savings figure of £1,408,000 became an in year savings figure of £1,750,000. The main reasons related to the savings on the waste management contract and the inclusion of the New Homes Bonus but this was offset to a degree by the decision to build the whole of the pension deficit payments into the CSB. Given that the capitalisation direction applied for in 2011/12 was refused this was considered the appropriate prudent step to take in the circumstances. In the event savings were higher than both at £1,861,000, due in the main to the full saving on the cessation of the contribution toward the community support officers being achieved earlier than expected. Full details of items within the CSB growth figures can be found at appendix A.

District Development Fund

8. Net DDF expenditure was expected to be £1,104,000 in the original estimate and £350,000 in the probable outturn. In the event the DDF showed net income of £188,000. This is £1,292,000 below the original and £538,000 below the revised. There are requests for carry forwards totalling £446,000 and therefore the variation actually equates to a £92,000 net under spend on the DDF items undertaken. These one-off projects are akin to capital, in that there is regular slippage and carry forward of budgetary provision. Therefore the only reasonable variance analysis that can be done is against the probable outturn.

9. The DDF reduced between the Original and Revised position by some £754,000, this was due to a mixture of items brought forward, rephased into future years and new items identified during 2011/12, the largest item introduced into the revised estimates was a credit of £249,000 for a VAT refund relating to trade waste income originating between 1973 and 1996. The final figure was in line with this. There was also anticipated to be a substantial reduction in investment income, slippage on the Local Plan budget and savings as a result of not having a permanent Chief Executive.

10. Corporate Support Services. Finance and ICT and Planning and Economic Development saw variations in excess of £100,000 on their DDF when compared to the probable outturn. Within Corporate Support Services the main variation related to the issue surrounding personal search charges within Local Land Charge. This is still ongoing and the allowance within the DDF is requested for carry forward. In Finance and ICT there are two quite large variations. The anticipated allowance required for the new concessionary fare arrangements will not be required and whilst ongoing court cost income from Council Tax Collection is expected to reduce the total income in 2011/12 was better than expected. It is felt the additional income though is of a one off nature. The main variation within Planning services relates to slippage within the Local plan budget. This issue was considered in some detail by Cabinet on 11 June 2012.

11. Appendix D lists the DDF items requested for carry forward but none of these is more than 2 years old.

Appropriations

11. The only variation on appropriations arises from the underspend on the DDF.

Housing Revenue Account

12. The table below summarises the revenue outturn for the Housing Revenue Account.

Housing Revenue Account	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Revenue Expenditure	13,416	13,154	12,866	(550)	(288)
HRA Subsidy Payable	11,312	11,342	11,304	(8)	(38)
Depreciation	8,904	12,893	10,032	1,128	(2,861)
Total Expenditure	33,632	37,389	34,202	570	(3,187)
Gross Dwelling Rents	27,502	27,544	27,538	(36)	6
Other Rents and Charges	2,980	2,815	2,741	239	74
Total Income	30,482	30,359	30,279	203	80
Net Cost of Service	3,150	7,030	3,923	773	(3,107)
Interest and Other Transfers	(750)	(590)	(637)	113	(47)
Interest Payable	0	0	61	61	61
Transfer from Major Repairs Reserve	(3,998)	(7,965)	(5,104)	(1,106)	2,861
Net Operating Income	(1,598)	(1,525)	(1,757)	(159)	(232)
Appropriations					
Capital Expenditure	2,050	2,050	2,050	-	-
Charged to Revenue					
Transfer to Insurance Fund	0	0	650	650	650
Other	130	424	450	320	26
Deficit/(Surplus) for Year	582	949	1,393	811	444
Opening Balance – 1/4/11	(5,887)	(5,887)	(5,887)	-	-
Deficit/(Surplus) for year	582	949	1,393	811	444
Closing Balance – 31/3/12	(5,305)	(4,938)	(4,494)	811	444

13. A Deficit within the HRA of £582,000 and £949,000 was expected within its original and revised revenue budgets respectively, the actual outturn was a deficit of £1,393,000.

14. There has for sometime been a slight possibility that the Council might become liable for the settlement of claims relating to Mesothelioma. There have been court proceeding in an attempt to ascertain whether liability to settle any claims rests with the Councils current insurers or the insurers at the time of employees exposure to the risk. On 28 March 2012 judgement was passed that liability rests with the insurers at the time of potential exposure. The insurers at the time are no longer trading as such and it is unlikely that there are sufficient assets to meet the totality of any claims, which will therefore mean some liability if not all will fall on the scheme creditors of which this Council is one. The amount involved is over £600,000 and given that the claims relate to former Housing DLO employees it is felt that provision should be made within the Insurance fund for this eventuality by providing £650,000 from the Housing Revenue Account. Any eventual liability that crystallises can then be charged to the Fund and amounts remaining returned to the HRA. This charge was not included in either the Original Estimate or Probable Outturn due to the fact that this outcome was unknown until the year end and is reported separately above.

15. There were a number of savings making up the underspend on general expenditure though around half of this was identified when the budget was updated. The most significant areas when compared to the Probable Outturn were Heating and lighting costs (£86,000),

Choice based lettings and other allocation related costs (£32,000) Piper Alarm equipment (£22,000), Computer system upgrades (£13,000), Grounds Maintenance (£13,000) and Employee related costs generally.

16. The depreciation charge relating to Council Dwellings has been amended as there is a requirement to review useful lives of key components annually. This review has reduced the depreciation charge from that in the Probable Outturn however this has no overall effect on the HRA as an equivalent amount is reversed out on the line 'transfer for Major Repairs Reserve'.

Consultation undertaken:

None

Resource implications:

As set out in report, it is clear that the Cabinet priority to maintain a sound financial position has been achieved.

Legal and Governance Implications:

Reporting on the financial outturn for the previous financial year is recognised as a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications:

The Council's revenue budgets contain spending related to the Safer, Cleaner, Greener initiative.

Background Papers:

Final Accounts working papers held in Accountancy.

Impact Assessments:

Risk Management

This report is a key part in managing the financial risks faced by the Council.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A