

## CABINET – 17TH JULY 2012

**SUBJECT: PROVISIONAL OUTTURN FOR 2011/12**

**REPORT BY: DEPUTY CHIEF EXECUTIVE**

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### 1. PURPOSE OF REPORT

- 1.1 This report informs Members of the Provisional Revenue Outturn for the Authority for the financial year 2011/12. The Summary Outturn position is attached as a table in Appendix A. The movement on General Fund balances is shown in Appendix B. This information is provisional at this stage, as it is still subject to an annual audit by the Authority's External Auditors PricewaterhouseCoopers.

### 2. SUMMARY

- 2.1 In advance of the Statement of Accounts being audited and presented to Council in late September, this report provides an overview of the Council's performance against the budget for the year. Members receive detailed budget monitoring reports as part of the Scrutiny process during the financial year.
- 2.2 In addition to achieving the planned one-off surpluses above, the outturn position overall demonstrates that the Authority is managing its finances well, with all Directorates spending within or very marginally over their budget provision. Where there was a marginal overspend this was forecast, reduced in year and funded by service reserves.
- 2.3 In accordance with the Budget Strategy for 2012/13 as agreed by Council on 23<sup>rd</sup> February 2012, the following surpluses have been transferred to a capital reserve for use in the capital programme for 12/13, 13/14 and 14/15:-

- Treasury Management Surplus	£300k
- Insurance Fund Surplus	£500k
- Job Evaluation (protected salaries) Surplus	£350k
- Icelandic Impairment release	£400k

- 2.4 A summary of the budget performance is covered in section 4 of this report.

- 2.5 In respect of the General Fund, the forecast position for 2011/12 as reported to Council on 23<sup>rd</sup> February 2012 was £11.05m. The actual position for 2011/12 is £12.2m, a variance of £1.2m to forecast. The main variances to forecast are:-

• Increased contribution from Service areas	£944k
• Council Tax surplus higher than the projected £1m	£256k

- 2.6 Members are reminded that Council agreed to take £1m out of General Fund balances in 2012/13 to support the capital programme. Hence General Fund balances currently stand at £11.2m. This is 3.8% of revenue budget spend.

### **3. LINKS TO STRATEGY**

- 3.1 The Provisional Outturn Report encompasses all the resources used by the Council to achieve its strategies.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 After adjusting the figures in the table included in Appendix A, for the Council Tax surplus the Housing Revenue Account (HRA) and schools spend, the surplus is £3.1m which is a variance of 1.4% on net budgets.
- 4.2 Directorates are responsible for their end of year balance. Currently 50% of these underspends are carried forward and are available to meet the requirements of these service areas. Overspends would normally be funded from future budgets or balances brought forward from previous years.
- 4.3 The table in Appendix B shows the movements on the General Fund balances from 31<sup>st</sup> March 2011 to 31<sup>st</sup> March 2012.
- 4.4 The paragraphs which follow comment particularly on the last column in Appendix A, the overspend/underspend for each service area.

#### **Education and Leisure - (£1,690k underspend excluding Schools)**

- 4.5 The £1,690k represents an underspend in all 3 of the Service Areas of Planning & Strategy (£1,117k), Learning Education & Inclusion (£514k) and Life Long Learning & Leisure (£710k). This cumulative position of £2,341k was reduced by approved spend on Leisure re-investment of £402k and a Schools WIFI Initiative of £249k.
- 4.6 In 2011/12 the Schools budget was overspent by £2,551k and this will be funded from the Schools individual balances brought forward. This represents a very positive position, as the Authority had been encouraging schools to use their balances, which were reported as the highest in Wales in the previous financial year.
- 4.7 The most significant variance is Home to School Transport (£669k surplus). This surplus was anticipated. Work is being undertaken to determine whether there is any scope to reduce this budget heading in future years. Other variances were on the whole forecast and reported to Scrutiny during the financial year.
- 4.8 In line with previous Cabinet decisions, service area reserves can be utilised to enhance service provision. Members are asked to consider transferring £800k of Education service reserves to the 21<sup>st</sup> Century Schools match funding provision.

#### **Social Services – (£165k overspend)**

- 4.9 The 2011/12 outturn position for the Social Services Directorate was an underspend of £197k. However, after adjusting for an overspend of £362k on Social Services transport budgets transferred to the Integrated Transport Unit at the beginning of the 2011/12 financial year, the net position is an overspend of £165k. This overspend has been charged directly to service reserves held by the Social Services Directorate. It is important to note that this overall overspend is just 0.2% of what is a very volatile service area.
- 4.10 The overall financial position for Social Services was very much in line with the forecast position as reported to Scrutiny during the financial year as part of the budget monitoring process.

### **Environment Directorate – (£963k underspend)**

- 4.11 The overall position after approved use of Directorate service reserves is an underspend of £963k. This comprises a combination of greater efficiency, improved trading position in DSO's and a significant increase in income.
- 4.12 As reported earlier in the year to Scrutiny, the main area of underspend was waste management services. This underspend is mainly due to continued success in reducing the residual waste being sent to landfill resulting from the continuing improvement in recycling and other waste minimisation initiatives and also reductions in residual and recycling collection costs from operational efficiency savings. Consequently the Public Services Division is reporting an overall underspend of £622k. Other service areas are in line with forecasts prepared and presented for Scrutiny as part of the budget monitoring process.
- 4.13 In line with previous Cabinet decisions a range of proposals can be considered for utilising the Directorate service reserve balance which is £438k to enhance and extend front line service provision and delivery and invest in DLO/DSO trading operations. The proposals for investment include:

Replacement of fuel pumps at Bedwas depot (15k)  
Joggers path (phases 1 and 2) and outdoor gym at Blackwood Showfield (55k)  
Gateways and strategic routes works (including bulb and wildflower planting) (40k)  
Improved CA site signage (10k)  
360 degree CCTV installation on RCV's (35k)  
Shortfall in funding for street washing vehicle (15k)  
Compactor for Rhymney CA site (37.5k)  
Events related works (25k)  
CCTV cameras (70k)  
No cold calling initiative (10k)  
Consumer protection initiatives (15k)  
Well being initiatives (15k)  
School meals initiatives (15k)  
Replacement of countryside 4x4 vehicles (60k)

The above totals £417.5k.

### **Corporate Services – (£670k underspend)**

- 4.14 The overall position within the Directorate is in line with the anticipated outturn position as previously reported. The main variances comprise General Fund Housing which delivered a £168k surplus and the Building Maintenance DLO reporting a surplus of £371k.

### **Miscellaneous Finance - (£10k overspend)**

- 4.15 This overspend was due to increased spend on External Audit fees.

### **Council Tax Collection – (£1256k surplus)**

- 4.16 This represents an increase from the previous year of £166k and continues to reverse the trend that has seen surpluses reducing in value in recent years during the recession. Council Tax surpluses were as low as £574k in 2008/09.
- 4.17 Members are advised that this positive trend could be significantly affected when Local Council Tax Benefit is introduced by Central Government in April 2013.

### **Housing Revenue Account (£345k underspend)**

- 4.18 The HRA underspend of £345k is £400k better than anticipated in reports to Scrutiny Committee. The main variances being further savings on staffing (£50k) and recharges (£75k) plus additional income of £55k and lower utilities costs of £100k for sheltered accommodation.
- 4.19 The surplus HRA Working Balances stand at £3.7m at the end of 2011/12. Of this amount £1.5m is earmarked for the 2012/13 capital programme.

### **Capital Programme**

- 4.20 The outturn for the capital programme for 2011/12 resulted in targeted spend available of £66.8m after including all in year grant allocations and S106 monies.
- 4.21 An amount of £17m remains unspent at financial year end, the majority of this represents slippage in key schemes which will be carried forward to 2012/13. The most significant area of slippage relates to Education and the 21<sup>st</sup> Century Schools schemes. Meetings will be held with Heads of Service in July 2012 to identify slippage and underspends for all capital schemes.
- 4.22 The detailed analysis of the spend after meetings with budget holders will be presented to the Capital Strategy Group in September 2012.

## **5. PERSONNEL IMPLICATIONS**

- 5.1 There are no personnel implications.

## **6. CONSULTATIONS**

- 6.1 There are no consultation responses which have not been reflected in this report.

## **7. RECOMMENDATIONS**

- 7.1 It is recommended that Cabinet consider and approve this report.
- 7.2 It is recommended that Cabinet consider transferring £1.2m of General Fund reserves along with £800k of Education service reserves to the 21<sup>st</sup> Century Schools match funding provision.
- 7.3 It is recommended that Cabinet consider and approve the use of the Directorate of Environment's service reserves as listed in paragraph 4.12

## **8. REASONS FOR THE RECOMMENDATIONS**

- 8.1 To ensure that Cabinet Members are made aware of the provisional final outturn for 2011/12.

## **9. STATUTORY POWER**

- 9.1 Local Government Act 1972.

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Nicola Roberts, Principal Group Accountant  
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Background Papers:

N. Scammell ext 3022 – Final Accounts working papers for 2011/12

Appendices:

Appendix A Table – Provisional Outturn Summary 2011/12  
Appendix B Movement on General Fund