

## PERFORMANCE & GOVERNANCE COMMITTEE – 28 JUNE 2011

### PROVISIONAL OUTTURN 2010/11

Report of the: Deputy Chief Executive and Director of Corporate Resources

Also considered by: Cabinet – 23 June 2011

Status: For Information

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**Executive Summary:** This report sets out the provisional outturn for 2010/11.

Since the February forecast, the Council has successfully obtained a VAT refund of £364,000 which has significantly improved the position for the year.

Compared to the revised budget (i.e. including supplementary estimates), the overall result was a favourable variance of £527,000 after allowing for carry-forward requests.

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**This report supports the Key Aim of effective management of Council resources.**

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Head of Finance and Human Resources – Mrs. Tricia Marshall

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**Recommendation:** It be RESOLVED that the Provisional Outturn 2010/11 be noted.

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### Introduction

- 1 Provisional Financial Outturn figures for 2010/11 are attached at Appendix A. These results will be scrutinised by the Finance Advisory Group at its meeting on 15<sup>th</sup> June.

### Overall Financial Position

- 2 2010/11 was the third year of the Council's four-year savings plan, which set out to achieve savings of £2 million over that period. It is pleasing to report to Members that a provisional favourable variance of £745,000 has been achieved. Revenue carry forwards of £218,000 have been requested; if these are approved the favourable variance will reduce to £527,000.
- 3 At the end of February the forecast outturn (which took account of likely carry forward requests) was a favourable variance of £81,000. Since then a VAT refund of £364,000 has been received making an amended February forecast favourable variance of £445,000. Therefore the provisional outturn position is £82,000 better than the February forecast.

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- 4 The figures above all take into account the supplementary budget of £13,000 approved during the year for Christmas car parking.
- 5 It was approved by Cabinet on 13<sup>th</sup> December 2010 that any favourable variance achieved on the 2010/11 budget be put to the Budget Stabilisation Reserve.

**High Level Analysis of Results**

- 6 **VAT refund** (£364,000 income): This relates to sports tuition and sports courses. Following on from the successful primary claim of £1.8m for over paid VAT which was repaid in 2009/10, HMRC have now agreed to the second part of the claim for £364,000. The primary claim for 1990 - 1994 was for admissions and courses. The second claim for the period 1978 - 1989 (and part of 1994) was purely for courses and the incorrect treatment of courses VAT during the period.
- 7 **Pay costs** (£275,000 underspent): Some vacant posts were held open as they were deleted on 1 April or because staff displaced through the budget process are being redeployed into them.
- 8 **Income** (£1,003,000 favourable): This relates to the VAT refund explained above, Development Control income, external funding which is offset by expenditure in 'Other Costs' and partnership income.
- 9 **Direct Service Trading Accounts** show a surplus of £17,000 at the year end, which is £47,000 lower than the budgeted surplus due to increased fuel costs.
- 10 **Interest and Investment Income** was £122,000 better than budget (excluding interest relating to the VAT refund). This was due to the Council holding higher balances than budgeted, which has increased investment income.
- 11 The latest information from CIPFA regarding the £1m Landsbanki investment is that authorities should account for a 95% return although this will continue to be reviewed.

**Key Implications**

Financial

- 12 All financial implications are covered elsewhere in the report.

Community Impact and Outcomes

- 13 None

Legal, Human Rights etc.

- 14 None

Value For Money and Asset Management

15 None

**Conclusions**

- 16 Both Members and Officers were fully aware that 2010/11 would be an extremely challenging year. However, in light of the financial pressures arising during the year it is pleasing to report to Members a positive year end position.
- 17 The outturn position could not have been achieved without the commitment and hard work of both Members and Officers, in particular the Heads of service and the Finance Advisory Group, who have played an essential challenge, advisory and scrutiny role reviewing not only the budget but also the corrective action planning.
- 18 The 2011/12 budget includes savings totalling £2.5m. Achieving this ambitious level of savings whilst managing the financial risks will require continued close and proactive financial management during 2011/12.

**Risk Assessment Statement**

- 19 These results are provisional and may change due to issues arising from the closure of the Council's accounts, which will be completed by 30 June.

**Sources of Information:** Provisional Outturn results 31<sup>st</sup> March 2011

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