

PROVISIONAL OUTTURN 2011/12

Performance and Governance Committee – 12 June 2012

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

Also considered by: Finance Advisory Group – 13 June 2012

Cabinet - 14 June 2012

Status: For Decision

Executive Summary: This report sets out the provisional outturn for 2011/12.

Since the February forecast, the Council has successfully obtained a VAT refund of £552,000 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 £560,000 after allowing for carry-forward requests.

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

Portfolio Holder Cllr. Ramsay

Service Manager Group Manager – Financial Services – Adrian Rowbotham

Recommendation: It be RESOLVED that the Provisional Outturn 2011/12 be noted.

Introduction

1. Provisional Financial Outturn figures for 2011/12 are attached at Appendix A. These results will be scrutinised by the Finance Advisory Group at its meeting on 13th June.

Overall Financial Position

2. 2011/12 was the first year of a four-year savings plan, which set out to achieve savings of £4 million over that period. It is pleasing to report to Members that a provisional favourable variance of £632,000 has been achieved. Revenue carry forwards of £72,000 have been requested; if these are approved the favourable variance will reduce to £560,000.
3. At the end of February the forecast outturn (which took account of likely carry forward requests) was a favourable variance of £50,000. Since then a VAT refund of £552,000 has been received making an amended February forecast favourable variance of £602,000. Therefore the provisional outturn position is £30,000 better than the February forecast.

4. The figures above all take into account the supplementary budget of £14,000 approved during the year for Christmas car parking.
5. It was approved by Cabinet on 8th December 2011 that any favourable variance achieved on the 2011/12 budget be put to the Budget Stabilisation Reserve.

High Level Analysis of Results

6. **VAT refund (£552,000 income):** The council received a refund in respect of overpaid VAT relating to the period prior to 1996 for Trade Refuse. The refund includes statutory interest which is payable in cases of official error.
7. **Pay costs (£257,000 underspent):** Almost all services are showing an underspend; in some cases these are offset by agency costs (particularly Direct Services).
8. **Income from fees and charges (£555,000 favourable):** Part of this variance relates to the VAT refund explained above. In total, income received from fees and charges is close to budget, but on the main income sources; Development Control, Building Control and Legal income, the position was difficult during 2011/12 and these remain risk areas for 2012/13.
9. **Direct Service Trading Accounts** show a deficit of £21,000 at the year end, which is £95,000 lower than the budgeted surplus due to increased fuel and disposal costs.
10. **Interest and Investment Income** was £122,000 better than budget. 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 now account for a 100% 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 2011/12 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 2012/13 budget includes savings totalling £0.8m. Achieving this ambitious level of savings whilst managing the financial risks will require continued close and proactive financial management during 2012/13.

Risk Assessment Statement

The approval of these carry forward requests should reduce the risk of the Council exceeding its planned expenditure in 2012/13.

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 31st March 2012

Contact Officer(s): Adrian Rowbotham Ext. 7153

Helen Martin Ext. 7483

Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources