



**AGENDA ITEM:
SUMMARY**

Report for:	Finance and Resources Overview and Scrutiny Committee
Date of meeting:	4 June 2013
PART:	1
If Part II, reason:	

Title of report:	Provisional Outturn 2012/13
Contact:	Cllr Nick Tiley, Portfolio Holder for Finance and Resources James Deane, Assistant Director (Finance and Resources)
Purpose of report:	To provide details of the provisional outturn position for the: <ul style="list-style-type: none"> · General Fund · Housing Revenue Account · Capital Programme <p>To provide details of proposed transfers to and from earmarked reserves.</p>
Recommendations	That Committee note the provisional outturn position for the Council.
Corporate objectives:	This report supports all of the Council's Corporate Objectives.
Implications:	Financial and Value for Money implications are included within the body of the report.
Risk Implications	Risk implications are included within the body of the report.
Equalities Implications	There are no equality implications.

Health And Safety Implications	There are no health and safety implications.
Monitoring Officer/S.151 Officer Comments	<p>Deputy Monitoring Officer: No further comments.</p> <p>S.151 Officer This is a Section 151 Officer report.</p>
Consultees:	Budget Managers.
Glossary of acronyms and any other abbreviations used in this report:	<p>GF – General Fund HRA – Housing Revenue Account LDF – Local Development Framework</p>

1. Introduction

1.1 The purpose of this report is to outline the Provisional Outturn for 2012/13, prior to the closure of the accounts. Outturn is reported for the following:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

The report also presents proposed movements to and from reserves.

2. General Fund Revenue Account

2.1 The General Fund (GF) revenue account records the income and expenditure associated with all Council functions except management of the Council's housing stock. This is accounted for within the Housing Revenue Account (HRA) (see Section 6).

2.2 Appendix A separates General Fund expenditure into controllable and non-controllable categories in order to focus scrutiny on those controllable areas that officers are able to influence.

2.3 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges, which are required to show the true value of resources used to provide the Council's services, but which do not result in a cash charge to taxpayers. As these costs will not be known until work on the annual accounts is complete, the forecast outturn for all areas is shown as on budget.

2.4 The table below provides an overview by Scrutiny area of the provisional outturn for controllable budgets within the General Fund.

	Revised Budget £000	Provisional Outturn £000	Forecast Variance	
			£000	%
Finance & Resources	11,297	11,014	(283)	-2.5%
Strategic Planning & Environment	6,255	5,805	(450)	-7.2%
Housing & Communities	2,163	1,735	(428)	-19.8%
Total	19,715	18,554	(1,161)	-5.9%

2.5 The following sections provide a subjective analysis of provisional outturn by Scrutiny area.

3. Finance and Resources

Finance & Resources	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	11,465	11,457	(8)	-0.1%
Premises	2,084	1,937	(147)	-7.1%
Transport	40	41	1	2.5%
Supplies & Services	4,717	4,763	46	1.0%
Third-Parties	255	214	(41)	-16.1%
Transfer Payments	56,788	56,788	0	0.0%
Income	(64,052)	(64,186)	(134)	-0.2%
	11,297	11,014	(283)	-2.5%

3.1 Premises – £147k under budget (7.1%)

The majority of the underspend (£132k) has arisen because of a Business Rates refund received during March relating to Hemel Sports Centre.

3.2 Third Parties – £41k under budget (16.1%)

The underspend relates to internal and external audit costs being less than budgeted due to savings on the changeover of audit providers.

3.3 Income – £134k over achieved (0.2%)

The provisional outturn reflects an over achievement of income in the following areas:

- £45k arising from increases in the number of sales of pre-purchased grave spaces.
- £154k from Investment Properties due to the successful implementation of retrospective rent reviews since the revised budget process.

4. Strategic Planning and Environment

Strategic Planning and Environment	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	8,024	7,997	(27)	-0.3%
Premises	834	877	43	5.2%
Transport	1,448	1,458	10	0.7%
Supplies & Services	5,805	5,541	(264)	-4.5%
Third-Parties	77	96	19	24.7%
Income	(9,933)	(10,164)	(231)	-2.3%
	6,255	5,805	(450)	-7.2%

4.1 Supplies and Services – £264k under budget (4.5%)

The outturn reflects two major areas of underspend, which are detailed below:

- The timing of consultancy costs on the PSQ project has resulted in an in-year underspend of £125k.
- £110k of the expected costs involved in the inspection of the Local Development Framework documents supporting the Council's Spatial Planning Strategy will not now be incurred until 2013/14. The budgeted draw down from the LDF reserve will therefore be reduced by £110k to ensure that the funds are available in the year the expenditure is incurred.

4.2 Income - £231k over achieved (2.3%)

The Provisional outturn reflects an over achievement of income in the following areas:

- 100% occupancy levels achieved at the Maylands Business Centre, compared to the 90% level forecast within the budget (£48k).
- Local Sustainable Transport Funding of £34k was agreed in year and received in quarter 4 of 2012/13.
- An improving level of demand has resulted in Building Control fees outperforming the revised budget by £44k and Land Charge outperforming the revised budget by £36k.

5. Housing and Community

Housing & Community	Controllable Budget	Forecast Outturn	Forecast Variance	
	£000	£000	£000	%
Employees	3,195	3,192	(3)	-0.1%
Premises	400	438	38	9.5%
Transport	49	48	(1)	-2.0%
Supplies & Services	2,324	1,976	(348)	-15.0%
Third Parties	25	25	0	0.0%
Transfer Payments	5	5	0	0.0%
Income	(3,835)	(3,949)	(114)	-3.0%
	2,163	1,735	(428)	-19.8%

5.1 Supplies and Services - £348k under budget (15%)

The major area of underspend relates to £250k slippage on garage maintenance. The works are planned for completion early in 2013/14.

5.2 Income - £114k over achieved (3.0%)

Provisional outturn reflects over achievement of income in the following areas:

- £40k relating to rental income now recovered through housing benefits, in relation to tenants at Leys Road hostel (homelessness accommodation).
- £49k due to a higher than expected level of taxi licence fee income.

6. Housing Revenue Account (HRA)

6.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix B.

6.2 The provisional HRA balance at the end of 2012/13 is £3.299m after a proposed transfer to reserves of £12m, subject to final outturn.

6.3 The provisional operating surplus is £11.285m - £52k (0.47%) more than the revised surplus of £11.233m. Significant variances are as follows:

6.4 Dwelling Rents - £164k over achieved (0.3%)

This is the combined impact of more effective voids management, new tenants moving straight to target rent, and an improved collection rate.

6.5 Repairs & Maintenance - £211k over budget (2.23%)

There has been an increase in demand-led expenditure for responsive and void repairs of £558k, this has been partly offset by a £447k underspend in the planned maintenance budget. The balance between planned and responsive

repairs will be closely monitored in 2013/14.

7. Provisional Capital Outturn

7.1 The provisional capital outturn position is summarised in the table below, by Scrutiny area. An analysis of major variations is also set out below and Appendix C shows the provisional outturn by scheme.

	Revised Budget £000	Provisional Outturn £000	Slippage £000	Forecast Variance	
				£000	%
Finance & Resources	7,028	6,196	789	(43)	-0.6%
Strategic Planning & Environment	2,597	2,633	240	276	10.6%
Housing & Community	1,549	1,292	(56)	(313)	-20.2%
G F Total	11,174	10,121	973	(80)	-0.7%
HRA Total	20,685	18,184	1,771	(730)	-3.5%
Grand Total	31,859	28,305	2,744	(810)	-2.5%

7.2 General Fund Major Variances

There are major variances on four schemes on the General Fund capital programme. These are:

- Strategic Acquisitions (£298k) – the purchase of 39 The Marlowes has spanned financial years.
- Car Park refurbishment works have been rephrased, resulting in an underspend of £88k.
- There has been slippage of £255k on the Highbarns project as works started later than anticipated and the task is requiring more material and time to complete than was originally anticipated.
- There has been slippage in the procurement of fleet vehicles of £203k. This was caused by a combination of delays in tendering for mowers and trailers and a delay in the delivery of 2 vehicles from the supplier.

7.3 Housing Revenue Account Major Variances

The major variances on the Housing Revenue Account capital programme are as follows:

- £1.3m relating to underspending on maintenance for request driven works e.g. disabled adaptations.
- £1.79m transfer relating to New Build projects. The majority of this is linked to the transfer of land at London Road, Apsley, which will complete in 2013/14.

8. Balances and Reserves

8.1 The Reserves Summary in Appendix D reflects the movements previously approved by Council, together with the following proposed transfers which would be financed through underspends identified during the revised budget-setting exercise and the provisional outturn:

- Local Development Framework Reserve – contribution £90k
To spread the cost of work arising from the LDF over a number of years, rather than incur substantial expenditure in a single financial year.
- Redundancy Reserve – contribution £350k
To mitigate the impact on annual revenue expenditure of any future redundancy requirements arising from future savings requirements.
- Vehicle Replacement Reserve – contribution £300k
To part finance the Council's future vehicle fleet replacement programme.
- Earmarked Grants Reserve – contribution £65k
Grants received by the Council for the delivery of specific projects, but which have not yet been spent.
- Maylands Plus Reserve – contribution £24k
Operating surplus generated by Maylands Business Centre placed in reserve to meet future operating deficits or to invest in broader initiatives to attract business to the Borough.
- Technology Reserve – contribution £85k
To part finance the Council's investment in technology improvements to deliver future service efficiencies.
- Management of Change Reserve – contribution £300k
To mitigate the short-term impact of investment in service transformation initiatives that will deliver savings in the medium- to long-term.
- Public Sector Quarter Reserve – contribution £150k
To part finance the costs associated with the development of the PSQ, including consultancy costs, supplies and services and those costs associated with the decant process.

8.2 Appendix D also contains the following recommended reserve movements based on the provisional outturn position, subject to final outturn:

- Pensions Deficit Reserve – contribution £1.5m (£1m financed by transfer from VAT Reserve)
The creation of this new reserve is recommended in order to mitigate potential costs to the Council arising from future reviews of the pension scheme.
- VAT Reserve – reduction £1m (to finance new Pensions Deficit Reserve)
Reserve created to hold net funds received from HMRC following claims lodged by the Council in relation to overpaid VAT dating back to 1973.

- 8.3 In cases where reserves were to be drawn down in 2012/13 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down. For example, the LDF reserve was budgeted to have £236k drawn down to fund expenditure, but, as explained in paragraph 4.1, £110k of this was not required in 2012/13 and has remained in the reserve to fund associated expenditure in future years.