

Resources Committee

12 June 2013

Report of the Head of Finance

FINAL REVENUE OUTURN 2012/13

1 Purpose of Report

- 1.1 This report informs Members of the 2012/13 year end revenue position against the controllable revenue budget. The report reflects the latest estimated revenue position. The closure of accounts process for the 2012/13 financial year is still ongoing and this work includes reviewing all of the balance sheet accounts for completeness and accuracy, this could result in amendments to the revenue outturn position for 2012/13. These will be reported to future Resources Committees if required.
- 1.2 The closure of accounts will be finished by the 30 June 2013, when the Statement of Accounts will be completed and made available for audit. This process will be concluded by the 30 September 2013, when our external auditors (KPMG) will issue their opinion on the financial accounts.

2 Executive Summary

- 2.1 The monitoring statement (Appendix A) shows a projected net under spend compared to the approved revised net budget of £68,000 (0.77% of net budget).

3 Appendices

Appendix A: Projected Revenue Outturn Position 2012/13

Appendix B: Revenue Reserves (Subject to External Audit) as at 31 March 2013.

4. Proposed Action:

- 4.1 **Members are invited to note the outturn position, subject to Audit, which has been outlined in this report.**
- 4.2 **The reasons for the projected outturn variations at 31st March 2013.**
- 4.3 **Authorise the contributions to reserves and utilisation of reserves as shown in Appendix B**

5. Background

- 5.1 The draft revenue outturn at the end of the 2012/13 financial year shows an under spend of £68,000 after the application of earmarked reserves. (Please see Appendix A).
- 5.2 The impact of performance against the budget on the Council's reserves and the estimated level of reserves at 31st March 2013 are set out in the Appendix B.
- 5.3 The Council does not have external loans outstanding and is considered to be debt-free with the exception of long term liabilities relating to Finance Leases. Under the latest Code of Practice the Council has recognized liabilities for payments under Finance Leases in respect of Booth Drive.

6. Discussion

- 6.1.1 This report has identified an under spend at year end of £68k.
- 6.1.2 This is an improvement of £205k on the previously reported forecast outturn presented to Resources committee on 6 February 2013.
- 6.1.3 Some of the changes relate to items that have been identified as part of the Annual Accounts process or where final figures could not be disclosed until the year end.

The significant reasons for the movement are listed below:

Overspend reported to Resources Committee on 6 February 2013	£'000 137
Increases in overspend:	
Benefit Subsidy forecast	150
Increase in Bad Debt Provision	99
Planning Appeal and associated costs	59
Additional staff and professional fees as a result of capital scheme delays	42
Net loss on Green Waste Services	29
Net increased overspend	379
Reductions in overspend:	
Reduced staff costs as a result of sickness and vacancies	-132
Savings on Investment Property professional fees	-75
Planning income over achieved budget	-56
Additional income from Tithe Barn Offices	-56
Savings on external audit costs	-56
Final Profit share from NORSE greater than forecast	-55
Savings on IT Contract which were notified in the last quarter	-53
Community grants reduced activity	-37
Procurement budget savings	-30
Increased savings on corporate training	-13
Savings on Licensing service which were notified in the last quarter	-11
Savings on Joint Planning unit which were notified in the last quarter	-10
Net Reductions	-584
Total underspend reported as at 31 March 2013	-68
Total Reduced Overspend	-205

6.2 The overall variance for the Council is £68,000 under spent which is a combination of service under and over spends and the main reasons for these are detailed below:

- 6.2.1 **Corporate Management** (£50,000 under spend). The service under spend has been generated by the following:
- Staff savings following the departure of the Deputy Chief Executive £36,000
 - Reduction in the number of standards complaints requiring investigation £14,000

6.2.2 **Community** (£70,000 under spend)

- **Community Support:** (£42,000 under spend). The service under spend has been generated by the following:
 - Lower than anticipated grant costs as a result of reduced activity and

budget adjustments £116,000

- Unbudgeted grant income received in the last quarter £5,000
- IT savings £6,000

The gross under spend has been offset by the following items:

- Loss of income from Party in the Park and spend on other unplanned events £20,000
- Agreed reduction in rent at Nest Farm Community Centre £12,000
- Increased costs at Glamis Hall for staff and equipment £18,000
- Salary budget shortfall £35,000

- **Environmental Protection:** (£40,000 under spend). The service under spend has been generated by the following:
 - Reduced fee for Emergency planning £5,000
 - Reduction in pollution control costs and increase in income £6,000
 - Establishments savings £29,000
- **Health Protection:** (£12,000 over spend). The service over spend has been generated by the following:
 - Net cost of Health Promotion officer which was part funded from ear marked reserves £23,000
 - The over spend has been partially offset by savings on the Licensing function £11,000

6.2.3 **Planning and Local Development:** (£9,000 under spend)

- **Housing:** (£9,000 under spend) The service under spend has been generated by the following:
 - Savings as a result of staff vacancies £31,000
 - Homelessness loans, fewer costs than anticipated £7,000
 - General under spend £8,000

The gross under spend has been offset by the following items:

- Increased costs of Private sector leasing repairs and reduction in income £37,000

- **Planning Policy and Regeneration:** (£34,000 over spend) The service over spend has been generated by the following:
 - Additional staff and professional fees costs as they could not be capitalised due to the delays with the High Street development project £80,000

The gross over spend has been offset by the following items:

- Additional grant and CPO income £21,000
- Lower than anticipated Joint Planning Unit costs £10,000
- Environmental works savings £12,000
- General under spend £3,000

- **Planning and Building Control:** (£34,000 under spend) The service under spend has been generated by the following:
 - More Development Control and Land Charge income than budget £122,000

The gross under spend has been offset by the following items:

- Cost as result of the in year planning appeal £59,000
- Agency costs to cover vacant post £14,000
- Increased Development Control and Planning admin staff costs £15,000

6.2.4 **Environmental Services Division** (£237,000 under spend) The service under spend has been generated by the following:

- Additional profit share as a result of the joint venture £183,000
- Additional Norse Recharges which were not part of the original contract £89,000

The gross under spend has been offset by the following items:

- Net loss on provision of Green Waste services £29,000
- General under spend £6,000

6.2.5 **Resources Division:** (£68,000 over spend)

○ **Organisational Development:** (£39,000 under spend). The service under spend has been generated by the following:

- Corporate training savings as a result of reduced level of take up £31,000
- Salary savings £4,000
- General under spend £4,000

○ **Democratic Services:** (£14,000 under spend). The service under spend has been generated by the following:

- Member training savings as a result of reduced level of take up £10,000
- Cancellation of advertising contract £10,000

The under spend has been partially offset by general overspend of £6,000 across the service.

○ **Property and Facilities:** (£121,000 over spend). The service over spend has been generated by the following:

- Faraday Court, reduced occupancy and payment of rent to landlord £216,000
- Faraday Court lease renewal and stamp duty £32,000
- Loss of rent income at Eastfield Road following sale of premises £22,000
- Increase in level of bad debt provision as a result of debt getting older £89,000

The gross over spend has been offset by the following items:

- Service charge and rent income from Tithe Barn Offices, which was not previously budgeted for £136,000.
- Savings on Investment Property professional fees budget £75,000
- Business rates savings from unlet units £20,000
- General under spend £7,000

6.2.6 **Information Technology Shared Service:** (£53,000 under spend) The service under spend has been generated by the following:

- Contract saving - £53,000, East Northants has made savings which they have been able to pass onto the Council in the final quarter of 2012/13

6.2.7 **District Law Shared Service:** (£24,000 under spend) The service under spend has been generated by the following:

- District Law Contract savings £24,000

6.2.8 **Finance Division:** (£196,000 over spend)

○ **Accountancy:** (£5,000 over spend). The service over spend has been generated by the following:

- Staff over spend £78,000, this is attributable to the cost of recruiting the Head of Finance and the agency costs incurred whilst the post was vacant.

The gross over spend has been offset by the following items:

- Savings on procurement costs £30,000
- Recharge from Kettering Borough Council for Agresso financial systems less than budget £29,000
- Insurance refund £14,000

○ **Internal Audit:** (No Overall Variance).

○ **Revenues and Benefits:** (£191,000 over spend). The service over spend has been generated by the following:

- DWP Benefit Subsidy £191,000, subsidy is a highly volatile demand led functions and forecasts are based upon the returns made to the DWP which contain very constrictive parameters and do not take into account local factors.

6.2.9 **Other Income and Expenditure:** (£111,000 overall over spend).The main reasons for the variation to budget for this area are as follows.

- Additional pension costs - £244,000, Since the 2012/13 budget was set further information has become available, as a result of Actuarial valuations, setting out the total added years liability for Wellingborough Council
- Increase in level of bad debt provision as a result of debt becoming older £10,000

The gross over spend has been offset by the following items:

- External audit costs less than budget £56,000
- Increased Investment income £77,000
- Other small under spend £10,000

7 Legal Powers

7.1 Local Government Act 1992

8 Financial and Value for Money Implications

8.1 The financial accounts will be reviewed on completion of the closure of accounts process to see if there is a need for virements. These will be reported to future Resources Committees if required.

9 Risk Analysis

9.1 The following risks and controls have been identified.

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Error in reported position	Over spend and reduced Reserves and Balances	Low due to level of quality assurance	Robust financial arrangements.
Changes in Service outturn positions	Revised outturn	Low until the Annual Audit has been completed	Robust financial arrangements.

10 Implications for Resources

10.1 No specific implications.

11 Implications for Stronger and Safer Communities

11.1 No specific implications.

12 Implications for Equalities

12.1 No specific implications

13 Author and Contact Officer

Samantha Knowles, Principal Accountancy Manager

14 Consultees

Budget Managers
Liz Elliott, Head of Finance
Richard Micklewright, Director of Resources

15 Background Papers

Financial Services working papers.

Appendix A – 2012/13 Provisional Outturn Report

Service Area	Original Budget 2012/13	Revised Budget 2012/13	Total Outturn 2012/13	Full Year Variance	Reported Forecast Variance as at 31st December 2012	Variance Movement
	£000's	£000's	£000's	£000's	£000's	£000's
	(a)	(b)	(c)	(d)	(e)	(f)
Community Support	2,405	2,410	2,368	-42	53	-95
Environmental Protection	529	533	493	-40	-3	-37
Health Protection	249	267	279	12	24	-12
Community	3,183	3,210	3,140	-70	74	-144
Housing	666	684	675	-9	1	-10
Planning Policy and Regeneration	797	825	859	34	46	-12
Planning and Building Control	425	434	400	-34	-37	3
Planning and Local Development Division	1,888	1,943	1,934	-9	10	-19
Environmental Maintenance	3,370	3,319	3,186	-133	-222	89
Waste and Transport	1,183	978	874	-104	0	-104
Environmental Services Division	4,553	4,297	4,060	-237	-222	-15
Services Directorate	9,624	9,450	9,134	-316	-138	-178
Organisational Development	11	0	-39	-39	-12	-27
Democratic Services	787	862	848	-14	-5	-9
Property and Facilities	-1,037	-947	-826	121	222	-101
Resources Division	-239	-85	-17	68	205	-137
Information Technology Shared Service	27	0	-53	-53	13	-66
District Law Shared Service	13	0	-24	-24	-29	5
Accountancy	19	30	35	5	56	-51
Internal Audit	5	0	0	0	1	-1

Revenues and Benefits	672	658	849	191	41	150
Finance Division	696	688	884	196	98	98
Corporate Contingency	174	-10	-14	-4	0	-4
Council Tax Freeze Grant	-80	-80	-81	-1	-1	0
Homelessness Grant	-32	-31	-36	-5	-2	-3
Collection Fund	0	0	0	0	0	0
New Homes Bonus	-461	-461	-461	0	0	0
Bad Debt Provision	10	10	20	10	0	10
Depreciation & Amortisation	-1,622	-1,437	-1,437	0	-144	144
Non Distributed Costs- Pension Fund	770	899	1,143	244	227	17
Investment Income	-507	-507	-584	-77	-92	15
Audit Fee & Bank Charges	173	173	117	-56	0	-56
Other Income and Expenditure	-1,575	-1,444	-1,333	111	-12	123
Resources Directorate	-1,078	-841	-543	298	275	23
Corporate Management	902	964	914	-50	0	-50
Parish Precepts	443	443	443	0	0	0
Total (Excluding Reserves)	9,891	10,016	9,948	-68	137	-205
Use of Reserves	-1,081	-1,207	-1,207	0	0	0
Total (Including Reserves)	8,810	8,809	8,741	-68	137	-205

Appendix B – Revenue Reserves 2012/13

Reserves and Provisions 2012/13	Reserves Balance 01/04/12 (Audited) £'000	Use of Reserve 2012/13 £'000	Contribution to Reserve 2012/13 £'000	Forecast Reserves Balance at 31/03/13 £'000	Note
General Fund	7,028	-3081	150	4,097	1&2
Budget Implementation Reserves	0	0	2000	2,000	1
Efficiency/Restructuring Reserve	758	-231	0	527	4
Corporate Carry Forward	0	0	170	170	5
Property Services Charges	0	-63	312	249	6
Community Rights	0	0	14	14	
Housing and Planning Delivery Grant	132	-132	0	0	1
S38 Highway Adoption Grant	31	-31	0	0	3
Election Package	18	-18	0	0	1
VAT Reserve	121	0	0	121	
Planning Reserve	133	0	82	215	3
Neighbourhood Development Reserve	0	0	19	19	
New Burdens Impact Reserve	51	-51	0	0	3
Miscellaneous Revenue Grants	236	-37	2	201	
Total Revenue Reserves	8,508	-3,644	2,749	7,613	

Reserves Notes:

1. Reserves have been consolidated and a specific Budget Implementation Reserve has been created as per the Reserves report presented to Committee on 12th December 2012
2. Use of Reserve value includes the appropriation of reserves to balance expenditure as per the 2012/13 original
3. Consolidation of reserves as per the Reserves report presented to Committee on 12th December 2012
4. Reserve drawn down in year to offset Redundancy Costs
5. Creation of a contingency reserve to offset future budget pressures
6. Transfer of service charge balances to Reserves which were previously held as a Receipt in Advance on the Balance Sheet