

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 29 MAY 2012

Title:

**ANNUAL ACCOUNTS 2011/2012
OVERALL REVENUE OUTTURN
(GENERAL FUND and HOUSING REVENUE ACCOUNT)**

**[Portfolio Holder: Cllr Mike Band]
[Wards Affected: All]**

Summary and purpose:

This report provides a summary of the 2011/12 General Fund revenue outturn and the 2011/12 revenue outturn for the Housing Revenue Account. The Statement of Accounts, which contains the detailed figures in a format compliant with Audit requirements will be presented for approval by the Audit Committee later in the year.

How this report relates to the Council's Corporate Priorities:

The Budget expresses the Council's Corporate Priorities in financial terms. Higher resources carried forward at the year-end will provide additional funding.

Equality and Diversity Implications:

This report does not have any direct equality and diversity implications.

Climate Change implications:

This report does not have any direct climate change implications.

Resource/Value for Money Implications:

An underspend of £468,000 for the year is reported on the General Fund, confirming the improving position reported throughout the Budget Monitoring process. Additional income and further cost savings have achieved a favourable closing position. After allowing for budget carry forward requests, the net addition to the General Fund Working Balance from the 2011/12 budget is £419,000. On the Housing Revenue Account, a net underspend of £167,000 has been achieved, with a surplus of £82,000 added to the working balance.

Legal Implications:

This report does not have any direct legal implications.

Introduction

1. This report provides a summary of the 2011/12 General Fund and Housing Revenue Account (HRA) revenue outturn position, together with a table detailing the major variations from the estimate. This report is the final Budget report for the year and builds on the position previously reported to Members through Budget Monitoring. The Final Accounts for 2011/12 will be considered for approval by the Audit Committee later in the year.
2. CMT consider that the carry forward of some unspent budget provisions into 2012/13 would be appropriate where there was good reason for the delayed spending and where it is clear that the budget is needed and will be spent in 2012/13. Formal approval is now required to the items being carried forward.
3. This report contains the following Annexes:
 - Annexe 1 - The main differences from the approved 2011/12 GF Budget
 - Annexe 2 - The main differences from the approved HRA Budget
 - Annexe 3 - Revenue budget carry forward requested from 2011/12 to 2012/13

General Fund

2011/12 Revenue Outturn

4. An underspend of £468,000 for the year is reported on the General Fund, confirming the improving position reported throughout the Budget Monitoring process. This figure includes £49,400 of underspent budgets that are the subject of carry forward requests. The net underspend of £419,000 is after reinvesting substantial anticipated savings and the New Homes Bonus in wheeled-bins for the new recycling system and to cover expenditure on Weyhill Appeal costs and the East Street project.
5. The table at Annexe 1 compares the position reported to the end of February with the Outturn and in the main this is consistent with areas identified previously. The most significant change is the achievement of overall savings of some £164,000 (rather than the predicted overspend of £30,000) in the net cost of Housing Benefits for the year, resulting from measures taken to reduce Benefit Fraud and overpayments. The Benefits Team has been awarded incentive grant for achieving reductions in overpayments in the year and greater income has been generated from improved visiting and fraud detection activity.
6. In accordance with Star Chamber plans, the Careline service returned to overall surplus in 2011/12. There is increasing pressure on the supporting people funding; and it is proposed that the surplus of £80,000 be held within the General Fund Working Balance to help mitigate potential future loss of grant.

7. A brief summary of developments, since the last reported figures is:

	£
Housing Benefits – action against Benefit Fraud	194,000
Careline – net savings in year	80,741
Planning – upturn in application income for March	36,603
Training Costs – unspent budget at year-end (slippage request)	18,000
Homelessness – extra funding	38,000
Interest – earned on Investments	21,464
Land Charges – additional income	11,834
Recycling – extra Paper income	9,380
Internal Audit – contractor costs unspent (slippage request)	11,000
Car Parks - additional Income	8,731
Leisure Centres – savings on energy costs	6,000
Legal Expenses – reduced shortfall in income	5,408
Total Improvements	435,753
<i>Offset by:</i>	
Building Control – deterioration from previously reported figure	45,438
Development Consultancy – extra project expenditure agreed	24,520
Licensing – further shortfall in total income	13,713
Recycling – additional Implementation Costs	11,408
Other items	16,612
Net Improvement	324,062

Staff Vacancy Target Reductions

8. The General Fund Staff Vacancy Target for 2011/12 was £200,000, plus £30,000 for savings on Agency Staff and £26,000 for savings recognising the contribution of Apprentices. At the end of 2011/12 all the required savings were identified and the target exceeded by £113,000, with total staff savings of £369,000 being delivered. Some of the excess achieved was made available for one-off spending as it was reported as part of the Budget review.

Star Chamber Savings

9. The Star Chamber savings built into the 2011/12 Budget were all either achieved or offset by additional savings achieved elsewhere.

Effect on 2012/2013 Budget

10. An assessment has been carried out on the probable effect on the 2012/13 Budget of the over and underspends included in the Outturn position. Most items have already been taken into account in the 2012/13 Budget, or were one-off items that relate to 2011/12 only. At this stage, the Outturn figures appear to have little overall impact on the 2012/13 Budget, with the exception of the Housing Benefit savings, which will be reviewed when each quarterly subsidy return is calculated. The detailed Outturn figures will be taken into consideration as part of the review of the 2012/13 Budget to be undertaken during the Summer.

Carry Forward Requests

11. Carry Forward Requests totalling £49,400 have been put forward by Heads of Service and are supported by the Corporate Management Team. Annexe 3 is a schedule of these requests. If approved, these items will be added to the 2012-13 Budget and financed from the 2011/12 underspend.

General Fund Balance

12. The outturn for 2011/12 confirms earlier forecasts that the General Fund balance at 31st March 2012 remains sound at £4.2million. The approved minimum level of General Fund balance set out in the Financial Strategy is £3.1 million. With continuing volatility in the economy, whereby locally Waverley has seen huge fluctuations in income and interest, together with future known pressures and doubts over future public sector Government support, this level of balances is considered by the Deputy Chief Executive to be essential. Also, with the recent Government announcements of a further 5% reduction in Departmental Budgets, any extra buffer is welcome.

General Fund Position

13. The Executive will be considering a Budget Review at the September meeting, before the Financial Strategy is updated starting in the Autumn.
14. The General Fund Outturn position is a creditable achievement, with the total savings of over £1million being delivered in the context of even higher reductions already built into the original budget. Early monitoring and reporting of savings enabled to Council to reinvest much of these in improved service delivery and invest-to-save schemes, most notably the improved waste collection service from April 2012. The New Homes Bonus of £311,000 was also used for this one-off expenditure.

Housing Revenue Account (HRA)

2011/12 Revenue Outturn

15. This account identifies the cost of providing, managing and repairing the Council's housing stock of some 4,900 dwellings in 2011/12.
16. An underspend of £167,000 is reported for the year on the HRA. This improves on the January monitoring situation when the major variations indicated a broadly break-even position.
17. The table at Annexe 2 compares the position reported to the end of January with the Outturn. Major variations have occurred in areas previously identified although in some cases with significant change since the January monitoring. The anticipated overspend on the responsive repairs and voids budget was contained to almost half the expected level by the measures taken in the last two months of the year. The budget was adversely affected by the high level of void activity during the year and the letting of the new contract much later in the financial year than expected. The overspend was more than offset by not

implementing some cyclical programmes of work and by renegotiating an improved price on the gas servicing/repairs contract.

HRA Staff Vacancy Target

18. The basic target of £70,000 plus a contribution towards the apprentices' budget was exceeded by in excess of £100,000. Some of this saving relates to posts charged against the capital programme and the remaining amount benefitting revenue (£74,631) is shown at Annexe 2.

HRA Star Chamber Savings

19. The savings built into the 2011-12 budget were achieved with the exception of contract reprocurement savings due to the new responsive repairs contract being let much later than anticipated.

HRA position

20. 2011-12 has been a year of significant change for the landlord service with the transition from the housing subsidy regime to self-financing, re-procurement of all major repairs' contracts and a new head of service in post. Where appropriate the impact of 2011-12 under/overspends has already been taken into account in the 2012-13 budget but this will be considered by the Executive at the September mid-year budget review.

Recommendation

It is recommended that the Executive:

1. notes the Revenue Outturn position for 2011/2012;
2. approves Revenue Carry Forwards of £49,400 on the General Fund from 2011/2012 to 2012/2013 as detailed at Annexe 3; and
3. agrees to hold £80,000 within the General Fund Working Balance for potential future loss of supporting people grant funding.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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