

Executive

2011/2012 End of Year Finance Report

18 June 2012

Report of Head of Finance and Procurement

PURPOSE OF REPORT

This report summarises the Council's provisional Revenue and Capital performance for the financial year 2011/2012 and reports on performance against the procurement action plan. The figures are still subject to further validation work to ensure compliance with statutory requirements and proper accounting practices.

This report is public

Recommendations

The Executive is recommended:

- 1) To note the provisional revenue out-turn position for 2011/2012 detailed in Appendix 1.
- 2) To agree the carry forward of budget underspends within 2011/2012 to 2012/13 as detailed in Appendix 1.
- 3) To note the transfer to general fund balances as detailed in Appendix 1.
- 4) To note the continued improvement in accuracy and reliability that the Council has made in projecting the year end position through the embedding of the Corporate Dashboard.
- 5) To note the provisional capital out-turn position for 2011/2012 detailed in Appendix 2a.
- 6) To agree the balances on capital schemes which have slipped in 2011/2012 to be carried forward into the 2012/2013 capital programme as set out in Appendix 2b
- 7) To note progress against the Councils Procurement Action plan – Appendix 3 and savings achieved Appendix 4.
- 8) To note the review of reserves undertaken by the Head of Finance & Procurement and the Lead Member for Financial Management detailed in Appendix 5.

- 9) To delegate responsibility to the Head of Finance and Procurement in consultation with the Lead Member for Financial Management to consider and implement further changes relating to all aspects of the closedown of the accounts for 2011-12 including the transfer of costs from revenue to capital, amendments of the revenue and capital budgets and implementation of a minimum revenue provision accordingly.

Executive Summary

Introduction

- 1.1 Three reports relating to the 2011/12 accounts have been considered by the Executive since the budget was approved in February 2011. This end of year finance report details the provisional revenue and capital outturn as at Quarter 4 and also incorporates the current position of the procurement action plan.

Revenue Out-turn 2011/12- provisional

- 1.2 The provisional revenue out-turn for 2011/12 is set out in Appendix 1.
- 1.3 Appendix 1 also summarises the main variances between outturn and the 2011/12 adjusted budget by directorate.

This outturn is based on the latest unaudited revenue position as at 1st June 2012 and these figures are still subject to potential change.

Capital Out-turn 2011/12- provisional

- 1.4 Appendix 2a provides the provisional capital out-turn statement for 2011/12 by scheme and directorate and shows that it is within approved budget tolerances for the year.
- 1.5 Appendix 2b provides details of the capital schemes that have incurred budget slippage.

Procurement

- 1.6 2011/12 has been another successful year for the self funded procurement team. Progress against the Council's procurement action plan is detailed in Appendix 3. A record of savings achieved is detailed in Appendix 4.

Medium Term Financial Strategy (MTFS)

- 1.7 In finalising the budget for 2012/13 the budget book referred to a refresh of the MTFS. We are currently analysing the implications of the recently published information on business rates and council tax localisation, both major components of the Local Government Resource Review.
- 1.8 A refresh of the MTFS is expected in September 2012 and this review and updated forecast will inform the 2013/14 budget process.

Review of Reserves

- 1.9 In preparing this 2011/12 outturn report and the closedown of our accounts the Lead Member for Financial Management and the Head of Finance and Procurement have reviewed the level of earmarked revenue reserves and general fund balances. The current forecast is included within Appendix 5.
- 1.10 The Executive is asked to note the proposed re-allocation between various earmarked reserves detailed in column G.

Conclusion

- 2.1 Our financial performance in terms of both capital and revenue within set tolerance targets is an area we can be proud of. Our performance demonstrates our ability to respond positively and actively to changing economic circumstances and deliver sizeable capital programmes and effective financial management.
- 2.2 The continued focus on monthly budget monitoring and continued use of the “dashboard” has enabled more efficient use of the Council’s resources.
- 2.3 The provisional year end revenue out-turn against budget shows the Council as being on target to achieve budget, after taking into account reallocations.
- 2.4 The variances on the revenue and capital out-turns are within the Council’s stated tolerances. Revenue out-turn was within 2% of budget and capital was within 3% of budget.
- 2.5 The General Fund reserve is adequately funded to meet the overall deficit.
- 2.6 The procurement target for securing ongoing cashable savings in 2011/12 was £150,000 and the end of year total achieved was £156,084 with a further £462,400 secured for 2012/13 from the collaborative approach on the dry recycling and internal audit contracts. The full detail behind the savings can be seen in Appendix 4. This level of savings has ensured that the procurement team remains self funded for the third year running and continues to contribute to the Council’s focus on protecting frontline services.

Background Information

Budget Process 2011/12

- 3.1 The General Fund revenue and capital estimates were approved following a robust and detailed Service and Financial preparation process. Budget guidelines were determined by the Executive and budget holders and their service accountant prepared budget working papers, in accordance with these guidelines from September 2010 to December 2010.
- 3.2 Interim revenue budget reports were made to the Executive and Scrutiny between December 2010 and February 2011. The budget position was finalised and the Council Tax was set by the Council in February 2011.

- 3.3 During the course of the 2011/2012 year, a number of changes have been made to the original 2011/2012 revenue and capital budgets. The amended full-year budget represents the original budget, as approved by the Council, the addition of supplementary revenue estimates approved during the year, agreed virements to existing budgets and the utilisation of appropriate reserves.

Budget Monitoring

- 3.4 During the period May 2011 until March 2012, budget monitoring using the “financial dashboard” has taken place which has looked at variances between actual and budget.
- 3.5 As in previous years there has been a detailed focus on the importance of accurate budgeting and appropriate monitoring. This continues to be embedded throughout the Council.
- 3.6 The dashboard analyses revenue and capital by Corporate, Directorate or Service level and contains a range of cost indicators providing an easy to understand picture of the Council’s financial position. We have actively used it within 2011/12 to monitor progress against our efficiency targets and our aim is to develop this further within 2012/13 to ensure that it remains comprehensive and meets our needs for addressing all financial challenges and pressures.
- 3.7 The budget monitoring information is available to budget holders and senior management by the end of Day 1 following the period of monitoring. Budget holders then have four working days in which to analyse the data with their Service Accountant and populate their budget monitoring reports and projections. This information, with revised forecasts is then reported to JMT during Days 6-10.
- 3.8 This tool has significantly increased the Council’s ability to manage day-to-day costs and is used to report quarterly to members through the quarterly Performance Management Framework.
- 3.9 The Finance Scrutiny Working Group review both Revenue and Capital Budgets throughout the year with specific emphasis on income and budget variations.
- 3.10 The dashboard provides an easy to understand picture of the Council’s financial position. In conjunction with the implementation of a shared joint management team and corporate finance team the aim is to develop this process further within 2012/13 and implement a finance dashboard which will meet our monitoring needs and address the forthcoming financial challenges and pressures.

Efficiencies

- 3.11 Planned efficiency savings from the 2011/12 budget have been achieved. The Public Promise of £1m was successfully delivered and forms a significant element of the 8% (£1.2m) reduction in our approved budget for 2012/13.

Procurement

- 3.12 Progress against the 11/12 procurement action plan is detailed in Appendix 3.
- 3.13 The collaborative exercises for the provision of internal audit services across both councils by a single provider has delivered a guaranteed three year expenditure envelope for both councils with first year savings of £29,250 against the previous year's budget of £87,000 for SNC and savings of £30,400 against the previous year's budget of £92,000 for CDC.
- 3.14 The joint exercise on the handling and purchase of dry waste recycling has delivered substantial revenue to both councils with SNC's predicted revenue based on current recycling volumes increasing from £324,000 per annum to £476,000 per annum and CDC's service cost of £55,000 per annum being converted to a revenue stream of £632,000 per annum with rates being fixed for three years.
- 3.15 The appointment of a contractor for the provision of a web based bookings system will reduce direct contact with officers for a range of services across both councils and in time bring down the cost of service delivery with the winning bid being heavily discounted and within budget.

Local Government Resource Review (LGRR) and Medium Term Financial Strategy (MTFS)

- 3.16 The draft 2013/14 to 2016/17 forecast was presented in the 2012/13 budget book shows a savings requirement of £0.8m in 2013/14 and a cumulative target for the 4 years of £5.2m. This assumes that the Council does not rely on any investment income to balance the revenue budget and uses the provisional settlement figure for 2012/13 and then a range of assumptions.
- 3.17 The Council has pledged to reduce net expenditure by £0.8m by April 2013 and action plans are in place to achieve this.
- 3.18 The Council is managing the information and implications of the LGRR through a project board. The project board will be responsible for the strategic management of the project and will be responsible for the timely delivery of any changes as a result of the LGRR, Welfare Reform Act and Localism Act.
- 3.19 As an informal member/officer working group, the group has no formal decision making powers. Therefore, when the group has reached a consensus on an issue the formal decision making route will be recommendations through to the Executive.
- 3.20 The work of the project will be split into workstreams with individual delivery plans and timescales. The workstreams are:
1. Council Tax localisation
 2. Business rates localisation
 3. Universal Credit
 4. Social Fund localisation
 5. Localism Act

6. Single Fraud Investigation Service
 7. Other Welfare Reform Changes
 8. Medium Term Financial Strategy (including consideration of other funding such as new homes bonus)
- 3.21 The outcomes from the LGRR and implications on Cherwell District Council funding will be considered in the next MTFs update expected in September 2012.

Key Issues for Consideration/Reasons for Decision and Options

- 4.1 This report illustrates the Council's provisional performance against the 2011/2012 Revenue and Capital Budget and progress achieved against our Procurement action plan and targets. The following options have been identified. The approach in the recommendations is believed to be the best way forward

Option One To review current performance levels and considers any actions arising.

Option Two To approve or reject the recommendations above.

Consultations

The budget monitoring reports have been reviewed by JMT and scrutiny where applicable.

Implications

Financial: There are no financial implications arising directly from the production of this report. It should be noted that the information in this report is in the format used for budget monitoring purposes and, although adjustments have been made for the requirements of IFRS, it does not reflect the various accounting adjustments that are required to comply with the Statement of Recommended Practice (for example the various pension adjustments required by Financial Reporting Standard 17) nor is it in the same format as the statutory Financial Statement. It is therefore not a straightforward task to compare the figures in this report with the Council's Financial Statement for 2011/2012 because the respective reports are each designed to serve different purposes.

Efficiency Savings – There are none arising directly from this report. We monitor the progress against the Council's targets for annual efficiency savings and report performance through the Performance Management Framework.

Comments checked by Karen Muir, Corporate System Account, 01295 221559.

Legal: The Council has a duty to prepare Financial Statements by 30 June 2012.

Comments checked by Kevin Lane Head of Law & Governance, 0300 0030107.

Risk Management: The figures in the finance report are unaudited and still subject to adjustments before submission to District Audit. If the audit subsequently identifies significant differences in the out-turn position it may be necessary to consider an alternative use of the Council's reserves.

Comments checked by Karen Muir, Corporate System Accountant 01295 221559

Wards Affected

All

Corporate Plan Themes

The Council's Budget covers all of the Corporate Plan Themes

Executive Portfolio

Councillor Ken Atack
Lead Member for Financial Management

Document Information

Appendix No	Title
Appendix 1	2011/2012 Revenue outturn.
Appendix 2a	Capital Outturn Overview
Appendix 2b	Capital Outturn Detail
Appendix 3	Procurement – action plan
Appendix 4	Procurement – savings
Appendix 5	Review of Reserves
Background Papers	
Budget 2011/12 Quarterly Updates to the Executive – Q1-Q3 Medium Term Financial Strategy 2011/12 Procurement Strategy	
Report Author	Karen Curtin, Head of Finance and Procurement Karen Muir, Corporate System Accountant Viv Hichens, Strategic Procurement Manager
Contact Information	Karen Curtin, 0300 0030106 karen.curtin@cherwelland.southnorthants.gov.uk Karen Muir, karen.muir@cherwell-dc.gov.uk Viv Hichens, viv.hichens@cherwell-dc.gov.uk