

North Tyneside Council

Report to Cabinet

Date: 10 June 2013

Agenda Item 6(a)

2012/13 Provisional Finance
Outturn Report

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Norma Redfearn Cllr Ray Glindon
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Report from: Finance and Resources Directorate

Report Author: Fiona Rooney, Strategic Director of Finance and Resources Tel: 643 5724
Janice Gillespie, Senior Manager, Corporate Finance Tel: 643 5701

Wards affected: All

PART 1

1.1 Purpose:

1.1.1 This report, and the supporting Annex 1 and its Appendices, set out details in respect of the provisional outturn for the General Fund, Housing Revenue Account, School balances position, the financial and delivery aspects of the Capital Plan and the delivery of the Treasury Management Strategy for the financial year 2012/13.

1.1.2 The purpose of this report is therefore to:

- (a) Advise Cabinet of the provisional 2012/13 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Seek Cabinet approval for the requests to carry forward budgets of £0.070m (Annex 1, Section 2 Paragraph 2.23);
- (c) Advise Cabinet of decisions made under the Reserves and Balances Policy (Annex 1, Section 2, Paragraphs 2.26-2.30);
- (d) Inform Cabinet of the Authority's Capital Plan spend during 2012/13, and the financing put in place (Annex 1, Section 5);
- (e) Seek Cabinet approval for approval of further reprogramming of £12.365m within the Capital Plan (Annex 1, Section 5, Paragraph 5.11 and Appendix I);

- (f) Advise Cabinet of the Council's Treasury Management performance (Annex 1, Section 6); and
- (g) Advise Cabinet of the performance of both Capital and Treasury Management prudential indicators (Annex 1 Section 7).

1.2 Recommendations:

It is recommended that Cabinet:

- (a) Notes the provisional 2012/13 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Approves the requests for carry forward of budgets of £0.070m (Annex 1, Section 2 Paragraph 2.23);
- (c) Notes the decisions made under the Reserves and Balances Policy (Annex 1, Section 2, Paragraphs 2.26-2.30);
- (d) Notes the Authority's Capital Plan spend during 2012/13, and the financing put in place (Annex 1, Section 5);
- (e) Approves further reprogramming of £12.365m within the Capital Plan (Annex 1, Section 5, Paragraph 5.11);
- (f) Notes the Council's Treasury Management performance (Annex 1, Section 6); and,
- (g) Notes the performance against the Capital and Treasury prudential indicators (Annex 1 Section 7).

1.3 Forward Plan

This report was not included on the Forward Plan published on 15 May 2013 but it is required as part of the 2012/13 Final Accounts process.

1.4 Council plan and policy framework.

The Council Plan and Budget are key strands of the Council's Budget and Policy Framework.

1.5 Information - Executive Summary

- 1.5.1 Annex 1 to this report sets out the provisional outturn for 2012/13 for the General Fund, the Housing Revenue Account, Schools Finances and the Capital Plan, including a summary of schemes delivered. It also provides a summary position on the achievement of the Treasury Management Strategy during the year together with the associated prudential indicators for capital and treasury.

- 1.5.2 **General Fund Revenue Budget:** As at 31 March 2013 the provisional General Fund revenue outturn position is an underspend of £0.146m. Approval of the carry forward requests as set out in section 1.1.2 of £0.070m would result in a surplus of £0.076m. The surplus has been transferred to the Strategic Reserve in accordance with the Reserves and Balances Policy (Annex 1, Section 2, Paragraphs 2.26-2.30). Directorates show an overspend of £1.286m (after accounting for utility costs centrally) at the 31 March 2013, an improvement of £1.127m against the year-end projections reported to Cabinet on 11 March 2013. The Directorate's outturn should be considered alongside the underspend of the contingency budget of £2.719m. The contingency budget for 2012-13 was set at a level that took into consideration issues specifically relating to general inflation, demand-led pressures and the CEI programme some of which have contributed to the outturn position as detailed in Appendices A to D. Corporate and Non-delegated items, including the contingencies referred to above, showed an underspend against budget of £3.148m, the details of which are set out in Annex 1 Section 2 Paragraphs 2.24-2.31.
- 1.5.3 **Reserves, Balances and Provisions:** As part of the 2012/13 final accounts, amounts have been set aside as provision and reserves for known liabilities and uncertainties that still remain in future years. This includes the provision for equal pay settlements of £1.797m as outlined in Annex 1 paragraph 1.13.
- 1.5.4 **Housing Revenue Account:** The Housing Revenue Account has year-end balances of £2.199m, which represents an improvement against the budget of £0.896m. This improvement is as a result of an in year surplus of £0.059m and improved balances brought forward at the start of the year of £0.837m.
- 1.5.6 **School Finances:** School balances have reduced from £6.726m to £6.054m, these balances include a significant amount of committed funds and the permitted carry forward of grants for the remainder of the academic year. School balances continue to be monitored closely.
- 1.5.7 **Capital Plan:** The final capital expenditure for the year was £40.528m, with a recommendation noted above for Cabinet to approve reprogramming of £12.365m into 2013/14. The financing of the Capital Plan has been varied during the year to reflect the level of grants received and reprogramming. A shortfall of capital receipts for the general fund amounted to £3.059m. This shortfall has been met through Prudential Borrowing.
- 1.5.8 **Treasury Management:** The Council has acted prudently during the year, confirming that the security of the Council's resources is of greater importance than returns on investments. To that effect, treasury management activity during the year has focused on reducing the inherent risk to the Council. The level of investments at 31 March 2013 was £5.700m. The level of borrowing (excluding PFI) increased by £5.170m from £446.111m to £451.281m.

1.5 Decision options:

Option 1

Cabinet can agree the recommendations as set out in Section 1.2 of this report.

Option 2

Cabinet can disagree with all or some of the individual recommendations set out in section 1.2 of the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Cabinet is recommended to agree the proposals set out in section 1.2 of this report as it is important that Cabinet continues to monitor performance against the Council Plan and Budget. Reprogramming of the Capital Plan will ensure that the delivery and financing of the Plan is balanced over the medium term.

1.8 Appendices:

Annex 1	2012/13 Provisional Finance Outturn Report
Appendix A	Children Young People and Learning Directorate
Appendix B	Community Services Directorate
Appendix C	Finance and Resources Directorate
Appendix D	Chief Executive's Office
Appendix E	Central Costs
Appendix F	Housing Revenue Account
Appendix G	Details of Changes to the Approved Capital Plan
Appendix H	2012/13 Capital Financing Summary
Appendix I	2012/13 Capital Plan Summary of Variances
Appendix J	Earmarked Reserves and Balances as at 31 March 2013
Appendix K	Glossary of Terms

1.9 Contact officers:

Janice Gillespie - Corporate Finance matters - Tel 643 5701

Margaret Keith - Treasury Management matters - Tel 643 5747

Cathy Davison – Capital Plan (financing) matters - Tel 643 5727

Alison Campbell - Community Services/Chief Executive's Office - Tel 643 7038

Darrell Campbell - Housing Revenue Account matters - Tel 643 7052

Anthony Gollings – Children, Young People and Learning/Finance and Resources/
School Finance matters - Tel 643 8071

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Revenue Control Budget 2012/13 (P).

http://november.northtyneside.gov.uk:7777/intra/browse-display.shtml?p_ID=513328&p_subjectCategory=1033

- (b) Approved Capital Plan 2012/13 (P).
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=533255
- (c) Council Reserves and Balances Policy (P).
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=532974
- (d) Treasury Management Strategy Statement and Annual Investment Strategy 2012/13(P)
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=532984
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=532985
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=532986
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=532987
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=532988
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=532989
- (e) The CIPFA Code of Practice 2012/13
Can be inspected at the council's offices.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report and Annex 1. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 19 June 2013.

2.2 Legal

The Council has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

2.3 Consultation/community engagement

Internal consultation

- 2.3.1 Relevant officers across the authority have been consulted on this report and Senior Leadership Team received and commented on a draft version of this report, as have the Elected Mayor and Cabinet Member for Finance and Resources.

Community engagement

- 2.3.1 The 2012/13 budget was completed after widespread consultation in line with the Council's approved Budget Engagement Strategy. The report to Council on 2 February 2012 entitled "2012-2015 Council Strategic Plan and Budget Setting Process: Budget Submission to the Authority (incorporating the Housing Revenue Account and associated business plan)" summarises the outcome of this engagement (see paragraph 2.3 of the report).

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are direct no equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Council are covered in this report and registered through the Council's risk management process.

2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Chief Executive
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager, Policy, Partnerships, Performance And Communication

Report Author: Janice Gillespie