

Report to the Finance and Performance Management Scrutiny Panel



Date of meeting: 16 June 2009

Portfolio: Finance and Economic Development

Subject: Provisional Revenue Outturn 2008/09.

Responsible Officer: Peter Maddock (01992 564602)

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That the overall 2008/09 revenue out-turn for the General Fund and Housing Revenue Accounts (HRA) be noted; and
- (2) That as detailed in Appendix D, the carry forward of £280,000 District Development Fund expenditure be noted

Executive Summary

This report provides an overall summary of the revenue outturn for the financial year 2008/09.

Reasons for proposed decision:

To note the provisional revenue outturn.

Other options for action:

No other options available.

General Fund

1. The table below summarises the revenue outturn for the General Fund and the consequential movement in balances for 2008/09.

	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
General Fund					
Net Expenditure after Adjustments	16,828	16,506	16,319	(509)	(187)
Government Grants and Local Taxation	17,047	17,047	17,047	-	-
(Contribution to)/from Balances	(219)	(541)	(728)	(509)	(187)
Opening Balances – 1/4/08	(7,462)	(7,462)	(7,462)	-	-
(Contribution to)/from Balances	(219)	(541)	(728)	(509)	(187)
Closing Balances – 31/3/09	(7,681)	(8,003)	(8,190)	(509)	(187)

2. Net expenditure for 2008/09 totalled £16.319 million, which was £509,000 (3.1%) below the original estimate and £187,000 (1.1%) below the revised. When compared to a gross expenditure budget of approximately £66 million, the variances can be restated as 0.8% and under 0.3% respectively.
3. An analysis of the changes between Continuing Services Budget (CSB) and District Development Fund (DDF) expenditure illustrates where the main variances in revenue expenditure have occurred.

	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
General Fund					
Opening CSB	17,172	16,909	16,747	(425)	(162)
In Year Growth	1,085	1,243	1,231	146	(12)
In Year Savings	(1,429)	(1,646)	(1,659)	(230)	(13)
Total Continuing Services Budget	16,828	16,506	16,319	(509)	(187)
DDF – Expenditure	1,600	2,187	1,873	273	(314)
DDF – One Off Savings	(522)	(1,944)	(2,079)	(1,557)	(135)
Total DDF	1,078	243	(206)	(1,284)	(449)
Appropriations	(1,078)	(243)	206	(1,284)	(449)
Net Expenditure	16,828	16,506	16,319	(509)	(187)

Continuing Services Budget

4. CSB expenditure was £509,000 below the original estimate and £187,000 lower than the revised. The variances have arisen on both the opening CSB, £162,000 lower than the revised estimate and the in year figures, £25,000 lower than the revised estimate.
5. In common with recent years salary savings make up a large proportion of this saving. Actual salary spending for the authority in total, including agency costs, was some £19.061 million compared against an original estimate of £19.397 million. Most of this saving fell on the General Fund with the Planning Directorate (£161,000) seeing the largest underspend, the post of Assistant Head with responsibility for forward planning proving particularly difficult to fill. The remaining savings on the opening CSB are made up of additional car parking and Industrial Estate rent income, whilst savings on abandoned vehicle expenditure have been offset by a Housing Benefits subsidy adjustment relating to 2007/08.
6. The in year CSB saving figure of £403,000 became an in year saving of £428,000. Much of this was recognised in the revised estimates, The net effect was an additional underspend of £25,000 made up of a number of unders and overs, for example Fleet Operations MOT income exceeded expectations by £30,000, however income relating to tipping away fell short of expectations. Full details of items within the CSB growth figures can be found at appendix A.

District Development Fund

7. Net DDF expenditure was expected to be £1,078,000 in the original estimate and £243,000 in the revised. In the event the DDF showed net income of £206,000. This is £1,284,000 below the original and £449,000 below the revised. There are requests for carry forwards totalling £280,000 and therefore the variation actually equates to a £169,000 net under spend on the DDF items undertaken. These one-off projects are akin to capital, in that there is regular slippage and carry forward of budgetary provision. Therefore the only reasonable variance analysis that can be done is against the revised position.
8. The DDF Reduced between the Original and Revised position by some £835,000, this was due to a mixture of items brought forward, rephased into future years and new items identified during 2008/09, the two major item in the latter category being in relation to additional Investment interest £264,000 and the passing of the excess balance on the Insurance Fund, (£460,000), to the DDF. There was also substantial rephasing of the Local Development Framework DDF into 2009/10 and indeed 2010/11.
9. Two portfolios saw variations in excess of £100,000 on their DDF when compared to the revised estimate. Finance and Performance Management saw an overspend of £156,000. There are two main elements to this. The collection of some Council Tax court costs originally expected in 2008/09 will now occur in 2009/10, the shortfall in income of approximately £100,000 has been transferred into 2009/10 to match the expected income levels in 2009/10. The second item relates to the inclusion in the accounts of a provision for outstanding excesses at 31 March 2009. The effect of this is to reduce the expected transfer from the Insurance Reserve to the DDF by £117,000. There were a number of other offsetting variances that reduced the effect of the two aforementioned items. Corporate Support and ICT saw an underspend of £199,000 much of which relates to delays in the planned building maintenance programme and accommodation changes due to the restructure, these amounts have been carried forward.
10. The appropriation of additional income items was higher than expected. The revised estimate was based on additional investment interest attributable to the General Fund of £264,000, in the event this figure was £70,000 higher at £334,000. The Local Authority Business Growth Incentive Scheme provided additional income of £164,000 this had not been included in the revised estimate as there was considerable uncertainty surrounding whether an allocation would be given. This money has been put into the DDF balance but as yet has not been allocated to anything specific. Full details of DDF expenditure and income can be found at Appendix B.

Appropriations

11. The only variation on appropriations arises from the underspend on the DDF.

Housing Revenue Account

12. The table below summarises the revenue outturn for the Housing Revenue Account.

Housing Revenue Account	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Revenue Expenditure	14,208	14,151	14,157	(51)	6
HRA Subsidy Payable	10,842	10,842	10,917	75	75
Depreciation	8,654	9,175	9,309	655	134
Total Expenditure	33,704	34,168	34,383	679	215
Gross Dwelling Rents	24,430	24,506	24,473	(43)	33
Other Rents and Charges	4,336	4,489	4,494	(158)	(5)
Total Income	28,766	28,995	28,967	(201)	28
Net Cost of Service	4,938	5,173	5,416	478	243
Interest and Other Transfers	2,020	2,186	2,083	(63)	103
Transfer from Major Repairs Reserve	4,051	4,557	4,691	(640)	(134)
Net Operating Income	(1,133)	(1,570)	(1,358)	(225)	212
Appropriations					
Capital Expenditure	1,135	1,439	1,452	317	13
Charged to Revenue					
Other	16	153	26	10	(127)
Deficit/(Surplus) for Year	18	22	120	102	98
Opening Balance – 1/4/08	(6,201)	(6,201)	(6,201)	-	-
Deficit/(Surplus) for year	18	22	120	102	98
Closing Balance – 31/3/09	(6,183)	(6,179)	(6,081)	102	98

13. A Deficit within the HRA of £18,000 and £22,000 was expected within its original and revised revenue budgets respectively, the actual deficit was higher than both at £120,000. The two main reasons for this are the substantial increase in the gas and electricity contracts and a final adjustment to the 2007/08 subsidy claim that was not agreed until late in 2008/09.

14. A small deficit was fixed when the Original Estimate was compiled in order to avoid the HRA exceeding £6.209 million at 1 April 2009, as this is the maximum allowable balance on the HRA if the Council wished to capitalise additional pension contributions in 2008/09 as a result of the latest triennial valuation. The higher deficit that occurred is not significant enough to cause concern. In fact the balance at 31 March 2009 is still in excess of £6 million well above the £3 million to £4 million agreed in the recent HRA five year forecast report.

Consultation undertaken:

None

Resource implications:

As set out in report, it is clear that the Cabinet priority to maintain a sound financial position has been achieved.

Legal and Governance Implications:

Reporting on the financial outturn for the previous financial year is recognised as a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications:

The Council's revenue budgets contain spending related to the Safer, Cleaner, Greener initiative.

Background Papers:

Final Accounts working papers held in Accountancy.

Impact Assessments:

No equalities or risk management impacts.