

Report to the Finance and Performance Management Scrutiny Panel



Date of meeting: 10 June 2010

Portfolio: Finance and Economic Development

Subject: Provisional Revenue Outturn 2009/10.

Responsible Officer: Peter Maddock (01992 564602)

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That the overall 2009/10 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 £523,000 District Development Fund expenditure be noted

Executive Summary

This report provides an overall summary of the revenue outturn for the financial year 2009/10.

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 2009/10.

	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
General Fund					
Net Expenditure after Adjustments	18,015	18,148	17,447	(568)	(701)
Government Grants and Local Taxation	17,311	17,311	17,311	-	-
(Contribution to)/from Balances	704	837	136	(568)	(701)
Opening Balances – 1/4/09	(8,435)	(8,435)	(8,435)	-	-
(Contribution to)/from Balances	704	837	136	(568)	(701)

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Closing Balances – 31/3/10	(7,731)	(7,598)	(8,299)	(568)	(701)

- Net expenditure for 2009/10 totalled £17.447 million, which was £568,000 (3.3%) below the original estimate and £701,000 (4.1%) below the revised. When compared to a gross expenditure budget of approximately £72 million, the variances can be restated as 0.9% and under 1.0% respectively.
- 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.

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Opening CSB	17,416	17,424	16,901	(515)	(523)
In Year Growth	737	1,551	945	208	(606)
In Year Savings	(138)	(827)	(399)	(261)	428
Total Continuing Services Budget	18,015	18,148	17,447	(568)	(701)
DDF – Expenditure	1,875	2,065	1,841	(34)	(224)
DDF – One Off Savings	(614)	(1,771)	(2,760)	(2,146)	(989)
Total DDF	1,261	294	(919)	(2,180)	(1,213)
Appropriations	(1,261)	(294)	919	(2,180)	(1,213)
Net Expenditure	18,015	18,148	17,447	(568)	(701)

Continuing Services Budget

- CSB expenditure was £568,000 below the original estimate and £701,000 lower than the revised. Variances have arisen on both the opening CSB, £523,000 lower than the revised estimate and the in year figures, £178,000 lower than the revised estimate.
- 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 £19.351 million compared against an original estimate of £20.082 million. The saving of £731,000 was primarily spread over three directorates Housing, Environment and Street Scene and Planning and Economic Development, this also broadly equates to two thirds General Fund, One third Housing, specifically the works unit, falling on the Housing Repairs Fund rather than directly on the Housing Revenue Account (HRA). The saving was noticeably higher than in 2008/09 (3.7% compared to 1.7%) however 1.5% of the 3.7% saving was expected as the pay award settlement was around 1% rather than the 2.5% allowed for in the original budget. (when compared to the revised budget the underspend was nearer 1.5%)
- There were a number of other CSB savings when compared to the revised, these include:
 - Plant maintenance, gas and electricity at the Civic Offices (£64,000).
 - Some unspent monies relating to the corporate improvement budget (£40,000)

- (c) Underspent budgets within the Performance Management unit (£34,000)
 - (d) ICT maintenance budgets (£24,000).
 - (e) Various savings on recruitment advertising, postage and stationery within directorate admin budgets. (£22,000).
 - (f) Grafitti removal (£20,000).
 - (g) A later than anticipated start on document scanning in the Planning directorate (£15,000).
 - (h) A significant number of other budgets showing underspends of between £6,000 and £12,000.
7. The original in year CSB growth figure of £599,000 became an in year growth figure of £724,000. The main reason related to the waste management contract, growth of £150,000 had been included as part of the £599,000 original figure and this increased to £359,000 in the revised estimate. In the event expenditure fell between the two at £204,000. Full details of items within the CSB growth figures can be found at appendix A.

District Development Fund

8. Net DDF expenditure was expected to be £1,261,000 in the original estimate and £294,000 in the revised. In the event the DDF showed net income of £919,000. This is £2,180,000 below the original and £1,213,000 below the revised. There are requests for carry forwards totalling £523,000 and therefore the variation actually equates to a £690,000 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.
9. The DDF reduced between the Original and Revised position by some £967,000, this was due to a mixture of items brought forward, rephased into future years and new items identified during 2009/10, the largest item introduced into the revised estimates was a credit of £375,000 for a VAT refund relating to leisure income received between 1990 and 1994. The figure included was known to be a prudent estimate and in the event the net income achieved was £1,158,000. There was also anticipated to be a substantial reduction in investment income. After taking into account the HRA proportion actual net income was £535,000 below the original estimate and £173,000 below the revised estimate.
10. Corporate Support Services and Planning and Economic Development saw variations in excess of £100,000 on their DDF when compared to the revised estimate. Within Corporate Support Services both MOT income and Land Charges achieved higher income levels than the revised estimate. In both cases the excess over the revised position has been accounted for as DDF. There was also an element of slippage on the Office Accommodation works. Within Planning and Economic Development the largest item related to the Local Development Framework (LDF). Although some slippage was anticipated within the revised estimates further slippage occurred to the extent that actual expenditure was less than half that originally expected, £115,000 has therefore been slipped into 2010/11. The expenditure profile of this budget will again need to be reviewed during the next budget cycle.

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	14,071	14,206	13,583	(488)	(623)
HRA Subsidy Payable	11,193	9,751	9,751	(1,442)	-
Depreciation	9,246	7,776	7,776	(1,470)	-
Total Expenditure	34,510	31,733	31,110	(3,400)	(623)
Gross Dwelling Rents	25,454	25,188	25,145	309	43
Other Rents and Charges	4,647	4,636	4,754	(107)	(118)
Total Income	30,101	29,824	29,899	202	(75)
Net Cost of Service	4,409	1,909	1,211	(3,198)	(698)
Interest and Other Transfers	1,274	544	755	519	(211)
Transfer from Major Repairs Reserve	4,468	2,998	3,033	1,435	(35)
Net Operating Income	(1,333)	(1,633)	(2,577)	(1,244)	(944)
Appropriations					
Capital Expenditure	1,525	1,525	2,145	620	620
Charged to Revenue					
Other	196	133	424	228	291
Deficit/(Surplus) for Year	388	25	(8)	(396)	(33)
Opening Balance – 1/4/09	(6,081)	(6,081)	(6,081)	-	-
Deficit/(Surplus) for year	388	25	(8)	(396)	(33)
Closing Balance – 31/3/10	(5,693)	(6,056)	(6,089)	(396)	(33)

13. A Deficit within the HRA of £388,000 and £25,000 was expected within its original and revised revenue budgets respectively, the actual outturn was a surplus of £8,000. There are a number of areas seeing underspends, for example Staircase Lighting, Heating both District and Sheltered Accommodation, Grounds Maintenance and Minor sewerage works. Due to higher than expected interest rates and higher HRA balances the Investment interest due to the HRA was also higher.

14. Subsidy Payable to the Government was also lower than originally anticipated as late government changes, reducing rent increases for 2009/10 and the notional interest rate used in the subsidy calculation, were announced after the estimates were set. The Council therefore reduced rents originally set during the year resulting in a reduction to subsidy payable of £1.442 million. However this was mitigated by the loss of rent income (£309,000) but there was still a net gain to the HRA of £1,133,000.

15. Capital Expenditure Charged to Revenue was increased by £620,000 to £2,145,000. This was done in order to avoid the HRA accumulating excessive balances and ensure that the current guidelines on applications for pension deficit capitalisations are not exceeded. Even with this action the balance at 31 March 2010 is still in excess of £6 million, well above the £3 million to £4 million target 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:Risk Management

This report is a key part in managing the financial risks faced by the Council.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A

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