

Report to the Finance and Performance Management Scrutiny Panel



Date of meeting: 21 June 2011

Portfolio: Finance and Economic Development

Subject: Provisional Revenue Outturn 2010/11.

Responsible Officer: Peter Maddock (01992 564602)

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That the overall 2010/11 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 £462,000 District Development Fund expenditure be noted.

Executive Summary

This report provides an overall summary of the revenue outturn for the financial year 2010/11.

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 2010/11.

			Original Estimate £000	Probable Outturn £000	Actual Expend £000	Variance from Original £000	Variance from Probable outturn £000
General Fund							
Net Expenditure Adjustments	after		18,048	17,813	17,223	(825)	(590)
Government Grants and Local Taxation			17,504	17,504	17,504	-	-
(Contribution to)/from Balances			544	309	(281)	(825)	(590)
Opening Balances – 1/4/10			(8,300)	(8,300)	(8,300)	-	-

General Fund	Original Estimate £000	Probable Outturn £000	Actual Expend £000	Variance from Original £000	Variance from Probable outturn £000
(Contribution to)/from Balances	544	309	(281)	(825)	(590)
Closing Balances – 31/3/11	(7,756)	(7,991)	(8,581)	(825)	(590)

- Net expenditure for 10/11 totalled £17.223 million, which was £825,000 (4.8%) below the original estimate and £590,000 (3.4%) below the probable outturn. When compared to a gross expenditure budget of approximately £76 million, the variances can be restated as 1.1% and 0.8% 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	Probable Outturn £000	Actual Expend £000	Variance from Original £000	Variance from Probable outturn £000
Opening CSB	18,285	17,935	17,448	(837)	(487)
In Year Growth	157	813	852	695	39
In Year Savings	(394)	(935)	(1,077)	(683)	(142)
Total Continuing Services Budget	18,048	17,813	17,223	(825)	(590)
DDF – Expenditure	2,438	2,796	2,707	269	(89)
DDF – One Off Savings	(554)	(890)	(1,935)	(1,381)	(1,045)
Total DDF	1,884	1,906	772	(1,112)	(1,134)
Appropriations	(1,884)	(1,906)	(772)	(1,112)	(1,134)
Net Expenditure	18,048	17,813	17,223	(825)	(590)

Continuing Services Budget

- CSB expenditure was £825,000 below the original estimate and £590,000 lower than the probable outturn. Variances have arisen on both the opening CSB, £487,000 lower than the probable outturn and the in year figures, £103,000 lower than the probable outturn.
- In common with recent years salary savings make up a proportion of this saving. Actual salary spending for the authority in total, including agency costs, was some £19.126 million compared against a probable outturn of £19.392 million. The saving of £266,000 was primarily spread over two directorates Housing and Planning and Economic Development, two thirds of this saving in monetary terms relates to the Housing Revenue Account (HRA). The saving in total was slightly lower than the probable outturn position in 2009/10 (1.4% compared to 1.6%), having said that a vacancy allowance was included in the last quarter of 2010/11 which was not included in the 2009/10 figures. This, with the effects of the recruitment freeze, actually produced a bigger underspend than the previous year.
- There were a number of other savings when compared to the probable outturn, these include:

- (a) Building Maintenance (£49,000).
 - (b) Some unspent monies relating to the HR corporate improvement budget (£45,000)
 - (c) Further savings on Gas and Electricity over and above anticipated at the Civic Offices of £30,000. Given the likely increases in cost going forward these can probably be contained within the existing budget.
 - (d) Savings on temporary legal staff and consultants (£35,000).
 - (e) Additional income on Elections (£50,000)
 - (f) A significant number of other budgets showing underspends of between £6,000 and £12,000.
7. The original in year net CSB saving figure of £237,000 became an in year saving figure of £122,000 when estimating the probable outturn, largely due to the reduction of investment interest income. The out-turn net savings exceeded both figures at £225,000. There were additional savings on Waste Management of £106,000 relating to reductions in Gate fee payments (£144,000), Reductions in Sack expenditure and other items (£17,000) offset by reduced Recycling Credits (£55,000). Full details of items within the CSB growth and savings figures can be found at appendix A.

District Development Fund

8. Net DDF expenditure was expected to be £1,884,000 in the original estimate and £1,906,000 in the probable outturn, the DDF outturn showed net expenditure of £772,000. This is £1,112,000 below the original and £1,134,000 below the probable outturn. There are requests for carry forwards totalling £462,000 and therefore the variation actually equates to a £672,000 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 probable outturn position.
9. The DDF increased between the Original and Probable outturn position by £22,000, this was due to a mixture of items brought forward, rephased into future years and new items identified during 2010/11, the largest reduction in the year was the slippage of Local Development Framework expenditure into 2011/12. The expenditure profile of this budget will again need to be reviewed during the next budget cycle.
10. The biggest item identified in the actual expenditure related to a VAT refund relating to Sports tuition fees and bulky household waste collections where VAT paid to HMRC was deemed to be overdeclared and therefore repayable to the Council. This related to the years 1973 to 1997. The net amount repayable was £714,000. When the Probable Outturn was prepared there was significant doubt surrounding whether this repayment would be forthcoming however being able to obtain detailed evidence in support of the claim during February enabled a successful conclusion to be reached during March 2011.
11. Corporate Support Services and Environment and Street Scene saw variations in excess of £100,000 on their DDF when compared to the probable outturn estimate. Within Corporate Support Services the Planned Building Maintenance Programme and the Council Asset Rationalisation projects have fallen behind schedule. Within Environment and Street Scene, additional income from Off Street Parking and SLM (from the income share agreement) contributed to the variances along with an underspend on remedial works to watercourses.
12. Appendix B shows full details of DDF expenditure and savings for 2010/11.

Appropriations

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

Housing Revenue Account

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

Housing Revenue Account	Original Estimate £000	Probable Outturn £000	Actual Expend £000	Variance from Original £000	Variance from Probable outturn £000
Revenue Expenditure	14,365	14,426	13,603	(762)	(823)
HRA Subsidy Payable	10,052	9,726	9,728	(324)	2
Depreciation	8,011	8,706	8,706	695	-
Total Expenditure	32,428	32,858	32,037	(391)	(821)
Gross Dwelling Rents	25,791	25,644	25,675	116	(31)
Other Rents and Charges	4,848	4,697	4,223	625	474
Total Income	30,639	30,341	29,898	741	443
Net Cost of Service	1,789	2,517	2,139	350	(378)
Interest and Other Transfers	537	457	497	(40)	40
Transfer from Major Repairs Reserve	3,167	3,905	3,905	738	-
Net Operating Income	(1,915)	(1,845)	(2,263)	(348)	(418)
Appropriations					
Capital Expenditure Charged to Revenue	1,763	1,763	2,163	400	400
Other	159	209	303	144	94
Deficit/(Surplus) for Year	7	127	203	196	76
Opening Balance – 1/4/10	(6,089)	(6,089)	(6,089)	-	-
Deficit/(Surplus) for year	7	127	203	196	76
Closing Balance – 31/3/11	(6,082)	(5,962)	(5,886)	196	76

15. A Deficit within the HRA of £7,000 and £127,000 was expected within its original and probable outturn revenue budgets respectively, the actual outturn was a deficit of £203,000. There are a number of areas seeing underspends, for example gas and electricity however countering this was a reduction in shop rent income.

16. Capital Expenditure Charged to Revenue was increased by £400,000 to £2,163,000. 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 2011 is still in excess of £5.8 million, well above the £3 million to £4 million target.

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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