

Executive Committee

No Specific Ward Relevance

10 June 2009

CONSOLIDATED REVENUE OUTTURN – FINANCIAL YEAR 2008/09

(Report of the Head of Financial, Revenue and Benefit Services)

1. Summary of Proposals

For Member's to note the Council's overall financial outturn for the 2008/09 financial year.

The report shows the actual income and expenditure for 2008/09 financial year and compares this to the budget for General Fund Services and the Housing Revenue Account.

2. Recommendations

The Committee is asked to RESOLVE that

subject to Member's Comments, the report be noted.

3. Financial, Legal, Policy, Risk and Sustainability Implications

Financial

- 3.1 There are no specific financial implications. The report brings a summary of financial information to Members' attention for the previous financial year.

Legal

- 3.2 A statutory framework exists to ensure that local authorities set a balanced budget. The annual budget brings together the Council's expenditure plans and the ways in which income is to be raised to finance that spending

Policy

- 3.3 The report has been prepared in accordance with existing Council policy.

Risk

- 3.4 It is important for the outturn position to be reported publicly because of the potential impact on future service provision

Sustainability / Environmental

- 3.5 No Sustainability or Environmental implications have been identified.

Report

4. Background

- 4.1 A revision of all budgets was undertaken during the third quarter of the financial year and was reported to Council on the 23rd February 2009.
- 4.2 The Statement of Accounts for the year 2008/09 will be presented to the Audit Committee on 30th June 2009.
- 4.3 The Audit Commission will be commencing their formal examination of the accounts during August 2009.

5. Key Issues

- 5.1 The report details the overall outturn position for the Council's Services including the General Fund and Housing Revenue Account.
- 5.2 The Revenue outturn position for General Fund Services in 2008/09 is summarised below.

Summary of Spending on Services in 2008/09			
	Outturn Budget	Actual	Variation
	£000	£000	£000
Net Expenditure on Services	13,291.9	12,917.3	(374.6)

- 5.3 The major variations are summarised in the table following paragraph 5.5. This is shown at cost centre service level and includes details for all variances in excess of £20,000; Appendix A is at Service level. Details of individual costs centres are available in full from Financial Services as required. The savings are equivalent to 3% of net expenditure or 0.8% of gross expenditure.
- 5.4 The base budget includes a sum of £200k for outturn savings. A number of the exceptions detailed in the table that follows contribute towards this budgeted sum.

- 5.5 The majority of the additional outturn savings can be accounted for as follows:

	£
Corporate Activities - year end accounting adjustment to reserves	36,468
Concessionary Travel - demand led, outturn uncertain. First year of new scheme	132,437
Housing Benefit Subsidy - savings not clarified until last week of March 2009	100,000
Crematorium - additional income due to closure of Oakley Wood Crematorium and increased demand during last quarter	65,658
Total	334,443

The above savings would not have been foreseen at the time of revised estimates.

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Major Variances between Outturn Budget and Actual for 2008/09				
Service	Outturn Budget £	Actual £	Variance £	Commentary
Deputy Chief Executive				
Chief Executive				
Corporate Activities	48,490	12,022	(36,468)	Reserves made in previous years for contingent liabilities relating to the 'Ambition Retail' and 'Construct IT' schemes have not been required. Year end accounting adjustment.
Note: No impact on 2009/10.				
Benefits				
Housing & Council Tax Benefit	398,280	255,297	(142,983)	An additional £100,000 in subsidy was generated through improved administration of Local Authority error overpayments. Not achieved until the last week of March. The remaining saving is due to an increase in the percentage of subsidy received for HRA Housing Benefit Claims relating to the convergence of the Council's actual average rent for the year and the guideline rent set by central government.
Note: £40k saving included for 2009/10, £100k for 2010/11.				
Council Tax				
Council Tax Collection	429,240	404,666	(24,574)	Additional income for Court Costs. Also a grant received towards the cost of providing information to the Government.
Note: No impact on 2009/10 unless income levels maintained.				
Democratic Services				
Members Services	277,160	237,873	(39,287)	A saving on Members Allowances and also on Members individual budgets.
Note: Members budgets reduced for 2009/10.				

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Property Management				
Property Services	266,360	244,923	(21,437)	The savings are due to a member of staff being on maternity leave and a reduction in supplies and services.
Business Centres	(12,900)	9,215	22,115	The utility bills were higher than budgeted, there was also an increase in the number of vacant units.
Note: There will be no impact on 2009/10 of the Property Services savings. The position regarding vacant units at the business centre is uncertain, dependant upon the economic climate.				
Corporate Strategy				
Concessionary Fares	£1,098,950	966,513	(132,437)	A provision for anticipated legal costs was not required (£16k). Payments to bus operators were less than estimated.
Note: Demand led service. Position for 2009/10 difficult to accurately forecast.				

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Service	Outturn Budget £	Actual £	Variance £	Commentary
Director of Environment & Planning				
Manager Taxi Licensing				
Hackney Carriage & Private Hire Vehicles	(2,530)	(40,786)	(38,256)	Savings are due to staff vacancies during the year, savings on materials and mechanics time. There was also higher than anticipated income.
Note: Budget position being reviewed by manager for 2009/10.				
Print Unit				
Print & Reprographic Unit	0	91,766	91,766	Under recovery on print unit. A service review was undertaken in 2008/09, full year savings expected in 2009/10.
Note: Savings reflected in 2009/10.				
Manager Bereavement Services				
Crematorium	(172,520)	(238,058)	(65,538)	Surplus is due to additional cremations following the closure of another local crematorium for a time and an outbreak of influenza in the fourth quarter.
Note: No impact on 2009/10				
Manager Waste Collection				
Waste Collection Team	1,390,250	1,429,834	39,584	An invoice was raised in error; the income expected from this was reflected in the outturn budget.
Note: No impact on 2009/10.				
Market				
Market	34,270	63,780	29,510	The income was lower than projected.
Note: Will need to monitor the position in 2009/10.				
Economic Development				
Economic Development	76,650	56,743	(19,907)	Part year saving from EDU Managers post.
Note: No impact anticipated on 2009/10.				

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Service	Outturn Budget £	Actual £	Variance £	Commentary
Director of Housing, Leisure & Customer Services				
Control Centre Manager				
CCTV Operating Costs	453,570	431,013	(22,557)	Savings are due to a reduction in staff overtime and lower than anticipated repairs and maintenance costs. The maintenance contract was awarded from 1 st Feb with significant savings. Some savings were anticipated and these were taken into account in the revised estimates.
Note: There will be savings to reflect in the 2009/10 budget.				
Leisure Facilities				
Hewell Road Swimming Pool	242,650	283,482	40,832	The overspend is due to overtime paid to cover vacancies. Also a loss in income due to a closure for changing room refurbishment
Kingsley Sports Centre	211,430	250,499	39,069	The overspend is due to covering long term sickness (£20k). There were also 2 closures in January/February for emergency structural and electrical works. Reduction in income due to decline in general swimming (£7k). Also Kingsley College now receive income for school pool hire (£5k).
Note: Neither of the above overspends should impact on 2009/10.				
REDI				
REDI Centre	189,670	169,466	(20,204)	This is due to vacant posts (£3.8k) and over achieved income (£10.5k from Learndirect which could not have been anticipated at revised estimates plus other small balances from completed projects).
Note: The nature of these savings means that they will not impact on 2009/10.				

5.6 The table overleaf summaries the General fund non-service specific Expenditure below. This also shows the contribution to General Fund balances for 2008/09.

General Fund Outturn – 2008/09

	Approved Budget 2008/09 £000	Actual 2008/09 £000	Variance £000
Net Directorate Expenditure (Appendix 1)	13,291.9	12,917.3	(374.6)
<u>Non Service Specific Expenditure</u>			
FRS17 adjustment (pensions)	197.6	197.6	0.0
Bad debt provision	35.0	35.0	0.0
Capital Charges (reversal of)	(1385.2)	(1,379.6)	5.6
Parish Precept	8.0	8.0	0.0
Transfer to/(from) reserves/provisions	0.0	269.9	269.9
Superannuation	258.0	258.8	0.8
Corporate employee costs	45.1	61.0	15.9
Pay Award Provision	68.5	0.0	(68.5)
Financing costs	(274.0)	(544.6)	(270.6)
Prior year adjustment	(228.7)	(279.1)	(50.4)
LAGBI	(457.3)	(457.3)	0.0
Vehicle Adjustment	(38.0)	0.0	38.0
Planning Delivery Grant	(160.2)	(160.2)	0.0
Budget Savings	(62.0)	0.0	62.0
MRP	100.0	100.0	0.0
Unapportioned Overheads	0.0	26.1	26.1
Other contributions	0.0	(17.4)	(17.4)
Total General Fund Expenditure	11,398.7	11,035.5	(363.2)
Income from Grants and Local Taxation	(11,706.1)	(11,706.1)	0.0
Contribution to General Fund Balances	(307.4)	(670.6)	(363.2)

5.7. General Fund Balances

The impact on the General Fund balances brought forward is as follows:

General Fund Balance		
	£'000	£'000
Balance as at 1st April 2008		1,461.0
Contribution to balances	670.6	
Balance as at 31 st March 2009		2,131.6

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Housing Revenue Account

- 5.8. The Housing Revenue Account (HRA) has prepared in line with the current Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.
- 5.9. There is a deficit of £196,880 against the approved budget for 2008/09. This has resulted in HRA balances as at 31 March 2009 of £583,385.
- 5.10. The significant variations between the outturn budget and the actual expenditure are shown in the table below

Major Variances between Outturn Budget and Actual for 2008/09				
Service	Outturn Budget £	Actual £	Variance £	Commentary
Housing Revenue Account				
Supervision & Management	5,379.5	5,294.6	(84.9)	There are savings of £84,900 on this element of the HRA - £55,840 is due to a lower than anticipated contribution to the General Fund for Supporting People Services, and £29,060 is due to post vacancies in the Tenant Participation and Tenancy Teams
Repairs & Maintenance	3,934.0	4,221.0	287.0	There is a separate report (see appendix 3) detailing the overspend of £287,000. Gas Servicing Contract - An invoice (£70k) relating to the beginning of 2007/08 was not billed until 2008/09, complicated by the long term absence of a member of staff. Also increased usage of more expensive components. Roofing - high level of unavoidable repairs due to wet weather last summer and winter. Some work reduced or postponed but others essential.
Note: Gas Servicing Contract being assessed at each quarter during 2009/10. Capital and R&M Team working together to utilise budgets jointly. Looking at small scale roofing programme where in very poor condition.				

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Service	Outturn Budget £	Actual £	Variance £	Commentary
Item 8 Debit	3,938.6	3,911.6	(27.0)	The under spend of £27,000 is due to a reduction in the consolidated rate of interest.
Provision for Bad Debts	125.0	93.2	(31.8)	£93,200 worth of debts was written off the HRA in 2008/09 which was £31,800 lower than the original budgeted figure.
Interest Receivable	(77.0)	(42.8)	34.2	This element covers the notional interest calculation on both the income & expenditure of the HRA. The amount was lower than anticipated by £34,200 due to low interest rates on temporary borrowing

5.11 Impact on Medium Term Financial Plan

It is forecast that over the next 3 years the Council will need to make further savings of £685,8k as shown in the table below.

	2009/10 £'000	2010/11 £'000	2011/12 £'000
Budget Savings Required	793.3	1,640.6	1,854.3
Savings Agreed	815.0	1,340.3	1,447.1
Balance	(21.7)	300.3	407.2

	£'000
Overall deficit over 3 years	685.8
Outturn Variance 2008/09	(363.2)
Benefit subsidy - earlier realisation of savings.	(60.0)
Balance	262.6

5.12 It may be prudent to consider using the outturn savings of £363.2k to make provision for any unexpected claim from bus operators in respect of Concessionary Travel, to increase the provision in respect of Job Evaluation or to consider making a Minimum Revenue Provision in respect of any borrowing that may be required for the Redevelopment of Abbey Stadium.

5.13 Specific Reserves

The Council's current position regarding its specific reserves is as follows:-

	Balance at 31 March 2009 £'000
Housing Major repairs	526
Earmarked reserves:-	
Third party insurance	61
Community development	33
Car loan scheme	7
Hemming Road Enterprise Centre	45
Environmental Health	3
Taxi Licensing	22
Public donations	84
Mercury emissions	180
Capital expenditure (General fund)	333
Concessionary fares	43
Job evaluation	400
Capital expenditure (HRA)	4,450
	6187

6. Other Implications

Asset Management - None

Community Safety - None

Human Resources - None

Social Exclusion - None

7. **Lessons Learnt**

Further work could be done to improve the budget preparation process.

Budget holders need to prepare separate reports on any emerging budget pressures during the year.

8. **Background Papers**

Estimate working papers are available from Financial Services

9. **Consultation**

This report has been prepared in consultation with relevant Borough Council Officers.

10. **Author of Report**

The author of this report is Sam Morgan (Financial Services Manager), who can be contacted on extension 3790 (e-mail: sam.morgan@redditchbc.gov.uk) for more information.

11. **Appendices**

Appendix 1 – Service Head Outturn Summary (General Fund)
Appendix 2 – Housing Revenue Account Outturn Summary
Appendix 3 - Housing Repairs Account