

REDDITCH BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

CONSOLIDATED REVENUE OUTTURN – FINANCIAL YEAR 2009/10

| | |
|--|---------------------|
| Relevant Portfolio Holder | Cllr Michael Braley |
| Relevant Head of Service | Teresa Kristunas |
| Key Decision / Non-Key Decision | |
| This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended. | |

1. SUMMARY OF PROPOSALS

For Members to note the Council's overall financial outturn for the 2009/10 financial year.

The report shows the actual income and expenditure for 2009/10 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 Members' Comments, the report be noted.

3. BACKGROUND

3.1 The Statement of Accounts for the year 2009/10 will be presented to the Audit Committee on 29th June 2010.

3.2 The Audit Commission will be commencing their formal examination of the accounts during July 2010.

4. KEY ISSUES

4.1 The report details the overall outturn position for the Council's Services including the General Fund and Housing Revenue Account.

4.2 The Revenue outturn position for General Fund Services in 2009/10 is summarised below:

| Summary of Spending on Services in 2009/10 | | | |
|---|------------------------|------------------------|---------------------------|
| | Budget £000 | Actual £000 | Variation £000 |
| Net Expenditure on Services | 13,645.8 | 12,957.7 | (688.1) |

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

- 4.3 The major variations are summarised in the table following 4.5. This is shown at cost centre service level and includes details for all variances in excess of £20,000; Appendix 1 is at service level. Details of individual cost centres are available in full from Financial Services as required.

The base budget included a sum of £200k for outturn savings as well as the additional savings approved by Members on 6th April 2009. These are detailed in Appendix 2.

- 4.4 The Council applied to the Secretary of State to capitalise the costs associated with the Senior Management Restructure, Redundancy payments and Pension costs. Only the Pension element has been capitalised due to the total Redundancy costs being below the allowance threshold.
- 4.5 The majority of the additional outturn savings can be accounted for as follows:

REDDITCH BOROUGH COUNCIL

**OVERVIEW AND SCRUTINY
COMMITTEE**

23rd June 2010

| Major Variances between Outturn Budget and Actual for 2009/10 | | | | |
|--|-----------------------------|---------------------|-----------------------|---|
| Service | Outturn Budget £ | Actual £ | Variance £ | Commentary |
| Deputy Chief Executive | | | | |
| Chief Executive | | | | |
| Corporate Expenses | (133,540) | (42,512) | (91,028) | Increased Audit fees and additional allocation of Officers' time to corporate activities. |
| Corporate Activities | 19,360 | 53,600 | 34,240 | Serco consultant's fees for shared services. |
| Benefits | | | | |
| Housing & Council Tax Benefit | 451,360 | 265,233 | (186,127) | Additional administration subsidy granted during financial year and a slight percentage increase in the level of subsidy claimed. |
| Council Tax | | | | |
| Council Tax Collection | 465,830 | 388,777 | (77,053) | Additional Income from administration fees on recovery action and savings on vacant posts. |
| Democratic Services | | | | |
| Election | 73,450 | 44,045 | (29,405) | Costs reimbursed from County and European elections. |
| Members Services | 275,180 | 238,637 | (36,543) | Staff salary savings due to staff secondment and a delay in appointing agency staff. Printing costs exceeded budget due to more committee meetings. |

REDDITCH BOROUGH COUNCIL

**OVERVIEW AND SCRUTINY
COMMITTEE**

23rd June 2010

| Service | Outturn Budget £ | Actual £ | Variance £ | Commentary |
|---|---------------------------------|---------------------|-----------------------|--|
| Property Management | | | | |
| Asset Disposal | 126,640 | 99,393 | (27,247) | Expenditure has not been incurred as expected. |
| Investment Properties | (226,220) | (297,550) | (71,330) | Threadneedle House achieved additional income of £75k as a termination of a lease was not received. |
| Business Centres | (41,560) | 12,795 | 54,355 | Rent income was lower than expected due to vacant units. |
| Comm. Related Asset Property | (303,050) | (376,515) | (73,465) | Rent income is higher due to previous years rent adjustments. Monies were received for dilapidations and NDR was lower than budget. |
| Corporate Strategy | | | | |
| Concessionary Fares/Inhouse Community Transport | 1,118,460 | 933,335 | (185,125) | A reduction in the cost payable to bus operators for using this service due to several no longer operating in this area and increased competition for fares. |
| Community Safety | 123,950 | 90,958 | (32,992) | Savings due to contribution to Manager's salary not in budget and a vacant post. |

REDDITCH BOROUGH COUNCIL

**OVERVIEW AND SCRUTINY
COMMITTEE**

23rd June 2010

| Service | Outturn Budget £ | Actual £ | Variance £ | Commentary |
|---|---------------------------------|---------------------|-----------------------|--|
| Director of Environment & Planning | | | | |
| Manager Taxi Licensing | | | | |
| Hackney Carriage & Private Hire Vehicles | 1,120 | (19,629) | (20,749) | Saving due to staff turnover and a freeze on recruitment due to WETT programme. £19k has been set aside for an earmarked reserve. |
| Human Resources | | | | |
| Job Evaluation | 130,000 | 158,408 | 28,408 | Overspend on consultancy fees. |
| Manager Waste Collection | | | | |
| Waste Collection Team | 1,482,230 | 1,424,382 | (57,848) | A review of Environmental Operations was undertaken and a Team Leader post was deleted. There were also savings made on transport costs from mechanics recharges, reduced fuel costs, reduced tyre costs and less vehicle insurance costs. |
| Market | | | | |
| Market | 30,380 | 1,287 | (29,093) | Contract termination of a staff member. |
| Planning Policy | | | | |
| Local Development Framework | 132,230 | 99,260 | (32,970) | There is an overall saving due to a reduction in support costs and savings from legal and consultants' costs that are to be moved to an earmarked reserve for ongoing work relating to the local plan enquiry. |

REDDITCH BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

| Service | Outturn Budget £ | Actual £ | Variance £ | Commentary |
|---|------------------------|-------------|---------------|--|
| Director of Housing, Leisure & Customer Services | | | | |
| Leisure Facilities | | | | |
| Abbey Stadium | 465,8 10 | 444,90 6 | (20,904) | The saving is attributable to a reduction in employee costs and considerable rebates for electricity and water charges. |
| Arrow Vale Sports Centre | 127,4 40 | 155,10 9 | 27,669 | The overspend is due to a significant loss of income on the ATP due to the exceptional weather during the winter, closures of the sports hall due to repair works being carried out and loss of membership at the fitness suite due to breakdowns and the condition of the cardio theatre equipment. |
| REDI | | | | |
| REDI Centre | 163,200 | 208,157 | 44,957 | REDI Centre not transferred as originally planned. |

4.6 The table overleaf summaries the General fund non-service specific Expenditure below. This also shows the contribution to General Fund balances for 2009/10.

REDDITCH BOROUGH COUNCIL

**OVERVIEW AND SCRUTINY
COMMITTEE**

23rd June 2010

General Fund Outturn – 2009/10

| | Approved Budget 2009/10 £000 | Actual 2009/10 £000 | Variance £000 |
|--|---|------------------------------------|--------------------------|
| Net Directorate Expenditure (Appendix 1) | 13,645.8 | 12,957.7 | (688.1) |
| <u>Non Service Specific Expenditure</u> | | | |
| FRS17 adjustment (pensions) | 217.2 | 217.5 | 0.3 |
| Bad debt provision | 35.0 | 35.0 | 0.0 |
| Capital Charges (reversal of) | (1350.7) | (1350.9) | (0.2) |
| Parish Precept | 8.2 | 8.2 | 0.0 |
| Transfer to/(from) reserves/provisions | 200.0 | 445.8 | 245.8 |
| Superannuation | 260.6 | 350.0 | 89.4 |
| Corporate employee costs | 0.0 | 495.5 | 495.5 |
| Prior Year Adjustment | 0.0 | (51.7) | (51.7) |
| Financing costs | (129.6) | (480.3) | (350.7) |
| LAGBI | (23.3) | (23.3) | 0.0 |
| Vehicle Adjustment | (38.0) | 0.0 | 38.0 |
| Planning Delivery Grant | (220.0) | (219.6) | 0.4 |
| Town Centre Grant | 0.0 | (52.6) | (52.6) |
| Budget Savings | (543.2) | 0.0 | 543.2 |
| MRP | 286.0 | 286.0 | 0.0 |
| Total General Fund Expenditure | 12,348.0 | 12,617.3 | 269.3 |
| Contribution from Capital | 0.0 | (327.0) | (327.0) |
| Income from Grants and Local Taxation | (12,084.0) | (12,084.3) | (0.3) |
| Contribution From General Fund Balances | 264.0 | 206.0 | (58.0) |

4.7 General Fund Balances

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

| General Fund Balance | £'000 | £'000 |
|---|--------------|--------------|
| Balance as at 1 st April 2009 | 2,131.2 | |
| Contribution from balances | 206.0 | |
| Balance as at 31 st March 2010 | | 1,925.2 |

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

Housing Revenue Account

- 4.8 The Housing Revenue Account (HRA) has been prepared in line with the current Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.
- 4.9 There is a surplus of £192,748 against the approved budget for 2009/10. This has resulted in HRA balances as at 31st March 2010 of £695,584.
- 4.10 The significant variations between budget and the expenditure are shown in the table below'

REDDITCH BOROUGH COUNCIL

**OVERVIEW AND SCRUTINY
COMMITTEE**

23rd June 2010

| Major Variances between Outturn Budget and Actual for 2009/10 | | | | |
|--|-----------------------------|---------------------|-----------------------|---|
| Service | Outturn Budget £ | Actual £ | Variance £ | Commentary |
| Housing Revenue Account | | | | |
| Item 8 Debit | 4004.1 | 4060.8 | 56.7 | The overspend is due to additional borrowing and associated debt charges |
| Repairs & Maintenance | 3955.9 | 4005.4 | 49.5 | There is a separate report (see appendix 4) detailing the overspend of £49,500 which only represents 1.25% of the budget. This is mainly due to additional works on fire alarm servicing & maintenance and roofing offset by savings on administration costs. |
| Negative subsidy Transfer to DCLG | 6167.8 | 5929.5 | (238.3) | This is a government calculation resulting in savings of £238,000 arising from a reduction in interest rates. |
| Rent, Rates and Taxes | 220.1 | 144.1 | (76.0) | The savings in this area are from reduced insurance premiums |
| Supervision & Management | 5707.8 | 5583.3 | (124.5) | The savings are due to post vacancies and a lower than anticipated contribution to the General Fund for Supporting People Services |

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

5. FINANCIAL IMPLICATIONS

Impact on Medium Term Financial Plan

- 5.1 The use of balances in the approved budget for 2009/10 was £264,042; the actual use is £206,028. The Council is therefore using £58,014 balances less than budgeted for.
- 5.2 The Medium Term Financial Plan for the next 3 years does not show any requirement for budget savings.

REDDITCH BOROUGH COUNCIL

**OVERVIEW AND SCRUTINY
COMMITTEE**

23rd June 2010

Specific Reserves

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

| | Balance at 31 March 2010 £'000 |
|------------------------------------|--------------------------------------|
| Housing Major repairs | 0 |
| Earmarked reserves:- | |
| Third party insurance | 61 |
| Community safety | 5 |
| Car loan scheme | 6 |
| Heming Road Enterprise Centre | 45 |
| Taxi Licensing | 41 |
| Public donations | 98 |
| Mercury emissions | 240 |
| Capital expenditure (General fund) | 332 |
| Concessionary fares | 86 |
| Job evaluation | 600 |
| Capital expenditure (HRA) | 4,450 |
| Ex SRB Trading Accounts | 11 |
| Youth Work | 18 |
| NEA Grant | 2 |
| Contaminated Land | 1 |
| IT Licenses | 30 |
| Land drainage | 8 |
| Planning | 20 |
| Town Centre Grant | 53 |
| | 6,107 |

6. LEGAL IMPLICATIONS

None Specific.

7. POLICY IMPLICATIONS

None Specific.

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

8. COUNCIL OBJECTIVES

The Council needs to regularly monitor budgets against actual expenditure, this is to ensure it maintains a well managed organisation.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

There are no specific risks associated with the details included in this report

10. CUSTOMER IMPLICATIONS

- None Specific

11. EQUALITIES AND DIVERSITY IMPLICATIONS

- None Specific

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

- None Specific

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

- None Specific

14. HUMAN RESOURCES IMPLICATIONS

- None Specific

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

- None Specific

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

- None Specific

17. HEALTH INEQUALITIES IMPLICATIONS

- None Specific

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

18. LESSONS LEARNT

None specific

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

None specific

20. OTHERS CONSULTED ON THE REPORT

| | |
|---|-----|
| Portfolio Holder | yes |
| Chief Executive | yes |
| Executive Director (S151 Officer) | yes |
| Executive Director – Leisure, Cultural, Environmental and Community Services | yes |
| Executive Director – Planning & Regeneration, Regulatory and Housing Services | yes |
| Director of Policy, Performance and Partnerships | yes |
| Head of Service | yes |
| Head of Resources | yes |
| Head of Legal, Equalities & Democratic Services | yes |
| Corporate Procurement Team | no |

21. WARDS AFFECTED

All Wards

OVERVIEW AND SCRUTINY COMMITTEE

23rd June 2010

22. APPENDICES

- Appendix 1 - Service Head Outturn (General Fund)
- Appendix 2 - Budget Savings Monitoring
- Appendix 3 - Housing Revenue Account Outturn
- Appendix 4 - Housing Repair Account

23. BACKGROUND PAPERS

Available from Financial Services Manager.

AUTHOR OF REPORT

Name: Sam Morgan
Email: sam.morgan@redditchbc.gov.uk
Tel: 01527 64252 x 3790