

**EXECUTIVE  
COMMITTEE**

12th July 2011

**CONSOLIDATED REVENUE OUTTURN – FINANCIAL YEAR 2010/11**

|                            |   |
|----------------------------|---|
| Relevant Portfolio Holder  | Councillor Michael Braley, Portfolio Holder for Corporate Management. |
| Portfolio Holder Consulted | Portfolio holder briefed, including at Portfolio Holder briefing      |
| Relevant Head of Service   | Teresa Kristunas, Head of Finance and Resources.                      |
| Wards Affected             | All Wards   |
| Key Decision               |   |

**1. SUMMARY OF PROPOSALS**

- 1.1 For Members to note the Council's overall financial outturn for the 2010/11 financial year.
- 1.2 The report shows the actual income and expenditure for 2010/11 financial year and compares this to the budget for General Fund Services and the Housing Revenue Account.

**2. RECOMMENDATIONS**

**The Committee is asked to RECOMMEND that**

- 1) the movement in reserves detailed in Appendix 1 be approved;**

**and RESOLVE that,**

- 2) subject to Members' Comments, the report be noted.**

**3. KEY ISSUES**

- 3.1 The Budget monitoring Report has been presented to Members on a quarterly basis during 2010/11. This report presents a summary of the final financial position for the financial year.
- 3.2 In previous years the formal there has been a requirement for the Statement of Accounts to be approved by Members prior to the 30th June. There has been a change for the 2010/11 accounts which will result in the S151 officer approving the accounts by 30th June, with full Member approval after the External Audit and by 30th September. This ensures that any Audit changes can be reflected in the accounts final approval.

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3.3 The summary position for the General Fund is:

| <b>Summary of Spending on Services in 2010/11</b> |                        |                        |                           |
|---|------------------------|------------------------|---------------------------|
|   | <b>Budget<br/>£000</b> | <b>Actual<br/>£000</b> | <b>Variation<br/>£000</b> |
| Net Expenditure on Services                       | 13,313                 | 12,259                 | (1,054)                   |

3.4 The major variations are summarised in Appendix 2. This is shown at service level and includes details for all variances in excess of £20,000. Details of individual cost centres are available in full from Financial Services if required.

3.5 The Revenue Account produced a variance of £1.054k saving compared to budget. This is due to a number of factors detailed in this report and Appendix. In addition it was anticipated that there would be £200k of savings relating from staff turnover during the year. Also in December 2010 officers were requested to ensure that any expenditure on non-essential items were reviewed to ensure that the balances position for the Council was protected in light of the severity of the cuts anticipated. The significant underspend has enabled the Council to increase the amount transferred to balances to support future one off budget pressures.

3.6 From April 2010 Redditch Borough Council and Bromsgrove District Council has had a joint management team. The savings realised from this revised structure form part of the savings shown in that table above.

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- 3.7 The table below shows the total underspend of £1.054k analysed by Directorates ( £1.419k underspend) together with financing charges / additional one off income and transfers to reserves of £365k :

|   | <b>Approved<br/>Budget<br/>2010/11<br/>£000</b> | <b>Actual<br/>2010/11<br/>£000</b> | <b>Variance<br/>£000</b> |
|---|---|------------------------------------|--------------------------|
| Chief Executive                                     | 14  | 13                                 | (1)                      |
| Finance & Resources                                 | 2,315   | 1,935                              | (380)                    |
| Policy, Performance & Partnership                   | 248   | (52)                               | (300)                    |
| Leisure, Environmental & Community                  | 9,549   | 9,230                              | (319)                    |
| Planning, Regeneration, Reg & Housing               | 2,104   | 1,685                              | (419)                    |
| <b>Net Directorate Expenditure</b>                  | <b>14,230</b>                                   | <b>12,811</b>                      | <b>(1,419)</b>           |
| <u>Non Service Specific Expenditure</u>             |   |                                    |                          |
| Transfer to/(from) reserves/provisions              | 0   | 932                                | 932                      |
| Prior Year Adjustment (VAT)                         | (346)   | (578)                              | (232)                    |
| Financing costs                                     | 226   | 61                                 | (165)                    |
| MRP   | 423   | 295                                | (128)                    |
| Net other Changes                                   | (1,220)   | (1,262)                            | (42)                     |
| <b>Total General Fund Expenditure</b>               | <b>13,313</b>                                   | <b>12,259</b>                      | <b>(1,054)</b>           |
| Income from Grants and Local Taxation               | (12,327)  | (12,320)                           | 7                        |
| <b>Contribution (to)/From General Fund Balances</b> | <b>986</b>                                      | <b>(61)</b>                        | <b>(1,047)</b>           |

- 3.8 The above also details transfers to earmarked reserves for use by specific services in future years, including grant funding which has been received in 2010/11 but will be spent during the current financial year. An additional £1.3 has been added to these reserves during 2010/11, an amount of £393,583 has been utilised during 2010/11. This has resulted in a net addition of £932k to balances. These are detailed at Appendix A. There has been a large increase in the number of reserves due to the introduction of International Financial Reporting Standards (IFRS) which means that all grant income must be recognised in the period it is received, not when it is spent.

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**3.9 General Fund Balances**

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

| <b>General Fund Balance</b>               |       |       |
|---|-------|-------|
|   | £'000 | £'000 |
| Balance as at 1 <sup>st</sup> April 2010  | 1,503 |       |
| Contribution to balances                  | 993   |       |
| Balance as at 31 <sup>st</sup> March 2011 |       | 2,496 |

**Housing Revenue Account**

- 3.10 The Housing Revenue Account (HRA) has been prepared in line with the current Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.
- 3.11 There is a surplus of £137,992 against the approved budget for 2009/10. This has resulted in HRA balances as at 31st March 2011 of £1,322,900.

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3.12 The significant variations between budget and the expenditure are shown in the table below.

| <b>Major Variances between Outturn Budget and Actual for 2010/11</b> |                     |                     |                       |  |
|--|---------------------|---------------------|-----------------------|--|
| <b>Service</b>   | <b>Budget<br/>£</b> | <b>Actual<br/>£</b> | <b>Variance<br/>£</b> | <b>Commentary</b>  |
| <b>Housing Revenue Account</b>                                       |                     |                     |                       |  |
| Supervision and Management   | 5,865,080           | 5,170,877           | (694,203)             | The saving is mainly due to reduced support costs of £567,000 and the remainder is from salary savings on both the Home Support Service and Tenant Participation     |
| Repairs and Maintenance  | 4,080,150           | 4,033,357           | (46,793)              | There is a separate report attached detailing the underspend spend of £46,793 which only represents 1.15% of the budget. This is mainly due to reduced support costs |

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| <b>Service</b>               | <b>Budget<br/>£</b> | <b>Actual<br/>£</b> | <b>Variance<br/>£</b> | <b>Commentary</b>  |
|------------------------------|---------------------|---------------------|-----------------------|--|
| Negative HRA subsidy payable | 6,037,140           | 5,809,205           | (227,935)             | This is the amount which is repaid to DCLG and was due to a special determination issued in July                         |
| Provision for Bad Debts      | 125,000             | 155,225             | 30,225                | There has been a higher than anticipated number of arrears written off during this financial year.                       |
| Provision for Job Evaluation | 190,000             | 0                   | (190,000)             | This was budgeted for in anticipation of Job Evaluation commencing in 2010/11 but will now be carried forward to 2011/12 |
| Interest Receivable          | (17000)             | (49687)             | (32687)               | The additional interest received is due to a recalculation of the notional debt  |

**Financial Implications**

**Impact on Medium Term Financial Plan**

- 3.13 The use of balances in the approved budget for 2010/11 was £986,310; the Council was able to return £60,601 general balances and a further £931,752 to earmarked reserves.

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- 3.14 During budget setting officers predicted savings of £1.156 million, this was taken account of while setting the 2011/12 and 2012/13 budgets.

**Legal Implications**

- 3.15 There are no specific Legal Implications.

**Policy Implications**

- 3.16 There are no specific policy implications.

**Council Objectives**

- 3.17 There are no specific Council objectives implications.

**Service/Operational Implications**

- 3.18 The Statement of Accounts for the year 2010/11 will be signed by the Section 151 Officer on 29th June 2011.

- 3.19 The Audit Commission will be commencing their formal examination of the accounts on 18th July 2011.

**Customer / Equalities and Diversity Implications**

- 3.20 The Council needs to regularly monitor budgets against actual expenditure, this is to ensure it maintains a well managed organisation. All budget holders have been consulted in this report.

**4. RISK MANAGEMENT**

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

**5. APPENDICES**

- Appendix 1 - Movement in Reserves
- Appendix 2 - General Fund Variances of over 20K
- Appendix 3 - Housing Revenue Account Outturn
- Appendix 4 - Housing Repair Account

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**6. BACKGROUND PAPERS**

Available from Financial Services Manager.

**AUTHOR OF REPORT**

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