

Committee: Finance & Administration

Agenda Item

Date: 25 June 2009

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Title: 2008/09 Outturn

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Item for
decision

Summary

- 1 This report summarises the 2008/09 outturn position as follows:
 - a) General Fund: a net favourable variance of £568,000 enabling transfers to the Landsbanki Contingency Fund and Change Management Reserve.
 - b) Housing Revenue Account: a net favourable variance of £398,000.
 - c) Capital Programme: a net favourable variance of £342,000.
- 2 The draft 2008/09 Statement of Accounts, consistent with the 2008/09 results reported here, will be considered by the Performance Select Committee on 30 June.
- 3 All figures are subject to external audit and therefore may change before the final Statement of Accounts is produced in September. Any significant changes will be reported to Members.

Recommendations

- 4 The Committee is recommended to approve the 2008/09 outturn position as set out in this report.

Background Papers

[Budget Book](#)

[Medium Term Financial Strategy](#)

[Forecast Outturn report to F&A Committee 25 March 2009](#)

Impact

| | |
|----------------------------|------------------------|
| Communication/Consultation | None |
| Community Safety | None |
| Equalities | None |
| Finance | Detailed in the report |
| Human Rights | None |
| Legal implications | None |
| Sustainability | None |
| Ward-specific impacts | None |
| Workforce/Workplace | None |

General Fund

- 5 The overall General Fund outturn position is a net favourable variance of £568,000 as summarised in the table below. This is £207,000 better than the forecast reported to the Committee in March. A schedule of variances is at Appendix A.

| £m | Revised Budget | Forecast Outturn | Final Outturn | Variance | Variance |
|------------------------------------|----------------|------------------|---------------|---------------------------------|-----------------------------------|
| | | | | Final Outturn to Revised Budget | Final Outturn to Forecast Outturn |
| | | | | Adverse / favourable (-) | Adverse / favourable (-) |
| Community & Housing | 1.833 | 1.773 | 1.687 | -0.146 | -0.086 |
| Development Control | 0.405 | 0.255 | 0.259 | -0.146 | 0.004 |
| Environment | 1.963 | 1.871 | 1.706 | -0.257 | -0.165 |
| Finance & Administration | 4.919 | 4.747 | 4.503 | -0.416 | -0.244 |
| Licensing | -0.102 | -0.152 | -0.164 | -0.062 | -0.012 |
| Net committee expenditure | 9.018 | 8.494 | 7.991 | -1.027 | -0.503 |
| Other items (net) | -1.137 | -1.026 | -0.884 | 0.253 | 0.142 |
| Sub total | 7.881 | 7.468 | 7.107 | -0.774 | -0.361 |
| Net transfers to/from(-) reserves | 0.573 | 0.723 | 0.877 | 0.304 | 0.154 |
| Net General Fund Budget | 8.454 | 8.191 | 7.984 | -0.470 | -0.207 |
| Funding available | -8.454 | -8.552 | -8.552 | -0.098 | - |
| Net favourable variance | - | -0.361 | -0.568 | -0.568 | -0.207 |
| Transfer to Landsbanki Contingency | - | 0.361 | 0.404 | 0.404 | 0.043 |
| Transfer to Change Mgt. Reserve | - | - | 0.164 | 0.164 | 0.164 |
| Total | - | - | - | - | - |

- 6 It is proposed that the net favourable variance of £568,000 is allocated as follows:

- £404,000 Landsbanki Contingency Fund
- £164,000 Change Management Reserve

- 7 There is no information available about the prospects of recovering the Landsbanki deposit. There is a risk of a write off to revenue balances being required in 2010/11. CIPFA guidance, based on the LGA's legal advice and unaudited information published by Landsbanki, is to assume that Councils will receive 95% by December 2012. After discounting (based on the principle that money in the future is worth less than money now), there is a notional reduction in the value of the deposit of £404,000. Although this does not have bottom line impact until 2010/11, it would be prudent to ensure that the Landsbanki Contingency Fund is maintained at the level of the impairment.

- 8 It is proposed to allocate the balance of £164,000 to the Change Management Reserve to ensure that there is sufficient funding available to implement 'Strategic Solutions' and other initiatives that will benefit the Council.
- 9 The following is a summary of General Fund reserves:

| £m | Balance 1.4.08 | Transfers between Reserves | Transfers from Gen Fund | Transfers to Gen Fund | Balance 31.3.09 |
|---------------------------|-------------------|----------------------------------|-------------------------------|-----------------------------|--------------------|
| Working Balance | 1.061 | - | 0.035 | - | 1.096 |
| <u>Corporate Reserves</u> | | | | | |
| Budget Equalization | - | 1.102 | 0.397 | - | 1.499 |
| Change Management | - | - | 0.364 | - | 0.364 |
| Landsbanki Contingency | - | - | 0.404 | - | 0.404 |
| <u>Service Reserves</u> | | | | | |
| Leisure PFI | 1.102 | -1.102 | - | - | - |
| Waste | - | - | 0.082 | - | 0.082 |
| Energy Efficiency | 0.015 | - | 0.081 | -0.015 | 0.081 |
| Housing Needs | 0.044 | - | - | -0.044 | - |
| Planning Development | - | - | 0.141 | - | 0.141 |
| TOTAL | 2.222 | - | 1.504 | -0.059 | 3.667 |

- 10 The above table shows that:
- The Working Balance is £1.096m, which is the level agreed by the Council as representing the minimum safe contingency for the 2009/10 financial year
 - The Leisure PFI reserve has been reallocated as it is no longer required to offset the effect of tapering grant
 - Reserves for Budget Equalization, Change Management, Planning Development and Landsbanki Contingency Fund have been established in accordance with the principles in the Medium Term Financial Strategy
 - Service specific reserves have been established in order to earmark unspent external funding.

Housing Revenue Account

- 11 The HRA revised budget was for an in-year deficit of £246,000. The actual outturn was an in-year surplus of £152,000, a net favourable variance of £398,000. This is summarised in the table below. The HRA Working Balance ends the financial year with a balance of £704,000, above the target level of balance for 2009/10 (£496,000).

| £m | Revised Budget | Outturn | Variance Adverse / Favourable (-) |
|---------------------------------------|----------------|---------------|---|
| Income | -11.587 | -11.792 | -0.205 |
| Housing Repairs | 1.887 | 1.848 | -0.039 |
| Supervision & Management | 2.477 | 2.090 | -0.387 |
| Rent, Rates & Property Charges | 0.030 | 0.034 | 0.004 |
| Negative Housing Subsidy | 5.160 | 5.160 | - |
| Depreciation | 1.864 | 1.864 | - |
| Bad Debt Provision | 0.045 | 0.120 | 0.075 |
| HRA Share of corporate core | 0.267 | 0.267 | - |
| HRA Share of pension deficit | 0.103 | 0.257 | 0.154 |
| Deficit / Surplus (-) for year | 0.246 | -0.152 | -0.398 |
| <u>Working Balance</u> | | | |
| Balance at 1 April 2008 | -0.550 | -0.550 | - |
| Deficit / Surplus (-) for year | 0.246 | -0.152 | -0.398 |
| Balance at 31 March 2009 | -0.304 | -0.702 | -0.398 |

- 12 The following is a list of variances:

| £m | Adverse / Favourable (-) |
|---|--------------------------|
| Planned repairs underspend | -0.120 |
| Rent collection better than level assumed in the budget | -0.117 |
| Old balance sheet items written off | -0.108 |
| Supporting People grant payment grant claim | -0.103 |
| Sheltered Housing staff vacancies | -0.064 |
| Admin staff vacancies | -0.050 |
| Tenants removal/disturbance budget not used | -0.040 |
| Common Service Flats maintenance underspend | -0.039 |
| Stock options appraisal not completed | -0.037 |
| Road maintenance underspend | -0.032 |
| Bad Debt Provision brought up to date | 0.075 |
| Depot costs | 0.081 |
| Pensions costs | 0.154 |
| Minor variances (net) | 0.002 |
| Total | -0.398 |

Capital Programme

13 The outturn is a net favourable variance of £342,000:

| £m | Revised Budget | Final Outturn | Variance Adverse / Favourable (-) |
|-----------------------------------|-------------------|------------------|---|
| <u>General Fund schemes</u> | | | |
| Community & Housing | 0.686 | 0.793 | 0.107 |
| Environment | 0.522 | 0.356 | -0.166 |
| Finance & Administration | 0.441 | 0.152 | -0.289 |
| Capitalisation approval | 1.135 | 1.140 | 0.005 |
| Sub total | 2.784 | 2.441 | -0.343 |
| Housing Revenue Account schemes | 1.996 | 1.997 | 0.001 |
| TOTAL CAPITAL PROGRAMME | 4.780 | 4.438 | -0.342 |
| <u>Capital Financing</u> | | | |
| External grants & contributions | -0.290 | -0.197 | 0.093 |
| Capital Receipts | -2.547 | -2.303 | 0.244 |
| HRA Major Repairs Allowance | -1.864 | -1.864 | - |
| Regional Housing Pot | -0.079 | -0.074 | 0.005 |
| Total Sources of Financing | -4.780 | -4.438 | 0.342 |

14 The variances are as follows:

| £m | Variance Adverse / Favourable (-) | Comments |
|-------------------------------------|---|---|
| <u>Community & Housing</u> | | |
| Disabled Facilities Grants | 0.081 | Demand led statutory scheme |
| Heritage Quest Centre | -0.095 | Slippage into 2009/10 |
| Dunmow Town Centre | 0.038 | New scheme approved, Section 106 funded |
| Big Lottery Play Programme | 0.063 | New scheme approved, Lottery Grant funded |
| <u>Environment</u> | | |
| Flood Relief Schemes | -0.032 | Unspent balance to carry forward to 2009/10 |
| Street Cleansing Vehicles | -0.078 | Purchase deferred as vehicle still operational |
| Elizabeth Way Culvert | -0.050 | Delay due to proposed use of site |
| <u>Finance & Administration</u> | | |
| IT projects | -0.218 | CoCo work has taken priority. To c/f to 2009/10 |
| Vehicle replacement | -0.036 | Purchase deferred as vehicle still operational |
| Energy Efficiency | -0.037 | Slippage into 2009/10 |
| Minor variances (net) | 0.022 | Individual variances below £19k |
| Total | -0.342 | |

- 15 The following shows the movement on the Capital Receipts balance during the year.

| | | |
|-----------------------------------|--------------|--|
| | | |
| Balance 1 April 2009 | 3.381 | |
| | | |
| New capital receipts net of costs | 0.445 | |
| Contribution to national pool | -0.229 | |
| Financing of capital expenditure | -2.303 | |
| Other adjustments | 0.037 | |
| | | |
| Balance 31 March 2009 | 1.331 | |
| | | |

The year end balance is £0.246m higher than the level estimated at the time that the 2009/10 capital programme was approved, which reduces the possibility that borrowing will be required to finance part of the capital programme in 2009/10.

Risk Analysis

| Risk | Likelihood | Impact | Mitigating actions |
|---|------------|--------|--------------------------------------|
| The reported outturn may change as a result of the external audit process | 3 | 2 | Close liaison with external auditors |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

2008/09 GENERAL FUND VARIANCES

| | Forecast | Actual | Comment |
|--|---------------|---------------|--|
| | £m | £m | |
| <u>Community & Housing</u> | | | |
| Public Health | -0.030 | -0.021 | Income higher than budget |
| Saffron Walden Museum | -0.030 | -0.021 | Strict expenditure controls operated |
| Day Centres | - | -0.028 | Staff vacancies and utilities savings |
| Homelessness | - | -0.033 | Accommodation and mediation contract savings |
| | | | |
| <u>Development Control</u> | | | |
| Stansted | -0.150 | -0.141 | Expenditure relating to G1 less than budgeted |
| Development Control | - | 0.011 | Income c. £65k below budget, offset by staff savings |
| | | | |
| <u>Environment</u> | | | |
| Street Cleansing | - | -0.029 | Staff vacancies and income from ECC |
| Waste management | -0.160 | -0.207 | Staff savings, reduction in diesel costs, increase in income |
| Building Surveying | 0.068 | 0.045 | Reduction in level of income |
| Energy Efficiency | - | -0.079 | Grant income received ahead of spend |
| Local Amenities | - | -0.021 | Repairs & maintenance savings |
| Industrial Estate | - | 0.029 | Provision for exit costs |
| Transport Admin | - | -0.023 | Staff savings |
| | | | |
| <u>Finance & Admin</u> | | | |
| Corporate Management | -0.019 | -0.045 | Savings in procurement and recruitment costs |
| Human Resources | -0.034 | -0.029 | Corporate training budget underspent |
| Central Services | -0.020 | -0.033 | Underspend on telephones and supplies costs |
| Benefits (net) | - | -0.054 | Grant claim higher than budgeted |
| Democratic Representation | -0.026 | -0.028 | Members expenses lower than budgeted |
| Saffron Walden Offices | - | -0.044 | Repairs, maintenance and utilities savings |
| Information Technology | 0.020 | 0.019 | Costs of Code of Connection compliance |
| Financial Services | - | -0.020 | Savings in recruitment and IT costs |
| Land Charges | 0.025 | 0.023 | Reduction in level of income |
| Historical balances write off | - | -0.123 | Old balance sheet items written off to revenue |
| | | | |
| <u>Licensing</u> | | | |
| Licensing | -0.050 | -0.062 | Increase in income including income for CRB checks |
| | | | |
| Minor variances (net) | -0.118 | -0.113 | Individual variances below £20k |
| | | | |
| Sub total | -0.524 | -1.027 | |
| | | | |
| <u>Other items</u> | | | |
| Transfer to Planning Development reserve | 0.150 | 0.141 | Carry forward of Stansted budget to 2009/10 |
| Transfers to reserves | - | 0.163 | Earmarking of unspent external funding |
| Bad Debt Provision | - | 0.071 | Estimate of non-collectability of sundry debts |
| LABGI | -0.098 | -0.098 | Additional payment relating to 2007/08 |
| Investment income | -0.048 | -0.059 | Cash flow better than expected |
| Other items (net) | 0.159 | 0.241 | |
| | | | |
| NET VARIANCE | -0.361 | -0.568 | |