

BODY: CABINET
DATE: 26 May 2010
SUBJECT: FINANCE MATTERS - BUDGET 2009/10
Provisional Outturn
REPORT OF: Chief Finance Officer

Ward(s): All

Purpose: To inform Cabinet of the Council's Provisional Financial Outturn for the year ended 31 March 2010.

Contact: Alan Osborne, Chief Finance Officer, Financial Services Telephone Number 01323 415149.

Recommendations: Members are asked to -

- i) note the provisional General Fund Revenue outturn for 2009/10 of £19.4m being a variance £64,000 credit on service expenditure plus £237,000 credit for one off adjustments and the resultant general fund reserve at 31 March 2010 of £4.676m.
- ii) note the provisional balance of the strategic change fund as at 31.03.10 as £962,000.
- iii) note the Housing Revenue Account outturn for 2009/10 of £179,000 credit being a variance of £161,000 and the resultant HRA general reserve at 31 March 2010 of £1.384m.
- iv) note the capital outturn for 2009/10 as £22.491m and approve the re profiling of £126,000 of the programme from 2010/11.
- v) requests the Chief Finance Officer updates Cabinet on any significant changes to the outturn following the production and audit of the final accounts.

1.0 Introduction

- 1.1** This report provides information on the Council's provisional financial outturn for the year ended 31 March 2010.
- 1.2** The Outturn is analysed into three areas:
- The General Fund Revenue Account (see 2 below and **Appendix 1**)
 - The Housing Revenue Account (see 3 below and **Appendix 2**)
 - The Capital Programme (see 4 below and **Appendix 3**)
- 1.3** The outturn will form part of the statement of accounts that will be reported to the Cabinet and Audit Committee in June and is subject to external audit commencing in July.
- 1.4** Variances are shown in (brackets) if they are favourable and without if they are adverse.

2.0 General Fund Revenue Account

- 2.1** The table at **Appendix 1 shows** the Councils agreed budget at departmental and service level as well as movements on the main reserves.
- 2.2** The General Fund revenue budget was actively managed and reviewed throughout 2009/10 and regularly reported to Cabinet including a projected outturn position. Latterly this has been an integral part of the Councils improved integrated performance monitoring reporting.
- 2.3** Overall there was a net under spend of £64,000 which is a variance of 0.3%. In addition there are one off adjustments amounting to £237,000 credit that means that £301,000 will be added to the general fund reserve. This leaves a provisional balance of £4.676m.
- 2.4** This represents a significant turnaround from the quarter 2 position, which showed that the Council was on course to overspend by around £500,000. In December Cabinet agreed a set of in year savings amounting to some £400,000 as an intervention measure.
- 2.5** Given the state of the national finances and the likely impact on future Council resources, the addition to reserves will put the Council in a better position to deal with the impact.
- 2.6** A summary of the original, revised budgets and provisional actual results is set out in **Appendix 1**. A more detailed breakdown at code or transactional level is available from Financial Services.

2.7 The only known potential adjustment to the outturn at the time of writing the report is the net result of the housing benefit subsidy claim and overpayments. The Council corrected the base position in setting the 2009/10 budget and therefore it is not envisaged that there will be significant variance as there had been in previous years.

2.8 As reported in the Quarter 3 performance report, concessionary fares was projected to under spend by some £250,000 based on estimates of uptake by the consultants MCL. However the system is constantly subject to claims from operators which are determined by the courts. As responsibility for the scheme will transfer to East Sussex County Council from 1.4.11 it seems prudent to provide for £250,000 as a contingency against future claims as there will be no revenue budget to deal with backdated claims for which the Council will remain responsible should they be decided in favour of the operators.

2.9 The current recommended minimum level of general fund reserve is £2m. A review of all the financial risks will be undertaken in the summer and factored into the next MTFS.

2.10 As the system of carry forwards was stopped in 2009/10, it is possible that specific requests for the release of general fund reserves will come forward in year, however wherever possible these will be factored into the service and financial planning process for 2011/12 in order that they can be prioritised accordingly.

3.0 Housing Revenue Account (HRA)

3.1 The HRA was monitored in detail throughout the financial year. The final position on the HRA is an in year surplus of £179,000. This represents a variance of £161,000 against the revised budget (1.1%) **Appendix 2** summarises the variances.

3.2 The principal reasons for the variance are an increase in the charges for council tax and audit fees.

3.3 The account will be reviewed as part of the ongoing development of the HRA business plan.

4.0 Capital Programme

4.1 A summary of capital expenditure for the year is shown in **Appendix 3**.

4.2 The revised capital programme for 2009/10 was £22.361m. The outturn of £22.491m represented a 0.6% variance from forecast which is well within tolerance.

- 4.3** Cabinet is requested to formally authorise the re-profiling amounting to £126,000 from 2010/11. This is mainly in respect of the decent homes programme which Eastbourne informs is progressing ahead of schedule.
- 4.4** As with all Councils this area is particularly prone to final adjustments required for the statement of accounts, however the real impact of any adjustments on the Councils financial position is likely to be negligible.
- 4.5** The Council has fully accrued for the cost consultants valuation of the Towner building project including the contingency for the final claim, which as at the date of writing the report is not yet finalised.
- 5.0** **Implications**
- 5.1** There are no other relevant implications for this report.
- 6.0** **Conclusions**
- 6.1** The Council has delivered its General Fund services for 2009/10 within budget and has exceeded its minimum level of general reserve at the financial year end as well as having a strategic change fund available to support future improvements.
- 6.2** The services for the Council's housing stock reflected in the HRA have been delivered near to budget. The balance on the HRA reserve will provide the opportunity to make further investment in the service as well as provide for contingency.
- 6.3** The Capital Programme has delivered an investment of over £20m for the Borough in 2009/10.

Background Papers:

The Background Papers used in compiling this report were as follows:

Medium Term Financial Strategy – October 2009
Draft Corporate Plan – March 2010
Council Budget and Capital Programme – February 2010
Performance Monitoring – March 2010

To inspect or obtain copies of background papers please refer to the contact officer listed above.
