

APPENDIX B.1.

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 9 JUNE 2009

Title:

**ANNUAL ACCOUNTS 2008/2009
OVERALL REVENUE OUTTURN
(GENERAL FUND and HOUSING REVENUE ACCOUNT)
[Portfolio Holder: Cllr Mike Band]
[Wards Affected: All]**

Summary and purpose:

This report provides a summary of the 2008/09 General Fund revenue outturn and the 2008/09 revenue outturn for the Housing Revenue Account. The Statement of Accounts, which contains the detailed figures in a format compliant with Audit requirements will be presented for approval by the Audit Committee on 29 June.

How this report relates to the Council's Corporate Priorities:

The budget expresses the Council Corporate Priorities in financial terms. Higher resources carried forward at the year-end should improve the delivery of the Corporate Priorities.

Equality and Diversity Implications:

This report does not have any direct equality and diversity implications.

Resource/Value for Money Implications:

An underspend of £372,000 for the year is reported, representing a continued improvement of £208,000 on the January Budget Monitoring position where savings of at least £164,000 were shown. In addition, a VAT refund of £385,000 and additional performance-related grant have been received during the year. This means that the level of the General Fund Working Balance will be significantly increased.

Legal Implications:

This report does not have any direct legal implications.

Introduction

1. This report provides a summary of the 2008/09 General Fund and Housing Revenue Account (HRA) revenue outturn position together with a table detailing the major variations from the estimate. This report is the final Budget report for the year and builds on the position previously reported to Members through Budget Monitoring. The Final Accounts for 2008/09 will be considered for approval by the Audit Committee on 29 June 2009.

2. Generally, no carry forward of unspent budget provisions into 2009/10 was permitted in 2008/09. However, some exceptions to this position were agreed during the Star Chamber process where this would enable greater ongoing savings to be achieved and formal approval is now required for these exceptions.
3. This report contains the following Annexes:
 - **Annexe 1** The main differences from the approved 2008/09 GF Budget
 - **Annexe 2** Detail of the main differences from the approved HRA Budget
 - **Annexe 3** Revenue carry forward requested from 2008/09 to 2009/10

General Fund

2008/09 Revenue Outturn

4. The General Fund Outturn position for 2008/09 shows that a continued improvement to Waverley's financial position has been achieved, resulting from action to reduce costs in response to the significant reduction in income levels identified early in the Budget Monitoring process.
5. At the Executive on 3 March 2009, Budget Monitoring to the end of January projected a net financial improvement against the 2008/09 Budget of approximately £164,000. The eventual position for 2008/09 is £372,000, excluding carry forward requests. The table at Annexe 1 compares the position reported to the end of January with the Outturn and in the main this is consistent with areas identified previously. The most significant improvements are £49,000 for Planning income, where March income was particularly high, including the receipt of fees totalling £34,000 for two particularly large applications; additional Countryside income of £41,000 from grants and easements, including eight one-off easements of £900 or more, with total wayleave and easement income being £19,000; £40,000 for Godalming Leisure Centre and £21,000 for Waverley Training Services. General Fund Staff Savings £136,000 in excess of the £384,000 increased target have been achieved, which is £40,000 more than the January figure. This arises from the decision to freeze posts pending assessment of redeployment options as part of the Star Chamber process.
6. The following table highlights the main changes since the January Budget Monitoring position:

Significant Movement since January monitoring		
	£	
Planning income	49,000	March income particularly high
Godalming Leisure Centre	40,000	Improved performance and financing costs not required
Countryside	41,000	Grants and easements
Waverley Training Services	21,000	Overall surplus achieved for year
Vacancy Factor	40,000	Staff savings achieved in excess of figure reported in January monitoring

Car Park income	-65,000	Arises from February weather conditions and other factors

7. As part of the January Budget Monitoring it was reported that the Inflation provision should be sufficient to cover the outstanding calls on this provision, of which the two significant areas were the Pay Settlement and the claim for additional energy costs at the leisure centres. The Pay Claim has now been resolved by formal arbitration, with an increase of 1.5% being awarded; and a realistic figure has been provided for settlement of the leisure centre energy costs claim. An unallocated balance of £54,500 remains in the Inflation Provision, forming part of the underspend.
8. Additionally, in order to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2008/09, expenditure of £139,000 has been transferred from the Capital Programme to be met from the Revenue Budget.

Approved use of Balances

9. The original Budget for 2008/09 included a contribution from the General Fund working balance of £250,000. Additionally, supplementary estimates totalling £175,000 have been approved during the year, with expenditure of £149,497 being covered by these approvals. £142,300 of this expenditure relates the costs of the Dunsfold Park appeal.
10. There has been no use of the Revenue Reserve Fund to meet revenue expenditure for 2008/09.

VAT Refund

11. Officers have been pursuing a claim in respect of the refund of the VAT previously paid on car park penalty charges relating to the years from 1976. This has now been resolved and the Council has received a total payment of £385,000, which includes interest. This will represent a one-off contribution to the General Fund Working Balance in 2008/09 and is in addition to the in-year underspend of £372,000.

Area Based Grant – Climate Change

12. As reported to Council on 24 February, the Government has awarded Waverley a three-year grant of £22,500 per annum in recognition of the issues surrounding Climate Change. This will be spent on employing a Sustainability Assistant temporary post for a three-year period commencing 2009/10. The first payment of £22,500 is included within the 2008/09 accounts and is, therefore, within the Working Balance at the year-end.

Local Public Sector Agreement Grant

13. In March 2009, Waverley was awarded LPSA Grant totalling £275,651, as reward for performance in specific areas for the year to 31st March 2008. The grant is allocated to be spent 50% revenue and 50% capital; and also is payable by two equal instalments, in March 2009 and March 2010. The

guidance requires Councils to bring the whole amount within the 2008/09 accounts, even though half will not be paid until 2009/10. Therefore the General Fund Working Balance includes £137,825 in respect of the revenue element. The Council has previously committed to pool £87,308 of the total grant to the Surrey Waste Partnership and will decide priorities for the remaining grant of £188,342 during the year ahead.

Summary of General Fund Balance

14.

General Fund Balance	
	£
Amount to be shown in Accounts 31/03/09	3,339,131
Less:	
LPSA Grant	-137,825
Climate Change Grant	-22,000
Revenue Budgets carried forward	-23,000
Underlying Balance 31/03/09	£3,156,306

Effect on 2009/2010 Budget

15. An assessment has been carried out on the probable effect on the 2009/10 Budget of the improved Outturn position. Most items have already been taken into account in the 2009/10 Budget, or were one-off items relating to 2008/9 only. Although the increase in Planning income for March is encouraging, there is little evidence of sustained improvement as the income for April was very disappointing. There appears to be some scope for a modest increase in the estimate for Countryside income, as for the last two years the total receipts from wayleaves and easements has exceeded the estimate, although many of these are one-off and unpredictable. At this stage, the Outturn figures appear to have little overall impact on the 2009/10 Budget. However, they will be taken into consideration as part of the comprehensive review of the 2009/10 Budget to be undertaken during July.

General Fund Summary

16. The outturn for 2008/09 confirms earlier forecasts that the General Fund balance at 31st March 2009 will be in a healthy position. However, with continuing volatility in the economy, whereby locally Waverley has seen huge fluctuations in income and interest, together with future known pressures and doubts over future public sector government support, it is desirable to maintain a cushion above the minimum level of balances at this time, and it is not proposed to commit any of the balances until after the Budget Review.
17. The Executive will be considering a Budget Review at the September meeting, before the Financial Strategy is updated starting in the autumn. This will provide an opportunity to consider how best use can be made of these balances, whilst looking to maintain the stability of the General Fund in these difficult economic times.

Housing Revenue Account (HRA)

2008/09 Revenue Outturn

18. This account identifies the cost of providing, managing and repairing the Council's housing stock of some 5,000 dwellings in 2008/09.

Overview

19. The 2008-09 HRA budget anticipated a surplus in the year in order to reinstate the working balance above the £1m level. Budget monitoring to the end of January anticipated a small underspend that would have increased this surplus. However, the latest estimate of subsidy for 2008-09 is that the amount payable will be increased due to the effect of reduced capital charges within the notional account although the effect of this is partially mitigated by a prior-year adjustment. The outcome is an overspend of some £112,000.
20. The savings identified in budget monitoring to the end of January 2009 were mostly realised. In addition, and for the reasons identified for the General Fund at paragraph 6 above, expenditure of £159,651 has been transferred from the HRA Capital Programme and financed from revenue. This different treatment of some maintenance costs will have an ongoing impact that will be considered as part of the 2009-10 budget review to be carried out during the summer.
21. The vacancy savings target of £100,000 was exceeded by some £18,000 and this, together with the subsidy prior year adjustment, helped to fund staff costs arising from grievance procedures without further impacting on balances. The full list of major HRA variations from the Budget is identified at Annexe 2.

Recommendation

It is recommended that:

1. the Outturn position for 2008/09 be noted; and
2. Revenue Carry Forwards of £23,000 on the General Fund from 2008/09 to 2009/10 be approved

Background Papers (Deputy Chief Executive)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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