

APPENDIX C

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 29 JUNE 2010

Title:

**ANNUAL ACCOUNTS 2009/2010
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 2009/10 General Fund revenue outturn and the 2009/10 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 22nd 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 will provide additional funding for the delivery of the Corporate Priorities.

Equality and Diversity Implications:

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

Climate Change implications:

This report does not have any direct climate change implications, although there is a paragraph detailing the use of the Climate change Grant.

Resource/Value for Money Implications:

For the General Fund an underspend of £138,277 for the year is reported, representing a continued improvement from the final Budget Monitoring position where savings were forecast to be at least £131,000.

Legal Implications:

This report does not have any direct legal implications.

Introduction

1. This report provides a summary of the 2009/10 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 2009/10 will be considered for approval by the Audit Committee on 22nd June 2010.

2. CMT consider that carry forward of some unspent budget provisions into 2010/11 would be appropriate where there was good reason for the delayed spending and where it is clear that the budget is needed and will be spent in 2010/11. Formal approval is now required to the items being carried forward.
3. This report contains the following Annexes:
 - Annexe 1 The main differences from the approved 2009/10 GF Budget
 - Annexe 2 The main differences from the approved HRA Budget
 - Annexe 3 Revenue carry forward requested from 2009/10 to 2010/11

General Fund

2009/10 Revenue Outturn

4. The General Fund Outturn position for 2009/10 shows that a continued improvement to Waverley's financial position has been achieved, resulting from action to reduce costs in response to the significant projected reduction in income levels identified early in the Budget Monitoring process.
5. At the Executive on 13th April 2010, the final Budget Monitoring report to the end of February projected a net financial improvement against the 2009/10 Budget of approximately £131,000. The eventual position for 2009/10 is £138,277, after allowing for carry forward requests; this is less than 1% of the net Budget. 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: £54,000 for Car Park income, where there was a strong recovery since the adverse weather in January; and Waverley Training Services, with the deficit arising from clawback of the surplus position in previous years being £17,000 better than anticipated. These improvements are offset by a further reduction in the 'Item 8' interest paid from the HRA and shortfalls in recycling income arising from reduced tonnages.
6. In order to ensure compliance with latest accounting requirements, expenditure of around £1.2m has been transferred from the Capital Programme to be met from the Revenue Budget. This is a presentational change only and has been offset by equivalent transfers of funding from the Revenue Reserve Fund or other sources of funding such as grants, so there is no impact on the General Fund Balance.

Approved use of Balances

7. The original Budget for 2009/10 included a contribution from the General Fund working balance of £70,000. Additionally, expenditure of £70,830 during the year has been covered by supplementary estimates approved subsequent to the Budget being set.

8. £267,357 has been used from the Revenue Reserve Fund to meet revenue expenditure for 2009/10 in accordance with specific approvals, including the Strategic Director and Careline redundancies. £15,000 of the total approved amount of £50,000 for the Equal Pay Audit has been used, with carry forward requested for the remaining £35,000.

Area Based Grant – Climate Change

9. As reported to Council on 24th February, the Government has awarded Waverley a three-year grant commencing at £22,500 per annum in recognition of the issues surrounding Climate Change. This is being spent on employing a Sustainability Assistant temporary post for a three-year period commencing 2009/10. The first payment of £22,500 was included within the 2008/09 accounts. A further payment of £22,811 was received during 2009/10, with £14,780 being used to finance the temporary employee, who was recruited in July 2009. The balance of £30,531 is, therefore, within the Working Balance at the year-end and committed to cover this temporary post.

Local Public Sector Agreement Grant (LPSA)

10. In March 2009, Waverley was awarded LPSA Grant totalling £275,650, 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 required Councils to bring the whole amount within the 2008/09 accounts, even though half was not paid until 2009/10. A further £165,712 was awarded to Waverley towards the end of 2009/10, again allocated 50% revenue and 50% capital. The Council has previously committed to pool £87,308 of the total grant to the Surrey Waste Partnership, but payment has not yet been requested. Therefore the General Fund Working Balance includes £220,681* in respect of the revenue element of the LPSA Grant.

LPSA Grant	Total	Revenue	Capital
	£	£	£
Grant Awarded March 2009	275,650	137,825	137,825
Grant Awarded March 2010	165,712	82,856	82,856
Total Grant Awarded	441,362	*220,681	220,681
Less Allocated to Surrey Waste Partnership	87,308	43,654	43,654
Sub-Total	354,054	177,027	177,027
Less Allocated to Recycling Initiative	7,500	7,500	-
Balance	£346,554	£169,527	£177,027

11. Members are keen to maximise the benefit to residents from these funds and have expressed a desire to use these LPSA grants to fund one-off high priority projects. Two projects that have been identified as a first call on these funds are (i) targeted improvements to the street cleaning service, see Appendix B elsewhere on this agenda, and; (ii) better signage Borough-wide to assist car park users and other residents.

Local Authority Business Growth Incentive Grant (LABGI)

12. During the year Waverley has been awarded a further £64,809 LABGI. This has been transferred to the Revenue Reserve Fund in line with Council policy.

Summary of General Fund Balance

General Fund Balance	
	£
Amount to be shown in Accounts 31/03/10	3,509,344
<i>Less:</i>	
LPSA Grant	-220,681
Climate Change Grant	-30,531
Revenue Budgets carried forward	-104,880
Underlying Balance 31/03/10	£3,153,252

Effect on 2010/2011 Budget

13. An assessment has been carried out on the probable effect on the 2010/11 Budget of the over and underspends included in the Outturn position. Most items have already been taken into account in the 2010/11 Budget, or were one-off items relating to 2009/10 only. At this stage, the Outturn figures appear to have little overall impact on the 2010/11 Budget. However, they will be taken into consideration as part of the review of the 2010/11 Budget to be undertaken during July. It should be noted that the March RPI figure of 4.4% has resulted in contract increases exceeding the budgeted figures by £115,000.

General Fund Summary

14. The outturn for 2009/10 confirms earlier forecasts that the General Fund balance at 31st March 2010 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, this level of balances is essential.
15. The Executive will be considering a Budget Review at the September meeting, before the Financial Strategy is updated starting in the autumn. A separate report elsewhere on this agenda sets out some of the key pressures on the Budget and Members will be updated on any further impact following the Chancellor's Budget on 22nd June 2010.

Housing Revenue Account (HRA)

2009/10 Revenue Outturn

16. This account identifies the cost of providing, managing and repairing the Council's housing stock of some 5,000 dwellings in 2009/10.

Overview

17. The budget monitoring process identified potentially significant savings throughout the year, the report to the end of February showing an improvement of £96,700 on the budgeted surplus of £109,735. The savings identified have mostly been realised although there were some significant changes late in the year that are summarised below.

Significant Movement since Final Monitoring

	£	
Corporate Costs Recharge	42,750	Increase in various elements of Corporate budget for audit fees, IT costs & employee recharges
Vacancy Savings	72,000	Target overachieved but benefit predominantly in capital programme
Rent rebate subsidy limitation penalty	-82,000	Expenditure on rebates £1m less than mid-year estimate has impacted on the expected level of this penalty paid by the HRA
Interest paid to General Fund	-47,000	Continuing steep reduction in interest rate reduced the final payment to £28k
Rent Income	30,000	Late adjustments in rents system affected the expected additional income

18. The impact of the above and other smaller differences has been to reduce the anticipated additional surplus from £96,700 to £86,044 resulting in a working balance at the year end of some £1.24m which, effectively meets the Deputy Chief Executive's recommended level of balance.
19. The full list of major HRA variations from the Budget is identified at Annexe 2.

Recommendation

It is recommended that the Executive:

1. notes the Outturn position for 2009/10;
 2. approves Revenue Carry Forwards of £139,880 on the General Fund from 2009/10 to 2010/11 as detailed at Annexe 3, with £104,880 met from the General Fund Balance and £35,000 from the Revenue Reserve Fund; and
 3. agrees to transfer the balance of the LPSA revenue grant of £177,027 from the general fund balance to a new earmarked fund to finance one-off initiatives;
 4. agrees that £73,000 of this new fund be allocated to street cleaning improvements in Waverley in 2010/2011; and
 5. agrees that the balance of the capital grant of £177,027 be used for priority projects including the provision of better Borough-wide signage, to be agreed by the Executive on a project by project basis.
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Background Papers

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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