

# APPENDIX B.1.

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 1 JUNE 2011

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**Title:**

**ANNUAL ACCOUNTS 2010/2011  
OVERALL REVENUE OUTTURN  
(GENERAL FUND and HOUSING REVENUE ACCOUNT)**

**[Portfolio Holder: Cllr Mike Band]  
[Wards Affected: All]**

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**Summary and purpose:**

This report provides a summary of the 2010/11 General Fund revenue outturn and the 2010/11 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 later in the year.

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**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.

**Resource/Value for Money Implications:**

An underspend of £800,409 for the year is reported on the General Fund, confirming the overall scale of the Budget Monitoring position. Taking account of the commitments at paragraph 6, the General Fund balance will increase by £300,000. On the HRA, mainly due to slippage on housing repairs, an increased underspend of £508,000 is reported. Of this, £205,000 will be required in 2011/12, leaving £303,000 as an addition to the HRA revenue balance.

**Legal Implications:**

This report does not have any direct legal implications.

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## Introduction

1. This report provides a summary of the 2010/11 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 2010/11 will be considered for approval by the Audit Committee later in the year.
2. CMT consider that carry forward of some unspent budget provisions into 2011/12 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 2011/12. 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 2010/11 GF Budget
  - Annexe 2 - The main differences from the approved HRA Budget
  - Annexe 3 - Revenue carry forward requested from 2010/11 to 2011/12

## General Fund

### 2010/11 Revenue Outturn

4. The General Fund Outturn position for 2010/11 is very close to the position projected through Budget Monitoring and reported to the Executive on 29 March 2011.
5. At the Executive on 29 March 2011, the final Budget Monitoring report to the end of February projected a net financial improvement against the 2010/11 Budget of approximately £815,000. The eventual position for 2010/11 is £800,409 before allowing for carry forward requests. The table at Annexe 1 compares the position reported to the end of February with the Outturn and in the main this is consistent with areas identified previously. There is a further improvement in Car Park income and savings on Concessionary Fares and the Staffing budget. Conversely, there is a shortfall compared with budget in the overall amount of Housing Benefit subsidy and costs received. Whilst this represents only 0.7% of the Benefits expenditure of £32m, the shortfall is a major variation against the budget. Increasingly Benefits caseload and uncertainty about overpayments has made it difficult to project the outturn during the Budget process.
6. The Executive agreed that the following high priority spending proposals should be approved, to be funded from the 2010/11 General Fund Revenue underspend, with the balance of the underspend being earmarked within the General Fund working balance for future invest to save projects:
  - Disabled Facilities Grants –potential additional demand £150,000
  - Grants to Community Organisations – potential future adjustments following the in-depth review £43,000
  - Freedom Parade £10,000
  - Central Offices Roof Repairs £85,000

• Migration of e-mail and other facilities to Microsoft	£55,000
• Provision for future Restructuring Costs	£140,000
Total	<u>£483,000</u>

The Executive also agreed that the approved minimum level of General Fund balance set out in the Financial Strategy be increased from £3 million to £3.1 million to provide for additional emerging legislative uncertainties.

- In order to ensure compliance with latest accounting requirements, expenditure of £788,084 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.

#### Effect on 2011/2012 Budget

- An assessment has been carried out on the probable effect on the 2011/12 Budget of the over and underspends included in the Outturn position. Most items have already been taken into account in the 2011/12 Budget, or were one-off items that relate to 2010/11 only. At this stage, the Outturn figures appear to have little overall impact on the 2011/12 Budget, with the exception of the Benefits subsidy where more work will be required to ensure that monitoring reflects the latest position. Members will be alerted to any potential pressures in future Budgets arising from the Housing Benefits position. The detailed Outturn figures will be taken into consideration as part of the review of the 2011/12 Budget to be undertaken during July.

#### General Fund Summary

- The outturn for 2010/11 confirms earlier forecasts that the General Fund balance at 31st March 2011 remains sound. 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.
- The Executive will be considering a Budget Review at the September meeting, before the Financial Strategy is updated starting in the Autumn.

#### Housing Revenue Account (HRA)

##### 2010/11 Revenue Outturn

- This account identifies the cost of providing, managing and repairing the Council's housing stock of some 4,900 dwellings in 2010/11

##### Overview

- The budget monitoring process identified modest savings throughout the year mainly from vacancy savings, with the report to the end of February showing

an improvement of £66,792 on the budgeted break-even position. The savings identified have been realised but with a number of changes late in the year that are summarised below.

### Significant Movement since Final Monitoring

	£	
Revenue Repairs budgets	237,000	Low level of voids throughout the year and expected increase in volume of work in last quarter did not occur until April.
Vacancy Savings	60,000	Further in excess of target.
Rent Rebate Subsidy Limitation Penalty	37,444	The growth in caseload slowed during the last part of the year. Increase in subsidy limitation penalty not as great as forecast
Contribution to Bad Debts Provision	50,000	Review of year-end arrears showed additional provision not necessary
Supporting People Account	130,253	Impact of vacancy savings and reduced contribution to Careline Account.
Uninsured Loss Reserve	-150,000	Possible reinstatement works on council houses.

13. The impact of the above and other smaller differences resulted in a significant headline underspend of £508,000. However the carry forward requests outlined at Annexe 3 reduce this figure to £303,000. This would boost the HRA working balance to £1.544m at a time when the service is facing significant challenges to meet the costs of moving into the new self-financing era.
14. 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 Revenue Outturn position for 2010/2011;
2. approves Revenue Carry Forwards of £29,260 on the General Fund from 2010/2011 to 2011/2012 as detailed at Annexe 3; and
3. approves Revenue Carry Forwards of £205,000 on the HRA from 2010/2011 to 2011/2012 as detailed at Annexe 3.

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### Background Papers (DCEx)

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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### CONTACT OFFICERS:

**Name:** Brian Long                      **Telephone:** 01483 523253  
**E-mail:** [brian.long@waverley.gov.uk](mailto:brian.long@waverley.gov.uk)

**Name:** Glennis Pope                      **Telephone:** 01483 523477  
**E-mail:** [glennis.pope@waverley.gov.uk](mailto:glennis.pope@waverley.gov.uk)