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Report of: Head of Finance

Report No. 33/09

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Wards Affected
All

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Revenue Budget Outturn 2008/09 (What the Council Spent)

Recommendations

- (a) *Note the overall outturn position of the Council as well as the outturn of individual service areas and cost centre: and,*
- (b) *Take into account the impact of the outturn position in the integrated service and financial planning process when setting the 2010/11 original budget.*

1. Purpose of Report

1.1 The report details the revenue expenditure position for 2008/09, subject to audit. The report is submitted to the Executive to assist it in fulfilling its service delivery and budget management roles. The report may also be submitted to the Scrutiny Committee to assist it to review Council performance.

2. Relationship with Corporate Plan

2.1 The Council have a strategic objective to manage the business effectively, provide value for money services that meet the needs of our residents and service users and communicate the Council's activities and achievements. This report seeks to inform councillors, the community and officers as to what the Council spent in 2008/09, where there were budget pressures and under-spends and the reasons for these.

3. Background

3.1 Throughout 2008/09 the monthly budget monitoring reports had indicated that the Council was going to over spend against its original budget. The main reason for this was as a consequence of the economic downturn and the fall in a number of income streams. Action was taken at December 2008 to put a stop on any non-essential expenditure and to keep

posts vacant. The result was that cost against the Council's revenue budgets was held to a budget pressure of £443,952 (after taking account of carry forwards) despite significant under achievement of income in car parks £126,342, planning fees £326,440 and land charges £186,937 and a budget pressure on the increased take up of free bus travel £229,196.

4. Overall Council outturn

4.1 Appendices

Appendix A sets out the revenue outturn position for service areas and sources of income and compares it with the original budget for 2008/09.

Appendix B looks at each cost centre and identifies the variance against the expenditure and income budgets. Explanations for variances exceeding £5,000 are given.

4.2 Service area variances

Service expenditure was over spent by £12,754 representing 0.03% of the available spending budget. Service income, however, was under achieved by £431,198 representing 1.2% of the services' budgeted income. Explanations for variances at cost centre level are reported in Appendix B. A number of budget pressures have resulted from the low turnover of staff.

4.3 Property income

Income earned on our property was below budget by £277,805 because of the increased number of void premises and because increases in rental income that had been anticipated from rent reviews have not materialised.

4.4 Investment income

Income from the Council's investments held up during the year as a consequence of the increased capital gain made by the council's fund manager on certificates of deposit held. As the interest rates fell the capital gain increased. Income exceeded budget by (£221,874).

4.5 Revenue reserves

The Council has a number of earmarked reserves, each designated for a particular purpose. Each year we plan how much money needs to be returned to certain reserves in order to build them up for their intended use, whilst others are used in the year according to their specific purpose. The lower part of the table on Appendix A compares the budgeted position for the use of reserves with the final use of reserves.

4.6 Unbudgeted grant income

Appendix A highlights all the new income sources during the year. The Council received a total of £597,061 new grant from the government which was not ring-fenced to particular expenditure and is therefore treated as additional government grant to fund the Council's net expenditure.

The Council had made a claim to H.M Revenue and Customs for a re-payment of VAT on car parking excess charges. This was successful and during the year a total of (£195,107) was returned to the Council in respect of VAT paid on excess charges and the compound interest lost to the Council over the period that VAT had been paid.

The total additional unbudgeted income of £792,168 has offset the “over-spend” of £443,953. As a consequence of this and other changes in the use of funds balances are (£317,430) higher than budgeted.

5. Financial, legal and any other implications

- 5.1 Under the Local Government Finance Act 1992 S32 paragraph 2:
The authority must calculate the aggregate of
- (a) The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year;
 - (b) Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;
 - (c) The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.

Under the Local Government Act 2003 Part 2 S28 – the authority must review these calculations from time to time during the year.

6. Conclusion

- 6.1 Despite the backdrop of the economic downturn and a significant drop in income, the Council has:
- Maintained its net cost to within 3.6% variance on its total net service budgets.
 - Come in on target for expenditure budgets notwithstanding some significant budget pressures e.g. concessionary fares.
 - Under-achieved income by £431k particularly as a consequence of the economic impact on the housing market and use of car parks (paragraph 3.1).
 - Used less of the Council’s balances to fund the year’s expenditure than originally budgeted on account of un-budgeted new government grant income of £597k.

Background Papers: Agresso downloads; Draft Statement of Accounts 2008/09

APPENDIX A

2008/09 Outturn Variances against Medium Term Financial Plan Budgets (including carry forward budgets)

	Approved Working Budget 2008/09 £	Actual (inc c/f) 2008/09 £	Variance 2008/09 £
Commercial Services	1,065,450	1,024,937	(40,513)
Contracts & Procurement	5,193,540	5,326,406	132,866
Democratic Services	857,900	826,647	(31,253)
Environmental Health	963,980	983,367	19,387
Housing & Community Safety	1,030,320	1,011,147	(19,173)
Legal Services	93,590	294,093	200,503
Organisational Development & Support	2,882,630	2,693,504	(189,126)
Planning & Community Strategy	1,008,000	1,355,948	347,948
Ridgeway - financial services	2,155,180	2,259,449	104,269
Strategy (Chief Executive)	19,240	16,484	(2,756)
Strategy (SB)	729,600	728,598	(1,002)
Strategy (TS)	11,790	2,832	(8,958)
Total Service Costs	16,011,220	16,523,412	512,192
Contingency	124,170	0	(124,170)
Investment Income	(1,682,500)	(1,904,374)	(221,874)
Property Income	(2,029,400)	(1,751,595)	277,805
Net expenditure	12,423,490	12,867,443	443,953

Contribution to funds:

Total Contribution to Funds	230,000	248,649	18,649
Total Usage of funds	(240,000)	(227,864)	12,136
	(10,000)	20,785	30,785
Amount to be financed	12,413,490	12,888,228	474,738
Contribution to/(from) balances	(311,940)	5,490	317,430
Contribution from carry forwards	(64,260)	(64,260)	0
Budget requirement	12,037,290	12,829,458	792,168
Government contribution	(6,957,140)	(6,957,140)	0
Collection fund transfer	9,680	9,680	0
VAT repayment + compound interest	0	(195,107)	(195,107)
LABGI	0	(343,081)	(343,081)
Housing & Planning Delivery Grant	0	(231,480)	(231,480)
Area Based Grant	0	(22,500)	(22,500)
Gross Amount to be met from CT	5,401,770	5,148,600	(317,430)
Net Amount to be met from CT	5,089,830	5,089,830	0

Use of revenue reserves & provisions

	Net Budgeted Amount £	Actual £	Variance £
Building Regulations Trading	10,000	0	-10,000
Election equalisation fund	-60,000	-60,000	0
Local Development Framework Fund	10,000	10,000	0
Reservoir Fund	70,000	70,000	0
Self-insurance fund	-10,000	-56,649	-46,649
Lottery grant matched funding	-50,000	-50,000	0
Private estates fund	40,000	40,000	0
Rent guarantee fund	0	12,539	12,539
Reversal from bad debt provision	0	13,325	13,325
Total	10,000	-20,785	-30,785

APPENDIX B

2008/09 Outturn Variances against Working Budgets for all Service Accounts

CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
BC01	Building Control	-38,627	-34,100	-72,727		Underspends due to savings on vacant posts. Income exceeded target notwithstanding downturn in demand for services.
CL31	Public Conveniences	-766	1,175	409		
DS11	Emergency Planning	336	0	336		
DS21	Address Management	4,485	-2,033	2,452		
DS31-84	Direct Services	6,585	31,719	38,304		Increased expenditure on Thames Water sewerage charges. Income down from work done on behalf of SODC for sewerage transfer, pump stations and sewer blockages and from all clients for contract minor works.
PS11	Land Drainage	9,608	0	9,608		Unbudgeted purchase of flood prevention equipment.
PS21	Facilities Management	6,777	6,438	13,215		A number of small expenditure variances. The main expenditure pressure being the increase in electricity costs. Income was under target on account of Capita reducing the office space they rented.
PS31	Estates Management	-1,957	-1,000	-2,957		
PS51	Mobile Homes Park	11,257	-30,437	-19,180		There was greater than budgeted income from commission on sales of mobile home park pitches.
PS61	Property Management - Operational Buildings	846	0	846		
PS71	Property Mngt - Non operational buildings	52,318	-63,807	-11,489		Unbudgeted receipt of rental income from properties in Bridge Street Abingdon. No income had been assumed in the 2008/09 budget as it was assumed the properties would have been vacated after the start of the Old Gaol development.
PS81	Pumping stations	2,087	-1,416	671		
	Commercial Services	52,949	-93,461	-40,512	0	
				0		
AD01	Arts Development	-276	14,265	13,989		All projects were still in progress at year end and did not become chargeable until 2009/10.

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
CC11	Civic Hall	-17,052	12,050	-5,002		Vacant facility manager post and reduction in pension costs due to staff opting not to join the pension scheme. Income was down due to a general decline in customers seeking cheaper alternatives with a lesser service given.
CC12	Civic Hall Bar	-5,008	3,439	-1,569		Under spend on staff costs offset by lower than budgeted income from sales.
CC21	Guildhall	4,837	18,429	23,266		Employee numbers were at full establishment and working hours not reduced as budgeted due to no withdrawal from Theatre Organ Preservation Society contract. This was off-set against non essential expenditure on supplies and services. Income was down primarily as a consequence of internal recharges and should be reflected in reduced costs elsewhere in the Council's budget.
CC22	Guildhall Bar	4,695	-7,853	-3,158		There was an overspend against the bar supplies budgets which was more than offset by increased sales income.
CL11	Waste Strategy	-16,558	-2,475	-19,033		Saving as a consequence of employee not in the pension scheme.
CL21	Waste Minimisation	-710	0	-710		
CL41	Recycling	163,481	-72,935	90,546		Additional contract costs due to extra vehicle and additional processing costs. Income from brown bins below budgeted figure pending the full identification of customer numbers.
CL51	Refuse Collection	-81,412	88,766	7,354		Decreased costs as a result of a reduction in abandoned vehicles with the consequence that less income was received from Oxfordshire County Council for the reimbursement of costs.
CL61	Street Cleansing	23,601	-341	23,260		The decision was made not to take a proposed saving in street cleaning services which resulted in a budget pressure.

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
CL71	Dog Waste	-4,803	-1,450	-6,253		Non essential expenditure was put on hold and increased income was received from parish councils for the emptying of dog waste bins.
LS01	Landscape Services	4,997	-5,670	-673		
PA11	Highways Agency	663	-3,641	-2,978		
PA21	Grounds Maintenance	7,456	-3,290	4,166		Staff were at full establishment throughout the year.
PA41	Parks & Open Spaces	-3,819	5,411	1,592		The income budget was transferred to Property Services.
RE01	Reprographics	-15,069	34,072	19,003		Non essential expenditure was put on hold. The drop in income was due to reduced volumes. This is primarily internal recharge and should be offset by a reduction in cost elsewhere in the budgets.
SD01	Sports Devpt	-32,921	884	-32,037	3,450	Savings as a consequence of vacant posts and the re-grading of one post from 6 to 4.
SD02	Go Active	7,670	-12,918	-5,248	5,260	
SR11	Contracts & Procurement Support	-47,491	20,000	-27,491		Savings on account of a vacant post of Leisure Planning and Projects. A shortfall in S106 income to offset the post which was not filled.
SR21	Sport & Recreation Operations	-11,589	-2,232	-13,821	5,000	Savings on account of a vacant post of Client and Monitoring Officer and the air handling project at Farringdon being put on hold.
SR31	Wantage LC client	42,149	0	42,149		Provision made at year end for an additional SOLL utility cost claim.
SR41	Faringdon LC Client	12,709	0	12,709		Provision made at year end for an additional SOLL utility cost claim.
SR51	Tilsley Park Client	8,549	-1,822	6,727		Provision made at year end for an additional SOLL utility cost claim.
SR61	WH Tennis & LC	-4,305	0	-4,305		Non essential expenditure put on hold.
SR71	Fitzharris Common Room	-272	132	-140		
SR91	Abingdon Outdoor Pool	68	-3,255	-3,187		One-off reimbursement in NNDR income.
Contracts & Procurement		39,590	79,566	119,156	13,710	

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
CT11	Committee Management	-18,905	-68	-18,973		Vacant Assistant Democratic Services post for most of the year.
CT21	Member Services	2,410	18	2,428		
CT31	Town & Parish Support	-1,068	3	-1,065		
CT51	Members' Allowances	-33,333	3	-33,330		Savings achieved following the implementation of the 2008 Members' Allowances Scheme when Special Responsibility Allowances were amended.
CT61	Members' Support Administration	20,581	0	20,581		Payment in lieu of notice for members' support officer.
EL11	Elections	3,215	-5,422	-2,207		
EL21	Electoral Registration	4,275	-2,962	1,313		
Democratic Services		-22,825	-8,428	-31,253	0	
CD31	Health Development	-1,013	0	-1,013		
EP11	Environmental Health	7,280	1,840	9,120		No staff vacancies through the year.
EP21	Water Environment	2,953	-5	2,948		No staff vacancies through the year.
EP22	General Environment	26	240	266		
EP23	Terrestrial Environment	2,784	-1,049	1,735		No staff vacancies through the year.
EP24	Air	1,864	-1,694	170		No staff vacancies through the year.
EP25	Noise	3,398	70	3,468		No staff vacancies through the year.
EP31	Animal Control Management	462	0	462		
EP32	Pest Control	-1,353	5,183	3,830		Lower than budgeted income for year.
EP33	Environmental Warden	-3,727	-2,086	-5,813		
EP41	Food Safety	5,219	-3,468	1,751		No staff vacancies through the year.
EP42	Health & Safety	8,757	-2,555	6,202		No staff vacancies through the year.
LC11	Licensing	-40,504	5,954	-34,550		Salary costs incurred under LC31 - realignment of budgets needed.
LC31	Taxi Licensing	40,297	-9,486	30,811		Greater than forecast income.
Environmental Health		26,443	-7,056	19,387	0	
RS13	Audit	-14,778	2,623	-12,155		Delay in appointing to shared Risk Management Officer post resulting in lower costs.
RS22	Accounts Payable (Capita)	-6	0	-6		
RS23	Sundry Debtors (Capita)	14	0	14		

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
RS31	Council Tax (Capita)	49,166	-21,180	27,986		£24k covered by additional grant. £4k net increase relates to unexpected inflationary increase applied to Capita Cash Collection Guarantee.
RS32	Business Rates (Capita)	-11,196	-364	-11,560		
RS41	Benefits Administration	-	36,360	-84,385		An accrual for costs relating to 2007/08 was not required. An accrual for income receivable under the terms of the payment and performance mechanism was not fully achieved.
		120,745				
RS42	Payment of Housing Benefit	-47,979	73,356	25,377		Reduction in cost and income based on year end position notified by Capita through the final claim for Housing and Council Tax Benefit.
RS43	Payment of CT Benefit	-	135,944	-257		Reduction in cost and income based on year end position notified by Capita through the final claim for Housing and Council Tax Benefit.
		136,201				
RS51	Benefit Fraud	-76,524	36,985	-39,539		Vacant fraud investigator posts with a shortfall in rechargeable costs to SODC as a result.
RS61	Assisted Transport (Capita)	229,491	-295	229,196		The demand for concessionary fares exceeded budget allocation.
RS62	Mortgages (Capita)	607	-900	-293		
RS71	Accountancy	-15,575	-864	-16,439		Vacancies in the team throughout the year resulted in lower than budgeted recharges from SODC.
RS73	Revenues & Benefits Client SSP	223,207	-212,893	10,314		£17k overspend due to full establishment. The balance relates to NNDR and Council Tax court costs. These court costs are offset by related court income.
SB21	Unapportioned Overheads	-45,195	0	-45,195	21,210	Reduction in past service pension costs.
	Finance Ridgeway	34,286	48,772	83,058	21,210	
CS11	CCTV	-32,823	1,471	-31,352		Saving made on telephone costs and non essential maintenance work put on hold.

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
CS21	Community Safety Strategy	-32,928	14,903	-18,025	8,645	Unspent grant income allowed as a budget carry forward to next year. Reduced grant income of 14% reduction in Area Based grant received.
HE11	Housing Provision (Enabling)	-56	0	-56		
HE21	Enabling (Private Sector Grants)	19,852	-105	19,747		Overspend on salaries due to full establishment and unbudgeted agency costs. The base budget omitted the Technical Admin Assistant post which was not on the staffing establishment list.
HE31	Regulation	-344	-300	-644		
HE41	Home Energy Conservation	-22,210	0	-22,210		Underspend on salary costs - the budget associated with the implementation of the Council's Climate Change Strategy not fully required.
HM11	Housing Register	-12,444	0	-12,444		Reduced expenditure on the Allocations Officer post and unpaid staff leave.
HM21	Homelessness	-16,437	-15,000	-31,437	3,690	
HM31	Temporary Accommodation	21,710	56,361	78,071		Increased B&B costs resulting from slowdown in transferring from temporary accommodation. Reduction in rent income and the impact of unbudgeted deductions for subsidy overpayments.
HP01	Housing Strategy/Policy	-2,965	-10,193	-13,158		Unbudgeted reimbursements for personal use of phones.
Housing & Community Safety		-78,645	47,137	-31,508	12,335	
				0		
LG11	Legal Services	25,140	-7,386	17,754		Overspend on agency costs resulting from in-year vacancies (now filled) and overspend on legal books and publications. Unbudgeted rechargeable income due to staff secondment, partially offset by lower than projected cost fee income.
LG21	Local Land Charges	-4,188	186,937	182,749		Shortfall in demand for land searches.
Legal Services		20,952	179,551	200,503	0	

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
CH11	Organisational Change	-76,821	-22,080	-98,901	11,890	Work on the business process re-engineering project halted due to shared services agenda (£35k). (£12.5k) one-off saving from Backup and Restore project. (£5.3k) year-on-year savings on contracts. Additional income (£21k) for the virtual office project received. Other non essential expenditure put on hold.
CH12	Mapping Service	-5,548	0	-5,548		Non essential expenditure was put on hold.
CH21	Organisational Development	-1,139	0	-1,139		
CH31	Performance Management	1,042	0	1,042		
CM11	Consultation	-4,417	0	-4,417		
CM31	Corporate Communication	19,746	2,100	21,846		The internal budget for printing costs was insufficient to cover the increased recharges from reprographics.
CN11	Corporate Administration	-48,619	10,000	-38,619		Vacancies were not filled pending the reorganisation. Income from Capita was less than budgeted for.
CN21	Faringdon Cash Office	3,319	0	3,319		
CN31	Wantage LSP	-8,178	24	-8,154		Savings on employee costs.
CN41	Abingdon LSP	-11,041	-101	-11,142		Underspends on supplies and services.
CN51	Duty Officers	45	0	45		
CN61	Corporate Postal Service	-35,623	1,580	-34,043		Vacancies not filled pending possible re-organisation.
HR11	Training & Development	-8,549	0	-8,549		A number of training courses were postponed.
HR21	Recruitment & Selection	-31,043	0	-31,043		A part time vacancy and a slow down in recruitment.
HR31	Employee Relations	4,415	4,183	8,598		There is an overspend on salaries because there were no vacancies and there was an inappropriate income budget which has been corrected in the new year budget.
HR41	Payroll (Vale)	-1,931	0	-1,931		
HR51	Welfare	2,219	0	2,219		

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
HR61	Health & Safety	1,763	0	1,763		
HR71	Policy Development	4,137	-500	3,637		
Organisational Development		-196,223	-4,794	-201,017	11,890	
CD11	Economic Development	-5,785	6,038	253		Loss of income from outsourcing visitor guide.
CD21	Youth Development	382	0	382		
CG11	Community Grants	15,412	-12	15,400		Fully staffed throughout year.
CP11	Car Park Strategy	5,521	-18	5,503		Fully staffed throughout year.
CP21	Car Park Operations	6,766	126,342	133,108		More than budgeted use of DSO increased costs. Income from parking fees and season tickets reduced.
CP31	Excess Charges Administration	-21,049	-1,614	-22,663		Staff vacancies held.
DC11	Development Control	-30,784	236,440	205,656		Underspend on the use of the reservoir fund. Planning fee income substantially below budget partially offset by use of £140,000 historic PDG
DC21	Planning Delivery Grant	-104,793	104,793	0		Reduction in the use of historic PDG.
DP01	Development Policy	10,516	-207	10,309		Fully staffed throughout year.
Planning & Community Development		-123,814	471,762	347,948	0	
CE01	Civic Responsibility	-5,351	95	-5,256	2,500	Reduced use of Guildhall for meetings.
Chief Executive's Strategy		-5,351	95	-5,256	2,500	
SB11	Corporate Core	121,127	-122,129	-1,002		Vale CEO redundancy costs are offset against a saving on recruitment costs of SMT which are less than originally expected. Unbudgeted recharge to Oxford City Council for two months of Strategic Director post and recharge to SODC for share of management team.
Strategy SB		121,127	-122,129	-1,002	0	
TS11	Strategic Management	-8,858	0	-8,858		Expenditure lower than budgeted on account of there being no strategic director in post.
TS21	Community Safety Mediation	-100	0	-100		
Strategy TS		-8,958	0	-8,958	0	

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CC	Name	Exp Var	Inc Var	Total Var	C/f approved	Reason
SB31	Contingency	-124,170	0	-124,170		
VA01	Property Trading	213,973	43,833	257,806		Increased voids and increases in anticipated rent review income have not materialised. Both as a consequence of the economic slowdown.
VA02	Mobile Home Parks Trading	1,775	18,225	20,000		
VA03	Investment Interest	0	-221,875	-221,875		The sharper fall than expected in interest rates has meant that the council's fund manager has made greater capital gains on certificates of deposit than expected on their holding.
Total		-48,891	431,198	382,307	61,645	

Total variation	382,307
Plus approved c/f	61,645
	<u>443,952</u>