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|---------------------------|---|------------------|------|
| Committee:                | Executive   | Agenda Item No.: | 13.  |
| Date:                     | 8 <sup>th</sup> August 2011   | Status           | Open |
| Category:                 | 3. Part of the Budget and Policy Framework  |                  |      |
| Subject:                  | The Council's Provisional Outturn 2010/11   |                  |      |
| Report by:                | Head of Finance and Revenues  |                  |      |
| Other Officers Involved   | Chief Accountant  |                  |      |
| Director                  | Director of Resources   |                  |      |
| Relevant Portfolio Holder | Councillor E. Watts, Portfolio Holder for Customer Services and Policy and Performance. |                  |      |

#### **RELEVANT CORPORATE AIMS**

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services.

#### **TARGETS**

None.

#### **VALUE FOR MONEY**

The budget process for 2010/11 challenged existing spending levels and new spending levels to ensure that resources were used effectively and supported the delivery of the Corporate Aims and Objectives.

#### **THE REPORT**

The Council's Outturn figures for 2010/11 have now been substantially completed.

The report shows actual performance against the current approved budget, however, changes may still occur as the accounts have yet to be audited.

#### **ISSUES FOR CONSIDERATION**

The report is accompanied by a booklet, entitled "Provisional Outturn 2010/11" which includes supporting information relating to the key issues covered in this report.

## General Fund

A summary of the provisional net spending for 2010/11 on General Fund services is shown on the white pages of the Provisional Outturn 2010/11 document. The total net expenditure on General Fund is anticipated to be £420,124 more than the estimated outturn.

It should be noted that Investment Income includes interest payments of £142,061 due from Landsbanki. However, in 2010/11 we are required to reflect the full impact of the impairment of the investment which has been included in the financing and investment section of the accounts. This amounts to £734,884. The net effect of these two entries has been to reduce General Fund balances by £592,823. General Fund will be credited with notional investment income each year until the claim is settled. Should any of the investment be recoverable in future years the General Fund will be credited with the repayment. The latest guidance indicates that we will recover 94.86% over the next 8 years.

This year the accounts have been amended to be compliant with International Financial Reporting Standards (IFRS). Part of the adjustments has been the reclassification of leases which has led to an underspend on the Corporate Aims of £243,090. This does not affect the General Fund balance because there has been a compensating adjustment in debt charges.

A summary of the other main variations are as follows:-

| <b>Cost Centre</b>                      | <b>Description of Variance</b>   | <b>£</b>                           |
|---|--|------------------------------------|
| <b><i>Customer Focused Services</i></b> |  |                                    |
| Housing Benefits                        | <ul style="list-style-type: none"><li>➤ Increase in bad debt provision not as high as expected due to reduction in expected level of overpayments. Offset by reduction in income – see below.</li><li>➤ Net reduction in subsidy received</li><li>➤ Reduction in expected income from benefit overpayments</li></ul> | (155,243)<br><br>38,268<br>241,984 |
| Council Tax/NNDR                        | <ul style="list-style-type: none"><li>➤ Increase in costs recovered through court fees</li></ul>   | (10,986)                           |
| <b><i>Environment</i></b>               |  |                                    |
| Food Safety                             | <ul style="list-style-type: none"><li>➤ Salaries saving – Vacant post</li></ul>  | (20,412)                           |
| Depot - Riverside                       | Net savings in gas and electricity charges. Budgets originally transferred from old depot.   | (18,049)                           |

|   |   |                                      |
|---|---|--------------------------------------|
| Planning Development Control                | <ul style="list-style-type: none"> <li>➤ Salaries Savings – Maternity Leave</li> <li>➤ Lower than expected income from planning application fees (shortfall to be met from reserves)</li> </ul>   | (10,367)<br>197,583                  |
| Planning Enforcement                        | ➤ Income received for rechargeable works – not expected this year. Funding in budgets from reserves.  | (40,167)                             |
| Planning Policy                             | ➤ Lower than anticipated spend on Local Development Scheme (funded from Local Development Scheme reserve)   | (115,080)                            |
| Street Cleansing                            | ➤ Saving on overtime used to offset overspends on other Street Services budgets   | (11,690)                             |
| Vehicle Fleet                               | ➤ Increased cost of Diesel  | 11,871                               |
| <b>Regeneration</b>                         |   |                                      |
| Pleasley Vale Mills                         | ➤ Higher than expected income from rents  | (15,953)                             |
| Pleasley Vale Mills – Electricity           | <ul style="list-style-type: none"> <li>➤ Lower than expected charge for electricity</li> <li>➤ Increased income from recharging of electricity to tenants – Revised billing system</li> </ul>   | (11,713)<br>(63,828)                 |
| Premises Development                        | ➤ Slippage on office moves – funded from reserves   | (47,763)                             |
| Regeneration Management & Admin             | ➤ Net income raised from de-minimis capital receipts  | (18,766)                             |
| <b>Social Inclusion</b>                     |   |                                      |
| Concessionary Fares                         | ➤ Reduced payment to DCC – Lower than expected usage  | (23,687)                             |
| Creswell Leisure Centre                     | ➤ Higher than expected income   | (11,161)                             |
| <b>Strategic Organisational Development</b> |   |                                      |
| Corporate Management                        | <ul style="list-style-type: none"> <li>➤ Strategic Alliance redundancy costs – to be met from Reserves</li> <li>➤ Legal Fees payable to LGA re. Icelandic bank.</li> <li>➤ Increase in Audit Fees. Scale fee budget too low plus increase in grant work.</li> </ul> | 86,132<br>12,140<br>18,766<br>26,631 |

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|                 | ➤ Consultancy – Specialist consultant to help prepare IFRS compliant accounts    |          |
| Human Resources | ➤ Underspend on corporate training expenses. Requested training not taken.       | (27,704) |
| Sherwood Lodge  | ➤ Lower than expected spend on climate change initiatives – funded from reserves | (11,509) |

As part of the year end procedures, the Bad Debt Provision for the General Fund was reviewed based on the aged debt profile of the outstanding debt as at 31<sup>st</sup> March 2011. The provision has been reduced by £12,500 to give a bad debt provision of £195,090 at 31<sup>st</sup> March 2011.

The working balance on the General Fund as at the 31<sup>st</sup> March 2011 is therefore expected to be £1,065,505. Excluding the Icelandic bank impairment the Council has exceeded its budgeted target for savings in 2010/11.

### Reserves

The outturn position also provides for a number of previously approved contributions to Reserves as detailed below:-

|                                | £      |
|--------------------------------|--------|
| Historic Building Reserve      | 6,000  |
| ICT & Office Equipment Reserve | 75,250 |
| Vehicle Replacement Reserve    | 12,600 |

A summary statement of Reserves, together with their opening and closing balances is shown on the pink pages of the Provisional Outturn 2010/11 document.

### Housing Revenue Account

A summary of the income and expenditure accounts within the Housing Revenue Account is shown on the blue pages of the Provisional Outturn 2010/11 document.

The provisional figures show an anticipated overall surplus of £455,379 which is £384,134 more than the budgeted surplus.

A summary of the main variations are as follows:-

| <b>Cost Centre</b>         | <b>Description of Variance</b>   | <b>£</b>   |
|----------------------------|--|--|
| Repairs and Maintenance    | <ul style="list-style-type: none"> <li>➤ Salary savings. 5 x vacant posts for part of the year.</li> <li>➤ Payments made to employee under injury allowance scheme</li> <li>➤ Reduced spend on subcontractors</li> <li>➤ Reduced contributions to the Capital Programme.</li> <li>➤ Reduced spend on Hired and Contractual Services partly due to impact of mobile working</li> <li>➤ Unanticipated income from rechargeable work.</li> <li>➤ Net income raised from de-minimis capital receipts.</li> </ul> | <p>(68,906)</p> <p>79,173</p> <p>(20,490)</p> <p>(471,720)</p> <p>(50,737)</p> <p>(10,524)</p> <p>(27,375)</p> |
| Supervision and Management | <ul style="list-style-type: none"> <li>➤ Budget for repairs on sheltered schemes. Work not carried out.</li> <li>➤ Increased spend on NNDR on vacant properties</li> <li>➤ Increased spend on postages</li> <li>➤ Reduced spend on legal charges. More legal charges than expected were recoverable</li> <li>➤ Reduced costs of disturbance allowances. Slippage in Tarrans Programme</li> <li>➤ Unanticipated income from rents re. New Houghton decants. Grant income re Station Road</li> </ul>           | <p>(10,000)</p> <p>13,229</p> <p>10,071</p> <p>(15,899)</p> <p>(15,158)</p> <p>(18,705)</p>                    |
| Supporting People          | <ul style="list-style-type: none"> <li>➤ Increased spend on overtime.</li> <li>➤ Increase in Wardens Service Charges. (Increase after budget was set)</li> </ul>   | <p>12,416</p> <p>(23,467)</p>  |
| Tenants Participation      | <ul style="list-style-type: none"> <li>➤ Savings from lower than expected spend on Hired and Contractual services.</li> </ul>  | <p>(10,435)</p>  |

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| Special Services | <ul style="list-style-type: none"> <li>➤ Lower than expected expenditure on electricity.</li> <li>➤ Higher income than expected from charges for Buggy parking and “out of hours” service.</li> </ul>            | (17,782)<br><br>(13,132) |
| Income           | <ul style="list-style-type: none"> <li>➤ Actual income from dwellings and garage rents lower than budget. Level of voids underestimated in budget.</li> <li>➤ Higher than expected investment income.</li> </ul> | 396,123<br><br>(15,255)  |

As part of the year end procedures, the Bad Debt Provision for the Housing Revenue Account was reviewed based on the aged debt profile of the outstanding debt and the level of former tenant’s arrears as at 31<sup>st</sup> March 2011. The provision has been increased by £114,730 to give a provision of £761,404 as at 31<sup>st</sup> March 2011.

The working balance on the Housing Revenue Account as at the 31<sup>st</sup> March 2011 is expected to be £1,084,444.

### Capital Programme

A summary of the Council’s Capital expenditure and proposed funding is shown on yellow pages of the Provisional Outturn 2010/11 document. A number of changes have been made to the programme since the approval of the estimated outturn, resulting in an anticipated latest programme spend of £10,806,305. The provisional outturn figures show overall spending of £6,182,175, which is £4,624,130 lower than anticipated. A summary of the main variations are as follows:-

| <b>Capital Scheme</b>          | <b>Description of Variance</b>  | <b>£</b>  |
|--------------------------------|---|-----------|
| <b><i>Social Inclusion</i></b> |   |           |
| Heating Upgrades               | <ul style="list-style-type: none"> <li>➤ A delay in a gas supply being installed to Langwith by the utilities company, meant expenditure had to be deferred until 2011/12.</li> </ul> | (180,292) |
| Playful Spaces                 | <ul style="list-style-type: none"> <li>➤ Grant funded scheme to develop open play areas. Scheme to be continued in 2011/12.</li> </ul>  | (105,004) |

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|--|--|-------------|
| <b>Environment</b>                     |  |             |
| Refuse Vehicle (CX04 MVU)              | ➤ Original vehicle used to collect bulky waste – not now being replaced.   | (140,000)   |
| <b>Regeneration</b>                    |  |             |
| Joint Service Centre South Normanton   | ➤ Delays in handing over the building meant a delay in the payment. The payment is expected to be made in 2011/12.               | (1,000,000) |
| New Houghton Renewal Area              | ➤ A delay in the tender process and a slow sign up of applicants means the scheme will carry on into 2011/12.                    | (299,756)   |
| Electrical Rewiring – Decent Homes     | ➤ Decent homes completed. Underspend to be carried forward to 2011/12 for new capital work.                                      | (191,289)   |
| Decent Homes Standard (External)       | ➤ Decent homes completed. This scheme was the contingency pot and will now be used to carry out further capital work in 2011/12. | (772,773)   |
| Kitchen Replacements – Decent Homes    | ➤ Decent homes completed. Underspend to be carried forward to 2011/12 for new capital work.                                      | (128,059)   |
| Asset Management Plan – Sherwood Lodge | ➤ Urgent works only carried out. AMP being reprogrammed to ensure future works can be financed.                                  | (104,538)   |
| Shirebrook Enterprise Centre           | ➤ Underspend due to a delay in purchasing a piece of land. Land was purchased in June 2011.                                      | (181,315)   |
| Street Services Depot Relocation       | ➤ Still waiting for final figure from receivers. Carried forward to 2011/12.   | (128,195)   |

Due to the under-spend throughout the Capital Programme, there are corresponding variations shown against the financing and these are shown on the first yellow page of the Provisional Outturn 2010/11 document.

### Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the Council in relation to Non-Domestic Rates and Council Tax.

During 2010/11 a surplus of £83,994 was made on the Collection Fund. This includes contributions of £82,661 made by Bolsover District Council and the precepting authorities towards previous year's deficits. The surplus on the Collection Fund excluding these contributions is £1,333. The cumulative deficit is £625,068 as at 31<sup>st</sup> March 2011. Only part of the deficit (£101,998) is attributable to Bolsover District Council, the balance (£523,070) is recoverable from the other precepting authorities (excluding Parish Councils).

As part of the year end procedures, the Bad Debt Provisions for the Council Tax and NNDR were reviewed based on the aged debt profile of the outstanding debt as at 31<sup>st</sup> March 2011. The provision for Council Tax has been increased by £199,657 to give a provision of £378,928 as at 31<sup>st</sup> March 2011. The provision for NNDR has been increased by £190,133 to give a provision of £304,690 as at 31<sup>st</sup> March 2011.

### Collection Rates

The Council collects revenue from 3 main income streams – Council Tax, National Non Domestic Rates (NNDR) and Housing Rents. Other income is collected through the Sundry Debtors. Performance, expressed as a percentage of income collected in the year, is shown in the table below.

|               | Percent collected<br>2009/10 | Percent collected<br>2010/11 |
|---------------|------------------------------|------------------------------|
| Council Tax   | 98.10%                       | 98.08%                       |
| NNDR          | 98.10%                       | 98.27%                       |
| Housing Rents | 93.88%                       | 95.48%                       |
| Sundry Debts  | 93.20%                       | 93.00%                       |
|               |                              |                              |

### Early Retirement

In accordance with the Council's Early Retirement Policy, information on trends of early retirement and cumulative costs are shown on pages on the white pages at the back of the Provisional Outturn 2010/11 document.

## **IMPLICATIONS**

|            |              |          |                         |
|------------|--------------|----------|-------------------------|
| Financial: | Deficits of: | £420,124 | General Fund            |
|            | Surplus of:  | £455,379 | Housing Revenue Account |
|            |              | £83,994  | Collection Fund         |

Legal: None.

Human Resources: None.

## **RECOMMENDATIONS that**

- 1. the financial position regarding the provisional outturn for the General Fund, Housing Revenue Account and Capital be noted, and**
- 2. the information supplied on early retirements be noted**

|                  |  |
|------------------|--|
| ATTACHMENTS:     | <b>Y</b>                                     |
| FILE REFERENCE:  | None   |
| SOURCE DOCUMENT: | Background papers held in Financial Services |