

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION

REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No

meeting date: 28 JULY 2009
 title: OVERALL REVENUE OUTTURN 2008/09
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To inform you of the provisional results of our accounts for the year ending 31 March 2009.

1.2 Relevance to the Council's ambitions and priorities:

- ❖ In accordance with corporate plan objective 2.3, this report provides members with information to ensure that budget allocation and expenditure is in line with corporate priorities.

2 BACKGROUND

2.1 To report the Council's provisional financial position for 2008/09.

2.2 Our full Statement of Accounts were approved by Accounts and Audit Committee on 24 June 2009. These have been published on our website and are available to download.

2.3 The Council's external auditors – The Audit Commission are currently carrying out their audit of our accounts. By the end of September 2009, we are required to publish our audited accounts, following any amendments.

3 GENERAL FUND PERFORMANCE

3.1 These figures still need to be treated with caution as the accounts are currently being audited.

	Original Estimate	Revised Estimate	Actual	Original Estimate compared with Actual	Revised Estimate compared with Actual
Committee	£000	£000	£000	£000	£000
Community	3,303	3,487	3,457	-154	30
Policy & Finance	3,269	3,170	3,109	160	61
Planning & Development	693	641	664	29	-23
Housing General Fund	693	638	582	111	56
Committee Expenditure	7,958	7,936	7,812	146	124
Contingency	63	25	0	63	25
Interest Payable	45	37	35	10	2
Parish Precepts	366	366	366	0	0

	Original Estimate	Revised Estimate	Actual	Original Estimate compared with Actual	Revised Estimate compared with Actual
Committee	£000	£000	£000	£000	£000
Interest Received	-187	-225	-210	23	-15
Net Operating Expenditure	8,245	8,139	8,003	242	136
Precept from Collection Fund (including parish precepts)	-3,338	-3,338	-3,338	0	0
Surplus on Collection Fund	0	0	0	0	0
General Government Grants	-472	-588	-621	149	33
Business Rates Redistribution	-3,388	-3,388	-3,388	0	0
Deficit for year	1,047	825	656	391	169
Depreciation	-664	-635	-899	235	264
Minimum Revenue Provision	220	216	216	4	0
Net Transfers to/from earmarked reserves	-66	-146	123	-189	-269
Housing Stock Transfer Proceeds	-400	0	0	-400	0
Deficit for year	137	260	96	41	164

- 3.2 You will see we have made a deficit of £96,000 during the year compared with the Revised Estimate of £260,000 and the Original Estimate of £137,000 (which also allowed for taking £400,000 from housing revenue balances to support the budget). When the Revised Estimates were considered in January we explained the main differences between the Original and Revised Estimates. However, the largest impact was:

Amendments to our budget in the year

	£000
Extra LABGI: government grant	(94)
Extra Area Based Grant: government grant	(22)
Increase in interest earned and reduction in interest payable	(46)
Increase in use of earmarked reserves	(80)
Reduction in Contingency	(38)
Removal of use of Housing Stock Transfer Proceeds	400
Net increase in Service Committee costs	3
	123

Explanation of the Difference compared with the Revised Estimate

- 3.3 During the year there are many variances that occur when we carry out our budget monitoring. The main variations affecting our final position were:

	£000
Lower income from Planning Fees and Building Regulation Fees	55
Lower income from Land Charges and Licensing	37
Savings on Housing Benefits	(35)
Savings on Car Parks	(17)
Savings on Public Conveniences	(13)
Increase in recharges from Support Services	(57)
Extra income from summonses	(9)
Increased income at Longridge Sports Centre	(10)
Increased income for Exercise Referral	(13)
Economic Development savings	(5)
Emergency Planning savings	(7)
Specific service underspends transferred to reserves	(20)
	(94)
Saving on Contingency Items	(25)
Reduction in interest earned and increase in interest payable	13
Extra General Government Grants received	(33)
Extra Transfers to earmarked reserves/depreciation	(25)
Reduction in the amount to take from balances	(164)

General Fund Balances

- 3.4 It is obviously very important to maintain a healthy level of general fund balances to cover for unforeseen events and also provide a stable level of resources for future planning. This however has to be balanced against meeting the council's spending priorities and also very importantly setting a low council tax.
- 3.5 We had originally planned to take £137,000 from general fund balances to help finance the 2008/09 spending plans, however this included the proposed utilisation of £400,000 from the proceeds arising from the transfer of the council's housing stock
- 3.6 The council has received formal consent from the Secretary of State to close its Housing Revenue Account with effect from the 31 March 2009. As a consequence the council has transferred Housing Revenue Account balances to general fund balances.
- 3.7 The final position shows that the council has needed to take £96,000 from general fund balances. This has been achieved without the utilisation of any housing stock transfer proceeds. In addition we are pleased that we have continued to set one of the lowest council taxes in the country and yet hold healthy levels of balances.

	£000
General Fund Balances: Brought forward at 1 April 2008	1,111
Taken to fund deficit on 2008/09 income and expenditure account	-96
Transfer of Housing Revenue Account balances to General Fund balances	1,007
General Fund Balances: Carried forward at 31 March 2009	2,022

Housing Revenue Account

- 3.8 By law, every local authority that has its own housing stock, must keep a Housing Revenue Account (HRA), to which all expenditure and income relating to the stock, must be charged.
- 3.9 On 31 March 2008, the Council transferred its housing stock to Ribble Valley Homes Ltd, which is a Registered Social Landlord (RSL) monitored and regulated by the Housing Corporation.
- 3.10 During 2008/09 there have been a small number of transactions which relate to the transferred housing stock, but for which the council are liable. These items are shown within the Housing Revenue Account for 2008/09.
- 3.11 The Council received formal Consent from the Secretary of State to close its Housing Revenue Account with effect from 31 March 2009. As a result of this approval Housing Revenue Balances of £1,006,447 have been transferred to the General Fund at 31 March 2009.

Collection Fund

- 3.9 The Collection Fund has made an in year deficit of £129,000. This is added to the deficit of £99,000 brought forward from 2007/08. The £129,000 in year deficit will have to be recovered from precepting authorities in 2010/11, with the deficit brought forward of £99k being recovered in 2009/10. These amounts will be recovered pro-rata to the original precepts from each authority.

4 CONCLUSION

- 4.1 The final outturn of a deficit of £96,000 means that we have only taken £96,000 from general fund balances instead of £260,000 which was estimated when we prepared the Revised Estimates. Practically this means we are £164,000 better off than we anticipated.
- 4.2 Whilst undoubtedly the transfer of our Housing Stock has had a major impact on our balance sheet over the previous two financial years, the council still retains earmarked reserves of £1.3m and general fund balances of just over £2.0m. This in addition to the Vat shelter receipts anticipated ensures the Council is in a healthy position to cope with the future financial challenges it faces.

FINANCIAL SERVICES MANAGER

PF36-09/LO/AC
20 July 2009