

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 17

meeting date: 26 JULY 2011
 title: OVERALL REVENUE OUTTURN 2010/11
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To inform you of the results of our accounts for the year ending 31 March 2011.

1.2 Relevance to the Council's ambitions and priorities:

- ❖ In accordance with corporate performance and improvement plan objective 2, "to maintain critical financial management and controls" this report provides members with information regarding the revenue outturn for 2010/11.

2 BACKGROUND

2.1 To report the Council's financial position for 2010/11.

2.2 Our full Statement of Accounts were approved by Accounts and Audit Committee on 29 June 2011. These have been published on our website and are available to download.

2.3 The Council's external auditors, the Audit Commission are currently undertaking their audit of our accounts, and approval of the final audited Statement of Accounts will take place at Accounts and Audit Committee on 24 August 2011. We are required to publish our audited accounts by the end of September 2010.

3 GENERAL FUND PERFORMANCE

3.1 Shown below is the final position for the 2010/11 financial year.

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	3,758	3,649	3,438	320	211
Policy & Finance	3,024	3,248	1,976	1,048	1,272
Planning & Development	527	697	557	-30	140
Health & Housing	771	801	683	88	118
Committee Expenditure	8,080	8,395	6,654	1,426	1,741
Interest Payable	26	26	26	0	0
Parish Precepts	373	373	373	0	0
Interest Received	-15	-15	-21	6	6
Net Operating Expenditure	8,464	8,779	7,032	1,432	1,747

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Precept from Collection Fund (including parish precepts)	-3,519	-3,519	-3,519	0	0
Deficit on Collection Fund	11	11	11	0	0
General Government Grants	-554	-560	-560	6	0
Business Rates Redistribution	-3,616	-3,616	-3,616	0	0
Deficit/(Surplus) for year	786	1,095	-652	1,438	1,747
Depreciation	-777	-792	-774	-3	-18
Minimum Revenue Provision	132	133	133	-1	0
Net Transfer to/from earmarked reserves	-99	-638	1,066	-1,165	-1,704
Deficit/(Surplus) for year	42	-202	-227	269	25

3.2 You will see we have made a surplus of £227,000 during the year compared with the Revised Estimate of a surplus of £202,000 and the Original Estimate of a deficit of £42,000.

3.3 When the Revised Estimates were considered in January we explained the main differences between the Original and Revised Estimates. During the preparation of the revised estimate a number of changes were made to the budget:

Item	£'000
Increase in General Government Grants Receivable	-6
Increased use of earmarked reserves	-539
Net increase in Service Committee costs	301
Net increase in amount to take from balances for the year	-244

Final Position Compared to the Revised Estimate

3.4 During the 2010/11 financial year there were many variances that occurred when we carried out our budget monitoring. Through the review of post vacancies and a freeze on all non-essential expenditure within the 2010/11 financial year, the council has achieved a number of savings in year on staffing, and supplies and services. The main variations affecting our final position compared with the revised estimate can be summarised below.

Variation	£'000
Salaries	83
Indirect employee expenses, including training	26
Energy and Utilities	24
Repairs and Maintenance	31
Transport Costs	43
Concessionary Travel	68
IT Hardware and Software	25
Equipment and Materials	31
Audit Fees	12
Consultants/Bailiffs	8
Printing, Stationery, Statutory Notices, Promotions	17
Increased Benefit and Admin Grant	69
Land Charges Grant	34
Flood Grant (Admin funding)	10
Increased Recycling Credits Income	18
School Sports Partnership and Children's Trust Grants	30
Increased Planning Income	35
Increased 'Other' Income such as Licensing and Rents	26
VAT shelter monies received	472
Unspent earmarked Grants/Contributions which will be used in 2011/12	375
Final receipt of Performance Reward Grant	169
Fleming VAT Claim	58
Grant for Contact Centre work with DEFRA	20
Other Service Underspends transferred to Reserves	39
	1,723
Increased Interest Received	6
Extra Transfers to Earmarked Reserves	-1,704
Increase in amount to add to balances	25

- 3.5 It is important to highlight that the savings shown above for 2010/11 are not necessarily sustainable or recurring. With resources from central government reducing, the council has recognised that it must review its structure in order to increase the efficiency of the organisation and achieve greater value for money.
- 3.6 A review of the senior management took place in the 2010/11 financial year and achieved substantial savings. This was part of a longer-term review, which is expected to be completed in September 2011. This restructuring will enable the council to meet its financial challenges more effectively.

General Fund Balances

- 3.7 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.
- 3.8 We had originally planned to take £42,000 from general fund balances to help finance the 2010/11 spending plans. However, this was revised later in the year to adding £202,000 to general fund balances. The final position shows that the council has added £227,000 to general fund balances.

	£'000
General Fund Balances: Brought forward at 1 April 2010	1,222
Taken to fund deficit on 2010/11 income and expenditure account	227
General Fund Balances: Carried forward at 31 March 2011	1,449

Earmarked Reserves

- 3.9 Whilst there has been an addition to general fund balances in the year, there has also been a net increase in the level of earmarked reserves
- 3.10 Unlike the general fund balance, the council's Earmarked General fund Reserves have been set aside for a specific purpose. The Council has a variety of earmarked reserves and the specific details of each one can be seen at Annex 1.
- 3.11 The table below provides a high level summary of the movement in the Council's Earmarked General Fund Reserves

	2010/2011
	£
Opening Earmarked General Fund Reserves	3,287,877
Amounts added to Earmarked General Fund Reserves	1,465,422
Amounts taken from Earmarked General Fund Reserves	-1,247,510
Closing Earmarked General Fund Reserves	3,505,789

Collection Fund

- 3.12 The Collection Fund has made an in year deficit of £35,000. This is added to the deficit of £246,000 brought forward from 2009/10. The £35,000 in year deficit will have to be recovered from precepting authorities in 2012/13, with the deficit brought forward of £246,000 being recovered in 2011/12. These amounts will be recovered pro-rata to the original precepts from each authority.

4 CONCLUSION

- 4.1 The final outturn of a surplus of £227,000 means that we have added £227,000 to the council's general fund balances instead of adding £202,000 which was estimated when we prepared the Revised Estimates.
- 4.2 With the ongoing structure review and knowledge of future planned changes to local government that have been announced by the Government, the council has again taken the opportunity to prepare, with a number of transfers made in 2010/11 to its earmarked reserves.

FINANCIAL SERVICES MANAGER

PF36-11/LO/AC
4 July 2011

Earmarked Reserves – 2010/11

Annex 1

General Fund	Balance at 31 March 2010 £	Transfers In 2010/11 £	Transfers Out 2010/11 £	Balance at 31 March 2011 £
<u>Local Recreation Grants Fund</u> <i>Used to fund recreation grants</i>	14,039	2,792		16,831
<u>Elections Fund</u> <i>Used to fund borough elections held once every your years</i>	68,173	4,290	-8,912	63,551
<u>Audit Reserve Fund</u> <i>Used for computer audit</i>	12,335			12,335
<u>Building Control Fund</u> <i>Available to equalise net expenditure over a three year period</i>	37,376		-90,650	-53,274
<u>Rural Development Reserve</u> <i>Used to fund consultation work on rural housing</i>	1,631			1,631
<u>Single Status</u> <i>Set aside to contribute towards future costs arising from single status/job evaluation</i>	47,095		-47,095	0
<u>Capital</u> <i>Used to fund the capital programme</i>	742,552	160,000	-847,887	54,665
<u>Insurance</u> <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	20,000			20,000
<u>Christmas Lights/RV in Bloom</u> <i>Available to fund contributions towards Christmas Lights and Ribble Valley in Bloom</i>	669	2,746		3,415
<u>Risk Management</u> <i>Set up to pump prime risk management issues</i>	0			0
<u>Community Enhancement</u> <i>Used to fund grants to local organisations</i>	2,881			2,881
<u>New Community Enhancement Schemes</u> <i>Additional reserve for funding grants to local organisations</i>	6,809			6,809
<u>Rent Deposit Reserve</u> <i>Set aside for homeless rent deposits</i>	7,837			7,837
<u>Revenue Contributions (RCCO) Unapplied</u> <i>Used to fund capital expenditure</i>	23,134			23,134
<u>Longridge Schemes</u> <i>Used to fund grants to schemes in Longridge</i>	5,000		-5,000	0
<u>Parish Schemes</u> <i>Used to fund Parish improvement schemes</i>	1,729			1,729

Earmarked Reserves – 2010/11

General Fund	Balance at 31 March 2010 £	Transfers In 2010/11 £	Transfers Out 2010/11 £	Balance at 31 March 2011 £
Local Development Framework	11,583			11,583
<i>To finance Local Development Framework costs</i>				
LALPAC Licensing System	1,866			1,866
<i>To fund costs of LALPAC licensing system</i>				
Castle Museum				
<i>To fund the costs associated with the initial setup of the Clitheroe Castle Museum</i>	0			0
Homelessness Unit Adaptations				
<i>To fund work to make two flats at the homelessness unit self contained</i>	3,000		-3,000	0
IT Equipment				
<i>To fund time recording system</i>	1,345		-1,345	0
Conservation Reserve				
<i>To fund conservation schemes completed after the financial year end</i>	6,210			6,210
Civic Regalia				
<i>To fund refurbishment of mayoral chains</i>	4,500		-4,500	0
Concurrent Functions				
<i>To fund concurrent grant payments payable to parish and town councils</i>	15,960		-15,960	0
Concessionary Travel				
<i>To meet any potential liabilities which may result following our involvement in the National Concessionary Travel Scheme</i>	40,026			40,026
Countryside Management				
<i>To fund tree survey work</i>	4,566		-4,566	0
Fleming VAT Claim				
<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	182,005	57,921		239,926
Government Connect				
<i>To fund revenue costs of Government Connect Service</i>	9,028		-3,789	5,239
Repairs and Maintenance				
<i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	12,299	21,000		33,299
Post LSVT				
<i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	438,150			438,150
Market Town Enhancement				
<i>To fund grants under Market Towns Enhancement Scheme</i>	6,643			6,643

Earmarked Reserves – 2010/11

General Fund	Balance at 31 March 2010 £	Transfers In 2010/11 £	Transfers Out 2010/11 £	Balance at 31 March 2011 £
<u>Planning Delivery</u>				
<i>To fund improved delivery of housing and other planning outcomes</i>	203,832	-78,716	7,730	132,846
<u>Performance Reward Grant</u>				
<i>Performance Reward Grant received and yet to be distributed to successful schemes</i>	478,384	169,062	-120,736	526,710
<u>Refuse Collection</u>				
<i>To fund refuse collection costs including bin replacements</i>	1,800	18,000	-1,800	18,000
<u>Restructuring Reserve</u>				
<i>To fund costs resulting from the restructure review</i>	200,000	75,000		275,000
<u>VAT Shelter Reserve</u>				
<i>To contribute towards the future financing of the capital programme</i>	675,420	472,122	-100,000	1,047,542
<u>Revaluation of Assets Reserve</u>				
<i>To contribute towards the revaluation of the Council's assets every five years.</i>	0	2,000		2,000
<u>Clean Air Reserve</u>				
<i>To fund clean air survey work</i>	0	4,500		4,500
<u>Estates Maintenance Reserve</u>				
<i>To fund approved one-off boundary maintenance work to Estates asset</i>	0	2,500		2,500
<u>Equipment Reserve</u>				
<i>To fund</i>	0	31,000		31,000
<u>Forest of Bowland Reserve</u>				
<i>to fund access improvement schemes within the Ribble Valley section of the Forest of Bowland</i>	0	27,146		27,146
<u>Invets to Save Fund</u>				
<i>To fund future invest to save projects</i>	0	250,000		250,000
<u>Land Charges Reserve</u>				
<i>To fund any potential restitution claims for personal search fees</i>	0	34,356		34,356
<u>Land Charges System Reserve</u>				
<i>To fund planned system purchase</i>	0	9,000		9,000
<u>Pendle Hill User Reserve</u>				
<i>To fund improvement schemes on Pendle Hill</i>	0	17,830		17,830

Earmarked Reserves – 2010/11

General Fund	Balance at 31 March 2010	Transfers In 2010/11	Transfers Out 2010/11	Balance at 31 March 2011
	£	£	£	£
<u>Planning Reserve</u> <i>To fund any future potential planning issues</i>	0	100,000		100,000
<u>Tourism Promotions Reserve</u> <i>To fund planned tourism publicity and promotions</i>	0	6,812		6,812
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	0	16,060		16,060
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	0	60,000		60,000
Total	3,287,877	1,465,422	-1,247,510	3,505,789