

Taunton Deane Borough Council

Executive – 21 June 2011

2010/2011 Budget Outturn Report

Report of the Financial Services Manager

(This matter is the responsibility of Executive Councillor Williams, Leader of the Council)

1. Executive Summary

The 2010/11 Provisional General Fund Revenue Outturn is an underspend of £0.492m against the Final Budget for the year. The final budget included a transfer to general fund reserves of £1.110m, and combined with the underspend for the year the General Fund reserves as at 31 March 2011 stand at £3.166m (subject to audit). This is above the minimum reserves expectation within the Council's Budget Strategy.

The 2010/11 General Fund Capital Programme total expenditure for the year amounted to £4.884m, which is £2.146m below the total budget for the year. Taking into account slippage of project expenditure of £2.179m, the 'real' position is a small overspend of just £0.033m. The Council has made good use of external funding to support its capital investment, not least related to Project Taunton. A budget carry forward of £2.179m related to committed expenditure is recommended.

The Housing Revenue Account Outturn for 2010/11 results in an overspend on final budget of £0.758m. This is largely due to negative subsidy being much higher than budgeted as previously reported. The final budget included a transfer from working balances of £0.296m, and combined with the overspend the HRA Reserves position (or "working balance") carried forward into 2011/12 is therefore a credit balance of £1.593m (subject to audit).

HRA Capital Programme total expenditure in 2010/11 totalled £6.653m, related largely to the Council's continued investment in maintaining the Decent Homes standard of the housing stock. This outturn results in an overspend against the HRA Capital Programme budget of £0.195m, which has been funded from HRA Earmarked Capital Reserves.

The reported outturn position remains subject to external audit as part of the annual audit of the Statement of Accounts.

2. Purpose

2.1 This report informs the Executive of the outturn position of the Council on revenue and capital expenditure for the General Fund, Housing Revenue Account and trading services for 2010/11.

2.2 A key feature of well-regarded councils is their ability to manage performance effectively. Effective financial management forms an important part of the

Council's overall performance management framework.

- 2.3 The outturn position reported for the HRA and GF contains some estimated figures for government subsidies on housing and council tax benefit. The final figures for these will not be available in time for the final accounts to be produced. Should the final figures differ significantly from those used in closing down the accounts for 2010/11, a further report will be presented to Members giving the updated position on subsidy and the implications for the Council's reserves.
- 2.4 The following outturn figures are provisional at this stage, as finance officers are concluding final reconciliations as part of the year end closedown process. The final outturn, once confirmed, will be used to prepare the Council's Statement of Accounts, which are due to be approved by the Strategic Director/S151 Officer on 30 June 2011.

3 2010/11 Financial Performance

- 3.1 There have been a number of significant challenges faced by the Council this year, and these have had an impact on the overall financial position for the authority. These include:
- The continuing general economic climate and the recession in the UK, which has been the worst seen in this country for 60 years.
 - The Emergency Budget implemented by the new Coalition Government in June 2010.
 - The continued work on management and collection of debt, and impairment of historic debts no longer considered collectable.
- 3.2 Despite these challenges the Council has been in a position to improve the general reserves position. There have also been significant items of 'good news' in the form of a VAT Refund windfall (see separate report on this agenda), cost efficiency savings arising from continued roll out of Sort It Plus, and surplus earmarked reserves which have been returned to general reserves. Overall, officers have also managed to contain net spending below budget on the general fund. The Housing Revenue Account (HRA) is reporting a deficit in the year, largely due to the final subsidy estimates exceeding the amount provided in the budget, however the working balance for the HRA remains healthy.
- 3.3 Members have been presented with regular budget monitoring information, with quarterly performance reports submitted to the Executive and Corporate Scrutiny during the year. The reports provided members with the forecast outturn position and the likely impact on reserves.
- 3.4 The Council has continued to operate within the framework of its Budget Strategy and the overall financial standing at the end of the financial year is sound.

4 General Fund - Revenue

- 4.1 The General Fund Revenue Account Outturn for 2010/11 is an underspend of £0.492m against the final budget for the year.
- 4.2 Taking into account the budgeted transfer to general fund reserves of £1.110m

and the underspend for the year, the outturn results in a net “surplus” of £1.602m on the General Fund Revenue Account, as shown in the following table. A detailed statement of the revenue outturn position is provided in Appendix A.

	Final Budget £'000	Outturn £'000	Variance	
			£'000	%
Net expenditure on services	15,640	18,009	2,369	15%
Other operating costs	363	305	(58)	-16%
Capital adjustments	(1,930)	(5,616)	(3,686)	191%
Capital costs funded from revenue	449	600	150	33%
Grants and local taxation	(14,520)	(14,520)	0	-
DLO Contribution to GF	(74)	(74)	0	-
Deane Helpline Contribution to GF	(80)	0	80	-100%
DLO Trading Account	5	5	0	-
Deane Helpline Trading Account	22	120	98	445%
Transfers to earmarked reserves	(985)	(431)	555	56%
Total for the Year	(1,110)	(1,602)	(492)	44%

4.3 Net expenditure on services was £2.369m above budget. This difference has arisen for a variety of reasons, with the following key areas adversely affecting the council's outturn for the year.

- Capital Charges have exceeded the budget by £3.686m. This is largely due to revaluation and impairment losses on a range of assets including £2.5m on assets purchased under the Project Taunton economic development and growth agenda (e.g. demolition of buildings at the Firepool site). The key message is that capital recharges are reversed out of the revenue account (see Capital Adjustments line in the table above) therefore there is no impact on the 'bottom line' outturn for the general fund revenue account or on general reserves.
- Car parking income (on street and off street combined) demand has fallen below budgeted expectations, resulting in an income shortfall of £336,000. This has been affected in part by the severe winter weather conditions, VAT increase, and reduced usage.
- Cemeteries and Crematorium operating costs have exceeded budget, largely due to essential maintenance of the cremators. It is anticipated that maintenance costs will be significantly lower once the major replacement works have been completed.
- Concessionary Fares costs have exceeded budget by £98,000, which is due to customer demand. Members will be aware that the responsibility (and funding) for concessionary travel has transferred to SCC from April 2011, therefore the risk of future budget pressures in this area has been removed.

4.4 Conversely, there have also been significant underspends in a number of areas including:

- The staff pay award was 0% whereas the Council allowed for a modest increase when the budget was set. Overall the underspend from this saving is approximately £150,000.
- The allocation basis of support service and other recharged budgets has

been updated in line with the data that was used to set the 2011/12 budget. This has resulted in an overall benefit to the General Fund of approximately £200,000. This gain was identified as part of the year end recharges activity as information became available therefore managers were not in a position to report this sooner.

- NNDR costs on various council properties and car parks were collectively £70,000 below budget following revaluation.
- Various underspend in services due to slippage in spending and grant income received late in the year have also contributed to the underspend. This has been taken into account in the planned transfers to earmarked reserves to set aside the funding for 2011/12 or later years.

4.5 In areas of the budget below net expenditure on services, there are other major variances including:

- Interest costs and income were both favourable compared to the budgets, reflecting low interest rates generally and the prudent approach taken when setting the budget.
- A net reported overspend on transfers to/from earmarked reserves reflects the transfer of £706,000 of funds at the year end related to grant income and other service underspends that had not been budgeted for, marginally offset by higher than budgeted withdrawals to fund spending in the current year.
- Capital Credits - where charges for depreciation, impairment and other revenue expenditure funded from capital resources are reversed 'below the line' – are underspent compared to budget, reflecting the associated overspend within services as explained above.
- Revenue funding of the capital programme ("RCCO") exceeded the budget by £151,000 and this was offset using earmarked capital reserves so the impact on the 'bottom line' is nil.

4.6 The outturn position for the DLO and Deane Helpline are further explained later in this report.

4.7 A more detailed analysis and explanation of the key variances to budget is provided in Appendix B. This analysis also includes a comparison with the Q3 forecast, highlighting the main movements between the Q3 forecast and the outturn position.

4.8 A more detailed analysis of the treasury performance (investments and borrowing) has been provided in the Treasury Management Outturn 2010/11 and 2011/12 Update Information Report issued earlier this month.

5 General Fund – Reserves

5.1 The General Reserves balance at the start of the financial year was £1.564m. The 2010/11 final budget allowed for a planned contribution (a 'net surplus' on the revenue account) of £1.110m to the General Fund Reserve. This contribution takes into account

- Supplementary Estimates – taking funds from reserves and increasing the Budget
- Returns – transferring funds to reserves and reducing the Budget
- Repayment of Invest to Save Schemes in the Original Budget, which were

funded from reserves in previous years.

- 5.2 Supplementary Estimates and Returns that have been approved during the year are shown in the table below. This table also shows the impact of the VAT Windfall which was accrued at the year end following confirmation of the successful claim. A separate report is included on the agenda for this Executive which recommends this windfall is transferred to reserves, and the Budget Return is therefore included below on the assumption this is approved.

Table: General Fund Reserves

	Budget £'000	Actual £'000
Balance brought forward 1 April 2010	1,564	1,564
Original Budget (repayment of Invest to Save)	91	
Supplementary Estimates & Returns		
RCCO for parking equipment	(60)	
Redundancy costs	(28)	
Surplus earmarked reserves	189	
Waste service savings from Sort It Plus	250	
Repayment of ISIS Invest to Save	96	
VAT Windfall*	577	
	1,024	
Net Transfers to/from Other Funds	(5)	
Net Surplus (Deficit) Outturn for the Year	1,110	1,602
Balance carried forward 31 March 2011	2,674	3,166

- 5.3 As the table shows, the General Reserves balance has increased from £1.564m at the start of the year to £3.166m at 31 March 2011 (subject to audit). The Council's Budget Strategy suggests that the minimum balance should be £1.25m, therefore the above closing balance indicates that Council balances are well above this minimum. From a financial perspective, this is important in the context of the major financial challenges in the medium term.

Earmarked Reserves

- 5.4 The Council can also set aside funds for specific purposes to be used in future years. The General Fund Revenue Outturn includes a proposed net transfer from earmarked reserves in the year of £0.431m. Appendix C provides a more detailed breakdown of the earmarked reserves and their movement during the year, for both the General Fund and the Housing Revenue Account. The proposed balance carried forward to support spending in future years includes £6.594m for expenditure on services and £0.846m for capital commitments.
- 5.5 The following table provides a summary of the transfers during the year. For completeness, the table includes funds set aside for both general fund and HRA services to give the total amount of earmarked funds across all council services. The HRA outturn is included later in this report.

Earmarked Reserves	General Services £'000	Housing £'000	Total £'000
Balance brought forward 1 April 2010	7,289	1,538	8,827
Transfers from reserves to support expenditure on services	(1,225)	0	(1,225)
Transfers from reserves for financing of capital expenditure	(91)	(1,069)	(1,160)
Transfers to reserves for use in future years on services expenditure	870	113	983
Transfers to reserves for future financing of capital expenditure	15	0	15
Net Transfers During the Year	(431)	(956)	(1,387)
Proposed Balance 31 March 2011	6,858	582	7,440

- 5.6 As part of the financial year end process, officers have been asked to confirm the continuing requirement for which the funds were set aside, and provide a firm indication of the financial year(s) within which the reserves are expected to be used. As in previous years, the S151 Officer will be undertaking a further full review of earmarked reserves in the autumn.

6 General Fund – Capital

- 6.1 The General Fund Capital Programme for the year had a final budget of £7.030m. This included slippage from 2009/10, supplementary budgets and budget adjustments for externally-funded projects in 2010/11. The Council planned to support the majority of this investment through the use of Capital Grants and Contributions, Revenue Funding and Borrowing. The major areas of planned capital spend included: continued investment in Project Taunton; grant support for private and social sector housing, investment in play facilities in the borough and the Mercury Abatement Works to the Crematorium.
- 6.2 The following table provides the draft outturn figures for 2010/11, summarised by Portfolio. The table shows a total capital expenditure of £4.884m, which is 31% below the budget for the year. However, taking into account proposed budget carry forward for slippage of £2.179m on committed projects into 2011/12, the 'real' variance is a small overspend of £33,000 due to minor variances on four schemes.

Table: Capital Programme 2010/11 Provisional Outturn Summary

	Budget 2010/11 £'000	Actual 2010/11 £'000	Variance £'000
Corporate Resources	150	85	(65)
Economic Development	243	186	(57)
Environmental Services	1,195	147	(1,048)
Housing (Non-HRA)	1,860	1,079	(781)
Planning Policy & Transportation	60	37	(23)
Sports, Parks and Leisure	1,002	830	(172)
Project Taunton	2,520	2,520	0
Grand Total	7,030	4,884	(2,146)
Proposed Carry Forward for Slippage			2,179
Variance after Slippage			33

- 6.3 Corporate Resources is showing an underspend to budget. The main cause of this underspend is due to the delay of replacing the Deane House Boiler. This project has been put on hold and is awaiting the outcome of the Asset review. Depending on the outcome of this review this project should be completed in 2011/12 so it is proposed that this budget should be carried forward. There is also a managed underspend on the IT Improvements budget, and it is proposed that this budget is carried forward to support the ICT Infrastructure Project taking place in 2011/12.
- 6.4 There is an underspend showing against the Economic Development portfolio, mainly within the DLO vehicles acquisition budget, where it is proposed to carry forward the budget for investment in future years.
- 6.5 The underspend against Environmental Services is largely due to the Mercury Abatement project. As reported during the year, the majority of this work is now due to be completed in 2011/12 so it is therefore proposed this budget should be carried forward.
- 6.6 Appendix D provides the Capital Programme Provisional Outturn by Project, and also sets out the proposed carry forward of £2.179m capital budget approval to 2011/12 on a scheme by scheme basis.

7 Housing Revenue Account (HRA)

- 7.1 The Housing Revenue Account has been closed using estimated subsidy figures. Any adjustment made if required is likely to be immaterial as the annual subsidy payment to CLG for 2010/11 is £6.306m.
- 7.2 The HRA 2010/11 Outturn is an overspend variance of £0.758m (256% of total budget) as shown in the following table, and compared to a forecast overspend of £0.593m in the "Financial and Performance Monitoring – Quarter 3 2010/11" report to Executive in March 2011. A detailed analysis and explanation of the key variances to budget is provided in Appendix F.

	Final Budget £'000	Outturn £'000	Variance	
			£'000	%
Net cost of services	(1,547)	(978)	569	36.8
Other operating costs and income	578	784	206	35.4
Transfers to/from reserves	1,265	1,248	(17)	1.3
Totals	296	1,054	758	256.1

Variations in both income and expenditure are recorded in great detail across the cost centres which can be viewed in several different formats as each audience prefers. The main variations are summarised as follows.

Net cost of services

- A reduction in rent income £0.306m (15.2%) due to the rent lost on void properties and those which have been transferred to Housing Associations but were greater than estimated when the original budget was set.
- The negative subsidy payment to CLG was above budget by £0.693m. This was because the subsidy cost was under-estimated when the budget was set, relating largely to calculation of interest charged on loans, and a further charge on the final audited subsidy for 2009/10. These have been reported previously to Members. As mentioned above, the 2010/11 outturn is based on estimates of the final subsidy for the year, and any changes following the audit will be charged or credited in 2011/12.
- The variance of £0.395m relating to supporting people grant has arisen due to a 'double-counting' of the 2009/10 grant in the HRA (and taken to HRA working balances). This resulted in a 'duplication' of grant income reported in 2009/10, and the reversal results in the variance shown in 2010/11.
- Management costs are underspent by a total of £0.496m (11.5%). There has been underspend on staffing costs, training, utilities, insurance and large variances on general maintenance (e.g. underground drainage, outside lighting and lift repairs).
- There was a net underspend of £0.302m (4.6%) on maintenance mainly due (as in previous years) to slippage in soffits and fascia replacements but these were partly offset by an increase in re-lets and general maintenance work.

8 HRA Reserves

8.1 The following table summarises the movement in the HRA Working Balance in 2010/11:

Table: HRA Reserves balance

	Budget £'000	Actual £'000
Balance brought forward 1 April 2010	2,647	2,647
Net surplus/(deficit) outturn for the year	(296)	(1,054)
Balance carried forward 31 March 2011	2,351	1,593

8.2 As the table shows, the HRA working balance has decreased by £1.054m with the balance (subject to audit) standing at £1.593m at 31 March 2011 (approx

£265 per property). Despite the reduction in balances this is well above the minimum amount of approx £900,000 (approx £150 per property) recommended within the Council's Budget Strategy. Members may also wish to note that HRA properties are maintained over an 8-year cycle within the 30-year Business Plan, and so working balances held per property could change significantly year-on-year depending on the level of maintenance outstanding. In addition, with the planned move to self-financing a healthier working balance is advisable.

9 HRA Capital Programme

9.1 HRA capital expenditure for the year totalled £6.653m, which is £195k (3%) above the annual budget. The service has advised that as much of the work is demand-driven and also generally carried-out at times agreed with tenants, budget variances are inevitable. The investment during 2010/11 has enabled the Council to continue to improve the quality of kitchens, bathrooms, roofing and heating in its housing stock in order to maintain the Decent Homes standard. Other work included improving the facilities provided for tenants with mobility difficulties (through Aids and Adaptations and Disabled Facilities Grants), and completion of the Lindley House project. The following table provides a high level summary of the capital expenditure outturn for 2010/11.

Table: HRA Capital Programme 2010/11 Provisional Outturn Summary

Scheme Heading (summary)	Budget 2010/11 £'000	Outturn 2010/11 £'000	Variance 2010/11 £'000	Proposed C/Forward to 2011/12 £'000
Decent Homes	4,734	5,481	747	0
Other Works				
Lindley House	481	663	182	0
Housing Management System	95	24	(71)	0
Door Entry Systems	43	15	(28)	0
Aids and Adaptations	410	112	(298)	0
Sound Proofing	58	0	(58)	0
DDA Work	51	0	(51)	0
Asbestos Work	78	15	63	0
Community Alarms	89	5	(84)	0
Tenants Improvements	15	3	(12)	0
Disabled Facilities Grants (HRA Stock)	324	325	1	0
Communal TV Aerials	25	10	(15)	0
Other Schemes	55	0	(55)	0
Sub-total	1,724	1,172	(424)	0
GRAND TOTAL	6,458	6,653	195	0

9.2 The variances against the capital projects are predominantly due to the following factors:

- Decent Homes initiative works have to be scheduled around tenants' preferences and each property's availability for work to its roof, heating, kitchen and bathroom. Works exceeded the final budget by some £747,000

as more investment has been delivered than previously anticipated. This is included a significant amount of bathroom improvements.

- Lindley House budget requested by the service was below the eventual overall cost of the project, but the difference is fully funded from external grant.
- Housing Management System – budget allowed for system upgrades not required in full in 2010/11
- There was very low take-up of the ‘aids and adaptations’ scheme covering small works (ranging up to around £6,000 each)
- Soundproofing: work is mainly on duplex flats and therefore access can often be restricted, with no work undertaken in the current financial year
- DDA work: None required in the year
- Asbestos Work: The survey for asbestos work continues with remedial works completed in 2010/11. The majority of this work is now programmed to be delivered and funded from the 2011/12 budget
- Community Alarms: Budget allowed for investment in new equipment but actual requirement was less than anticipated when the budget was set
- Tenants Improvements is demand-driven by tenants themselves and so can vary considerably from budget.

9.3 The overspend on the 2010/11 HRA Capital Programme will be met from the HRA Capital Reserve.

10 DLO Trading Performance

10.1 Through the continued development of the internal transformation options for the DLO, and with additional investment in a review of financial reporting arrangements towards the end of the financial year, improvements in business processes and financial controls have been identified. The latter are in the process of being implemented, and an update on the internal transformation options is due to be reported to Scrutiny, Executive and Full Council in the near future.

10.2 For 2010/11, the Deane DLO reported an overall trading surplus of £74,895.

10.3 The DLO has made the budgeted contribution to the General Fund of £73,600, with the residual balance from the trading surplus transferring to the Trading Account Reserve.

10.4 The Trading Account Reserve balance has increased slightly from £0.569m brought forward to £0.570m as at 31 March 2011.

10.5 The following table provides a summary of the trading performance for each unit for the year, and shows the impact on the reserve balance. Information from the previous financial year is included for comparison.

Table: Deane DLO Outturn and Reserve Balance

	2009/10 £'000	2010/11 £'000
Reserve balance brought forward 1 April	(507)	(569)
<i>Trading Surplus (-)/ Deficit for the year:</i>		
Highways	9	17
Grounds Maintenance	(8)	72
Building Maintenance	(312)	(197)
Cleansing	(1)	33
Amounts to be allocated across the trading units for final outturn	(44)	0
Trading Surplus (-) / Deficit	(356)	(75)
Contribution to General Fund	186	74
Net Retained Surplus (-) / Deficit	(170)	(1)
Transfer to DLO Transformation Reserve	108	1
Reserve balance carried forward 31 March	(569)	(570)

Note: minus (-) reserve balance = surplus held

11 Deane Helpline

- 11.1 During the year the Deane Helpline made a net deficit of £120,000, which is an overspend of £98,000 against the final budget. This was higher than previously anticipated largely due to support service recharges being £22,305 (31.5 %) above the original budget. Support services were reviewed towards the end of the financial year and were not finalised and allocated to the account until the year end.
- 11.2 There are no funds held in the Deane Helpline Trading Account Reserve therefore the deficit falls to the General Fund. It should be noted that no in-year contribution to the General Fund was made.
- 11.3 The shortfall is due primarily to £79,000 (10.7%) of increased staffing costs; a shortfall of income £110,180 (13.4%); offset by not making a contribution to the General Fund (£80,000) and use of staffing contingency budget (£42,000).
- 11.4 The staff costs were driven by the need to cover high levels of sickness and other long term absences in order to maintain the service.
- 11.5 The income shortfall was due to: the budget assumed income of £50,000 from the Yarlinton contract, which did not materialise; all debts have been reviewed resulting in credits and write offs of £27,000 being raised; and accounting treatment of prepayments has been updated to more accurately reflect the income position in the correct year giving a shortfall of £37,000 in 2010/11.
- 11.6 Within the financial year a robust database of contracts has been established making reconciliations and monitoring between SAP and PNC (Deane Helpline's contract database) on a quarterly basis more straightforward.

12 Efficiency and Value for Money Gains (NI179)

- 12.1 At the time of submitting this report officers are continuing to finalise the outturn Value for Money gains. A verbal update will be provided at the meeting.

13 Legal Comments

13.1 None for the purpose of this report.

14 Links to Corporate Aims

14.1 The financial performance of the Council underpins the delivery of corporate priorities and therefore all Corporate Aims.

15 Environmental Implications

15.1 None for the purpose of this report.

16 Community Safety Implications

16.1 None for the purposes of this report.

17 Equalities Impact

17.1 Not required for the purposes of this report.

18 Risk Management

18.1 Financial controls are operated throughout the year to manage financial risks, which are subject to review through internal and external audit, as well as through reporting to the Corporate Governance Committee

19 Partnership Implications

19.1 The Council is supported in its management of the financial position through financial services delivered by Southwest One.

20 Recommendations

20.1 The Executive are recommended to:

- a) Recommend that Full Council transfer the net underspend on the General Fund Revenue Account to General Fund Reserves, and transfer the net overspend on the Housing Revenue Account to HRA Working Balance Reserves.
- b) Recommend that Full Council approves the net transfer of £431,000 from earmarked reserves for use on General Fund services and capital financing, and £956,000 from earmarked reserves for use on HRA services and capital financing, as set out in the report and in Appendix C.
- c) Recommend that Full Council approves the Carry Forward of General Fund Capital Programme Budget totalling £2.179m for slippage into 2011/12 as set out in Appendix D.

Appendices:

A – General Fund Revenue Account 2010/11 Outturn Statement

B – General Fund Revenue Account Variances

C – Earmarked Reserves 2010/11

D – General Fund Capital Programme 2010/11 Outturn Statement

E – Housing Revenue Account 2010/11 Outturn Statement

F – Housing Revenue Account Variances

G – HRA Capital Programme 2010/11 Outturn Statement

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Background Papers:

- Executive February 2010, Budget Setting 2010/11
- Executive 16 March 2011, Financial and Performance Monitoring - Quarter Three 2010/11

APPENDIX A

GENERAL FUND REVENUE OUTTURN 2010/11

Actual 2009/10 £	Portfolio	Original Budget 2010/11 £	Final Budget 2010/11 £	Actual Expenditure 2010/11 £	Variance £
144,629	Communications & Community Leadership	1,028,110	1,336,793	1,309,345	(27,448)
1,120,382	Corporate Resources	1,570,370	1,677,470	790,157	(887,313)
1,331,786	Economic Dev. Property & Tourism	1,085,750	1,124,820	3,497,673	2,372,853
4,788,969	Environmental Services	4,659,790	3,912,870	4,112,824	199,954
1,522,350	General Services	1,164,230	1,445,760	1,673,209	227,449
2,219,555	Housing Services	2,486,620	2,748,007	2,325,719	(422,288)
437,313	Planning Policy & Transportation	796,930	675,240	1,346,580	671,340
2,911,653	Sports, Parks & Leisure	2,751,530	2,718,870	2,953,568	234,698
14,218,197	Total Service Expenditure	15,543,330	15,639,830	18,009,074	2,369,244
(1,535,320)	Capital Charges Credit	(1,930,000)	(1,930,000)	(5,616,411)	(3,686,411)
217,663	Interest Payable on Loans	226,430	226,430	190,952	(35,478)
Included above	Soft Loan	0	0	169	169
364,408	Minimum Revenue Provision	342,500	342,500	344,596	2,096
(197,134)	Interest Income	(69,000)	(69,000)	(82,576)	(13,576)
(370,716)	VAT Interest Income (Exceptional item)		(253,840)	(253,843)	(3)
	VAT Repayment (exceptional Item)		(323,520)	(323,521)	1
	DLO Trading Account Contrib to GF	(73,600)	(73,600)	(73,600)	0
(355,536)	DLO Trading (Surplus)/Deficit	0	5,410	5,410	0
	Deane Helpline Contribution to GF	(80,000)	(80,000)	0	80,000
102,504	Deane Helpline (Surplus)/Deficit	0	22,010	120,086	98,076
855,757	Net Earmarked Reserves Transfers	0	(985,280)	(430,778)	554,502
493,155	Revenue funding of capital expenditure	0	448,430	599,084	150,654
Included above	Area Based Grant	0	(28,820)	(40,175)	(11,355)
13,792,978	Authority Expenditure	13,959,660	12,940,550	12,448,469	(492,081)
30,620	Special Expenses	47,050	47,050	47,050	0
13,823,598	Borough Expenditure	14,006,710	12,986,600	12,495,519	(492,081)
402,703	Parish Precepts	421,940	421,940	421,944	(4)
14,226,301	Budget Requirement	14,428,650	13,409,540	12,917,463	(492,085)
(6,935,368)	Contribution from NNDR Pool	(7,615,394)	(7,615,394)	(7,615,394)	0
(1,600,772)	Revenue Support Grant	(1,105,826)	(1,105,826)	(1,105,826)	0
81,600	Surplus on Collection Fund: Council Tax	130,210	130,210	130,210	0
(5,761,663)	Council Tax	(5,928,460)	(5,928,460)	(5,928,664)	(204)
10,098	Contribution (to)/from General Fund Balances	(90,820)	(1,109,930)	(1,602,211)	(492,289)

GENERAL FUND RESERVE BALANCE 2010/11

Actual 2009/10 £		Original Budget 2010/11 £	Final Budget 2010/11 £	Actual Expenditure 2010/11 £
1,574,008	Balance b/f 1 April	1,563,910	1,563,910	1,563,910
155,750	Original Budget (includes repayment of previous invest to save)	90,820	90,820	90,820
(174,350)	Supplementary Estimates Agreed	0	(88,000)	(88,000)
	Returns Agreed		534,770	534,770
	Return - VAT Windfall (subject to approval)		577,360	577,360
	Other budget adjustments		(5,020)	(5,020)
(18,600)	Budgeted Net Contribution to/(from) General Fund Revenue Account	90,820	1,109,930	1,109,930
8,502	Net Underspend (Overspend) for the Year	0	0	492,289
(10,098)	Net Movement in Reserves	90,820	0	1,602,219
1,563,910	Balance c/f at 31 March	1,654,730	2,673,840	3,166,128

APPENDIX B

EXPLANATION OF GENERAL FUND REVENUE 2010/11 OUTTURN VARIANCES

Budget Area	Explanation	2010/11 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
<i>Expenditure on Services</i>				
Communications & Community Leadership				
Community Leadership	There are a range of minor variances across various cost centres.	(28)	0	(28)
Corporate Resources				
NNDR	The NNDR on the TDBC assets is underspent due to refunds from previous year re valuations	(60)	(60)	0
Rent Rebates/Rent Allowances	Over recovery of income compared to the amount assessed by Government in the Housing Benefit subsidy	(183)	0	(183)
Local Land Charges	In year land charges income higher than anticipated in the budget (£20k); and Government Grant for possible claims for refunds of personal search fees (£35k). The latter has been transferred to earmarked reserves to provide for any claims not yet made.	(55)	0	(55)
SWOne Contracts	Underspend on SWOne Contract budget due to lower secondee costs due to 0% pay award and for Service Credits recovered. A similar amount has been transferred to earmarked reserves to provide funds for professional advice linked to the contract in future years.	(144)	0	(144)
Economic Development				
Project Taunton	Capital Charges not budgeted for, including significant revaluation and impairment losses on assets purchased and then demolished e.g. for the Firepool development site.	2,607	0	2,607
Project Taunton	Slippage of project costs to be funded by Eco Towns Grant income, which is being transferred to earmarked reserves for carry forward to 2011/12.	(105)	0	(105)
TIC	Overspend on salary as Saturday working not budgeted for in CCR, and overspend on purchases for resale	30	0	30
Economic Development	Underspend on staffing costs due to vacant post	(75)	0	(75)
Environmental Services				
Cemeteries and Crematoria	The costs of operating the service has exceeded budget by £119k mainly due to the cost of maintenance to the cremators and grounds, offset by staff savings through restructuring.	84	(20)	104

Budget Area	Explanation	2010/11 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
Licensing	Increase in funeral costs to be met by TDBC (£18k). Impact of irrecoverable income (£27k)	45	35	10
Housing Services				
Youth Homelessness Fund	Grant received at year end for work to be done County wide in 2011/12. This amount has been transferred to Earmarked Reserves.	(75)	0	(75)
Homelessness	Higher than expected income on Private Sector Leased properties (£17k); increased Government Grant (£21k) for Rough Sleeper Coordinator; Bed and Breakfast cost lower than anticipated	(145)	0	(145)
Contribution to HRA re shared services	The Contribution to the HRA was reduced this year as the costs of the grounds maintenance of housing estates were down.	(47)	0	(47)
Planning, Policy & Transportation				
Concessionary Fares	Concessionary fares is overspent due to customer demand.	99	0	99
Parking	Car parking income (on street and off street combined) demand has fallen below budgeted expectations. This has been affected in part by the severe winter weather conditions, VAT increase, and reduced usage.	336	105	231
Building Control	Income is £59k below budget due to reduced activity in the building sector linked to the overall economic downturn.	59	90	(31)
Sports, Parks and Leisure				
Vivary Park	Charges for Ground Maintenance have increased in year	49	0	49
Various				
Pay Award – All Services	Across the General Fund, excluding those reported above, the savings on salaries due to 0% pay rise and vacancy factors	(150)	(150)	0
Support Service Recharges	The allocation basis of support service and other recharged budgets has been updated in line with the data that was used to set the 2011/12 budget.	(150)	0	(150)
Other minor variances across services in total		276	(54)	330
Subtotal – Total Service Expenditure Net Variance		2,368	(54)	2422
Other Costs and Income				
Capital charges credit	Affected by the capital programme spend and revaluation/impairment losses in the same way as the capital charges within the Net Cost of Services.	(3,686)	0	(3,686)

Budget Area	Explanation	2010/11 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
Interest payable	Interest paid on loans has been charged at a consolidated interest rate of 3.13%, reflecting market movements during the year.	(35)	0	(35)
Interest Income	Interest received has exceeded expectations	(14)	20	(34)
DLO Trading Account	Trading Account surplus of £75k is offset to zero as balance transferred to the Trading Account Reserve	0	0	0
Deane Helpline Trading Account	The trading account deficit is due to ongoing staff cover costs and shortfall in income, offset by use of contingency and withholding payment to General Fund in the year.	98	79	19
Deane Helpline Contribution to GF	The Deane Helpline did not return a surplus on the Trading Account therefore is unable to make this contribution.	80	80	0
Transfers to Earmarked Reserves	Covering a range – LABGI (Business Growth Incentive), HPDG (Housing Planning Delivery Grant), Core Council review costs, etc (see Appendix C)	555	0	555
Revenue funding of capital expenditure	The cost of new assets – vehicles, play equipment, ICT, etc – not funded by grants or borrowing.	151	15	136
Other	Other minor variances	(9)	(30)	21
Subtotal Authority Expenditure Net Variance		(2,860)	164	(3,024)
Grand Total – General Fund Revenue Net Variance		(492)	110	(602)

APPENDIX C

MOVEMENT ON EARMARKED RESERVES 2010/11

Reserve Heading	Balance 1 April 2010 £'000	Transfers To reserves £'000	Transfers From reserves £'000	Balance 31 March 2011 £'000
<i>For General Fund revenue purposes</i>				
Asset Management - Leisure	624	30	(22)	632
Asset Management - General	95	49	0	144
Core Council Review	306	4	(85)	225
Core Council Review - DLO	142	113	(33)	222
Corporate Training	83	0	0	83
DLO Trading Account Reserve	569	2	0	571
Growth Point Funding	179	0	0	179
Home Improvement Agency	192	0	0	192
Housing Enabling	783	0	(184)	599
Self Insurance Fund	750	0	0	750
LABGI Grant Funding	423	0	0	423
Local Plan Enquiry General Provisions	296	32	(18)	311
Planning Delivery Grant Funding	793	35	(355)	474
Other reserves	1,210	720	(528)	1,400
Sub-total	6,445	985	(1,225)	6,205
<i>For General Fund capital financing purposes</i>				
DLO Vehicle Replacement Reserve	6	0	0	6
Capital Financing Reserve - General Fund Projects	838	15	(91)	762
Sub-total	844	15	(91)	768
<i>For HRA revenue purposes</i>				
HRA Heating Reserve	390	0	0	390
Sub-total	390	0	0	390
<i>For HRA capital financing purposes</i>				
Capital Financing Reserve - HRA Projects	1,148	0	(1,069)	79
Sub-total	1,148	0	(1,069)	79
GRAND TOTAL	8,827	1,000	(2,385)	7,442

APPENDIX D

GENERAL FUND CAPITAL PROGRAMME 2010/11 OUTTURN

Scheme Heading	Budget 2010/11 £'000	Outturn 2010/11 £'000	Variance 2010/11 £'000	Proposed C/Forward to 2011/12 £'000
<i>Corporate Resources</i>				
IT Improvements	95	85	(10)	10
<u>Deane House Boiler Replacement</u>	55	0	(55)	55
Sub-total	150	85	(65)	65
<i>Economic Development & Arts</i>				
Vehicle Acquisitions	183	131	(52)	52
Firepool Weir	60	50	(10)	10
Mount St Nursery	0	5	5	0
Sub-total	243	186	(57)	62
<i>Environmental Services</i>				
Taunton/Bridgwater Canal	10	10	0	0
Neroche Project	0	14	14	0
Mercury Abatement Works (Extension and Filters)	1,085	24	(1,061)	1,061
Crematorium Music System	10	15	5	0
Waste Initiative	90	75	(15)	15
Wellington Cemetery Store	0	9	9	0
Sub-total	1,195	147	(1,048)	1,076
<i>Housing</i>				
Disabled Facilities Grants - Private Sector	454	204	(250)	250
Private Sector Renewal Grants	335	270	(65)	65
Grants to RSLs	1,071	605	(466)	466
Sub-total	1,860	1,079	(781)	781
<i>Planning Policy and Transportation</i>				
Parking Strategy - Payment Equipment	10	8	(2)	2
Replacement Parking Equipment New Coins	50	29	(21)	21
Sub-total	60	37	(23)	23
<i>Sports, Parks and Leisure</i>				
Play Equipment – Lyngford	96	69	(27)	27
Play Area - Oake	48	49	1	0
West Monkton (SCC)	29	29	0	0
Play Area - Hamilton Gault	43	56	13	0
Play Area - Baldwin Road	24	25	1	0
Play Area - Vivary Park	87	101	14	0
Wheelspark - Hamilton Gault	83	57	(26)	26
Play Area - Greenway Recreation	6	6	0	0
Fitzhead Tythe Barn	0	7	7	0
Nynehead Village Hall	0	7	7	0

Scheme Heading	Budget 2010/11 £'000	Outturn 2010/11 £'000	Variance 2010/11 £'000	Proposed C/Forward to 2011/12 £'000
Neroche Parish Hall	0	10	10	0
Play Equipment - Grants to Clubs	179	60	(119)	67
Play Equipment - Grants to Parishes	98	65	(33)	0
Play Equipment Replacement	20	46	26	0
Play Area - Taunton Green	178	184	6	0
Play Area - Greenway	69	17	(52)	52
The Popham Hall	10	10	0	0
Langford Budville Village Hall	16	16	0	0
Play Area - Cotford St Luke	16	16	0	0
Sub-total	1,002	830	(172)	172
<i>Project Taunton</i>				
Firepool	396	396	0	0
Castle Green	261	261	0	0
Long Run Farm	462	462	0	0
Somerset Square	28	28	0	0
High St Retail Project	52	52	0	0
Northern Inner Distributor Road	818	818	0	0
Urban Initiatives	469	469	0	0
Coal Orchard	6	6	0	0
Charging Points	21	21	0	0
Goodlands Gardens	3	3	0	0
High Street	4	4	0	0
Sub-total	2,520	2,520	0	0
GRAND TOTAL	7,030	4,884	(2,146)	2,179

APPENDIX E

HOUSING REVENUE ACCOUNT OUTTURN 2010/11

	Original Budget 2010/11 £	Final Budget 2010/11 £	Actual 2010/11 £	Variance 2010/11 £
Income				
Dwelling Rents	(20,122,560)	(20,122,560)	(19,816,792)	305,768
Non Dwelling Rents	(506,700)	(506,700)	(481,335)	25,365
Charges for Services/Facilities	(476,860)	(476,980)	(462,323)	16,277
Contribution towards expenditure on estates	(257,540)	(257,540)	(246,516)	11,024
Supporting People	(405,070)	(405,070)	(9,8480)	395,222
Government Subsidy	5,613,320	5,613,320	6,305,923	692,603
Subsidy-Housing Defects Act	-	-	-	-
Total Income	16,155,410	16,155,530	14,710,891	1,444,639
Expenditure				
Management General	4,378,480	4,314,810	3,819,282	(495,528)
Maintenance	7,013,120	6,428,120	6,127,059	(301,061)
Capital Charges – depreciation	3,784,620	3,784,620	3,785,000	380
Provision for Bad Debt	50,000	50,000	844	(49,156)
Debt Management expenses	30,160	30,160	905	(29,255)
Total Expenditure	15,256,380	14,607,710	13,733,089	(874,621)
Net Cost of Services	(899,030)	(1,547,820)	(977,801)	570,019
Other operating costs and income				
CDC Costs			172,510	172,510
Loan Charges – interest	498,570	498,570	452,327	(46,243)
Interest Receivable	(111,470)	(111,470)	(32,630)	78,840
Net Operating Expenditure	(511,930)	(1,160,720)	(385,594)	775,126
Appropriations				
Transfer to Earmarked Reserve	130,000	130,000	113,000	(17,000)
Transfer from HRA Capital reserve		(1,069,070)	(1,069,070)	-
Transfer to GF Procurement Savings		391,380	391,380	-
Transfer from GF to Repay ISIS Project Invest to Save	(200,000)	(200,000)	(200,000)	-
Revenue Contributions to Capital	735,380	2,204,450	2,204,447	3
(Surplus)/Deficit	153,450	296,040	1,054,162	758,122

Working Balance

Balance brought forward 1 April 2010	2,646,570	2,646,570	2,646,570
Net Surplus/(Deficit) in Year	(153,450)	(296,040)	(1,054,162)
Balance carried forward 31 March 2011	2,493,120	2,350,530	1,592,408

APPENDIX F

EXPLANATION OF HOUSING REVENUE ACCOUNT 2010/11 OUTTURN VARIANCES

Budget Area	Explanation	2010/11 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
Expenditure on Services				
Income	Rent The total rent for the year analysed at year-end across dwellings and non-dwellings charges for services has varied by 15.2%, due to voids during the year being substantially higher than budgeted and the impact of demolitions at Holyoake Street and Parmin Close.	306	200	106
	Non Dwelling Rent Shops income is below budget reflecting irrecoverable income identified in the review of previous years' debts.	25	0	25
	Supporting People The Government grant for 'supporting people' was duplicated in 2009/10 at Outturn. The grant is intended to fund charges to tenants who are eligible to receive support, thereby reducing the debt to the tenant on the Rent Debtors Account. As this did not occur there has been a write back in 2010/11.	395	100	295
	Government Subsidy The amount owed to CLG is based on a formula the amount owed varies through out the year due to changes in interest rates on loans outstanding. At present this figure is a draft figure as the final return will not be audited until December 2011.	692	744	(52)
	Minor Variances	27	0	27
	Sub-total - income	1445	1044	401
Expenditure	Management General Salaries Across the HRA the savings on salaries due to 0% pay rise and vacancy factors.	(124)	(53)	(71)
	Training A planned saving has been made across the service.	(77)	(21)	(56)
	Utilities The 2010/11 budget was over-estimated based on historical assumptions.	(131)	0	(131)

Budget Area	Explanation	2010/11 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
	Insurance Mainly due to procurement savings through renewal/review of insurance contracts.	(46)	0	(46)
	Rent Accounting and Collection Underspends have been identified on advertising, bank charges, stationery and repairs contracts.	(59)	0	(59)
	Other General Management Charges Overall there is an underspend within this cost centre relating lower general maintenance costs than allowed for within the budget e.g. lift repairs at Kilkenny, underground drainage and outside lighting.	(249)	(8)	(241)
	Tenant Empowerment Underspend on training.	(14)	0	(14)
	Support Service Recharge A review was undertaken following the Core Council Review which led to an increase in support services being recharged to the HRA.	200	200	0
	Maintenance (Responsive and Planned Maintenance of Dwellings) There was slippage in asbestos works, fascias and soffits replacement but this was offset with and overspend within general maintenance and re-let and void work during the year.	(269)	(1,000)	731
	Provision for bad debts. The provision was reduced as a review of debtors was carried out which resulted in many old debts being written off.	(49)	0	(49)
	Other variances	(57)	0	(57)
	<i>Sub-total - expenditure</i>	(875)	(882)	7
	<i>Subtotal – Variance on Net Cost of HRA Services</i>	570	162	408
	<i>Other Operating Costs</i>			
	Corporate and Democratic Costs	172	0	172
	Interest payable (Capital financing) at 3.13%	(46)	0	(46)
	Interest Income (at 0.93%)	79	31	48
	Transfers to earmarked reserves	(17)	0	(17)
	Revenue Contribution to Capital	0	400	(400)
	<i>Subtotal – Other Operating Costs Net Variance</i>	188	431	(243)
	<i>Grand Total – Housing Revenue Account Net Variance</i>	758	593	165

APPENDIX G

HOUSING REVENUE ACCOUNT 2010/11 CAPITAL PROGRAMME OUTTURN

Scheme Heading	Budget 2010/11 £'000	Outturn 2010/11 £'000	Variance 2010/11 £'000
<i>Decent Homes</i>			
Kitchen Improvements	4,734	3874	747
Roofing		780	
Windows		690	
Heating Improvements		137	
Sub-total	4,734	5,481	747
<i>Other Works</i>			
Lindley House	481	664	183
Disabled Facilities Grants (HRA Stock)	324	324	0
Aids and Adaptations	410	112	(298)
Asbestos Works	78	15	(63)
Community Alarm Systems	89	5	(84)
Soundproofing	58	0	(58)
Door Entry Systems	43	15	(28)
DDA Work	51	0	(51)
Communal TV Aerials	25	10	(15)
Choice based lettings system	18	0	(18)
Roland Close/Sneddon Grove renovation works	17	0	(17)
Integrated Housing Management System	95	24	(71)
Cash Incentive Scheme	20	0	(20)
Tenants Improvements	15	3	(12)
Sub-total	1,724	1,172	(552)
GRAND TOTAL	6,458	6,653	195

There are no proposed Budget Carry Forwards to 2011/12.