

# Taunton Deane Borough Council

Executive – 11 July 2012

## Financial Outturn 2011/12

### Report of the Financial Services Manager (Southwest One)

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

#### 1. Executive Summary

This report contains information related to the Council's financial performance for 2011/12 financial year. The outturn figures included are provisional subject to external audit review; the findings of which are to be reported to Corporate Governance Committee in September this year.

#### **General Fund**

The 2011/12 Provisional General Fund Revenue Outturn is a £0.535m (4.4% of Net Budget) underspend against the Final Budget for the year. This report explains the salient factors leading to this position. A Budget Carry Forward of £0.086m is requested, to be funded by this underspend.

The General Fund Reserves balance as at 31 March 2012 stands at £3.337m. This would reduce to £3.251m following approval of the proposed budget carry forward to 2012/13. This is above the minimum reserves expectation within the Council's Budget Strategy, and provides sound financial resilience in view of the continuing financial pressures faced by the Council over the medium term.

The 2011/12 General Fund Capital Programme expenditure for the year amounted to £4.331m, which is £4.222m (49%) below the budget for the year. The total slippage of planned project expenditure into 2012/13 is £4.534m (53%) and a budget carry forward is recommended for the related schemes. After deducting the proposed carry forward, there is a technical overspend of £0.312m on completed projects which is largely due to grant-funded expenditure on play equipment projects that was not reflected in the budget. This does not impact on the Council's own finances.

#### **Housing Revenue Account (HRA)**

The 2011/12 Provisional Housing Revenue Outturn is a £0.086m underspend (0.4% of gross income) against the Final Budget for the year. This report explains the salient factors leading to this position. HRA Reserves balance as at 31 March 2012 stands at £1.355m, which is above the minimum level set within the 2011/12 Budget Strategy.

Members are aware that the HRA is 'self-financing' with effect from 2012/13, however as the related settlement debt of £85.198m was undertaken in March 2012 the expenditure is recognised in the outturn for 2011/12. This cost therefore

appears as a major line of expenditure on the face of the HRA revenue account. However this item is treated as capital expenditure under regulations and the impact on the revenue outturn is neutralised by a transfer from the Capital Adjustment Account. Although these sums are huge they 'net off' and therefore do not affect the HRA revenue reserves position.

The 2011/12 **HRA Capital Programme** expenditure for the year amounted to £4.132m, which is £0.168m (3.9%) below budget for the year. The expenditure relates largely to the Council's continued investment in maintaining Decent Homes standards. There is no request to carry forward the reported underspend.

## **2. Purpose**

- 2.1 This report informs Members of the Council's financial outturn for revenue and capital expenditure for the General Fund, Housing Revenue Account and trading services for 2011/12.
- 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. It is also vital that the Council maintains strong financial management and control in the face of ongoing and unprecedented financial pressures as funding for council services is squeezed and the community served continues to face up to effects of the economic downturn.
- 2.3 The outturn position reported for the HRA and GF contains some estimated figures for government subsidies on housing and council tax benefit. These are based on unaudited claims, and it is possible that final figures post-audit could change. Should the final figures differ significantly from those used in this report 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 outturn figures contained in this report are provisional at this stage. The financial outturn will be taken into account when preparing the Council's Statement of Accounts, which is due to be approved by the Strategic Director/S151 Officer on 29 June 2012, and is then subject to review by the External Auditor. Should the External Auditor identify any changes to the Accounts these will be reported to Corporate Governance Committee in September this year.

## **3 2011/12 Financial Performance**

- 3.1 Members have been presented with regular financial monitoring information, with quarterly performance reports submitted to Corporate Scrutiny and the Executive during the year. The reports provided members with: forecast outturn position and the likely impact on reserves; explanations for the forecast variances to budget; and links to operational performance.
- 3.2 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 Government's approach to tackling the national debt and the resulting impact of reduced funding for local authorities. The impact for this Council's budget included a 13.2% cut in general government funding for General Fund services.
- The Council has prepared for the move to Self Financing for the Housing Revenue Account, and has had to take on debt of some £85m in March 2012 to 'buy out' of the national Housing Subsidy system.
- The Council has implemented restructuring as agreed for the 2011/12 budget, and has also undertaken further restructuring in March of this year to respond to further financial reductions in 2012/13. The 2011/12 outturn reflects the related redundancy costs for this restructuring, which have been funded from a combination of General Fund, HRA and Earmarked reserves.

3.3 For a large part of the year, budget managers have been forecasting a net overspend on General Fund services. At the first quarter a major overspend was projected at £0.8m – largely due to declining income in relation to parking, planning, building control and licensing – and action was taken to reduce spending during the year to mitigate this financial pressure. The projected overspend was therefore reduced to £0.313m by the third quarter. The projections on parking income have proven to be reasonably accurate in the outturn, however continued spending control, together with better than expected performance on some other income lines, have helped to arrive at a net underspend of £0.535m (4.2%) being reported for the year. This is explained further in section 4 below and within the appendices A and B.

3.4 The Housing Revenue Account (HRA) is reporting a small surplus of £0.86m (0.3% of gross expenditure) for the year. The Q3 forecast was for a small overspend of £0.023m, which reflected the cost control measures introduced in light of the risk of an overspend projected earlier in the year.

3.5 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. The underspend on the General Fund Revenue Account means that general reserves have increased (see section 5 of this report). The S151 Officer is due to review the minimum level of reserves in the context of the transfer of risk from central to local government under localism, and the ongoing uncertainty over government funding levels, and it is feasible that this will lead to a recommendation to increase minimum reserves.

## **4 General Fund – Revenue**

4.1 The General Fund (GF) Revenue Account Outturn for 2011/12 is an underspend of £0.535m (4.4% of Net Budget).

4.2 The following table provides a high-level summary of the outturn position. The final budget included a planned transfer from general fund reserves of £0.135m. The underspend for the year therefore results in a net "surplus" of £0.400m on the General Fund Revenue Account, as summarised in the following table.

	Final Budget £k	Outturn £k	Variance £k %	
Net expenditure on services	12,879	14,210	1,331	10%
Other costs, income and transfers	(734)	(2,599)	(1,865)	254%
Net Budget Before Funding	12,145	11,611	(534)	4.4%
Funding - Grants and local taxation	(12,010)	(12,011)	(1)	0%
<b>Net (Surplus) Deficit for the year</b>	<b>135</b>	<b>(400)</b>	<b>(535)</b>	
<b>Transfer to (from) GF Reserves</b>	<b>(135)</b>	<b>400</b>	<b>535</b>	

4.3 A detailed statement of the revenue outturn position is provided in Appendix A.

4.4 As referred above the forecast outturn at Q3 was an overspend of £313k. Clearly the year end position has changed to an underspend of £535k, a difference of £848k. The projections reported to Members at Q3 have materialised in the majority of areas. For example, as expected parking income has fallen significantly below budget. The following table provides a summary of the main service/budget lines where the outturn has differed from the Q3 forecast.

	Movement £k	Variance £k	% of Budget
<b>Q3 Forecast Overspend</b>		<b>313</b>	
<b>Changes to Q3 Variances</b>			
Parking Income	54		2%
Staff costs	46		0.5%
Cemeteries and Crematorium	19		3%
Council Tax Benefit Subsidy / Recoupment	(147)		167%
Net Interest Costs	(61)		39%
Licensing Income	(37)		12%
Building Control overspend reduced	(19)		15%
Planning	(19)		3%
Rent Allowances	(14)		<0.1%
<b>Subtotal</b>		<b>(178)</b>	
<b>New Information</b>			
Homelessness	(124)		30%
Bad Debt Allowance	(223)		100%
Repayment of Capital borrowing ("MRP")	(40)		6%
Economic Development (carry forward requested)	(33)		11%
Various other net underspends within services	(250)		
<b>Subtotal</b>		<b>(670)</b>	
<b>Year End Outturn Variance</b>		<b>(535)</b>	

4.5 A proportion of the movement between Q3 and outturn is represented by differences with previously reported items:

- **Parking Income and Service Costs:** As reported throughout the year, car parking income (on street and off street combined) has fallen below budgeted expectations. The outturn resulted in an income shortfall of £584k (£530k shortfall projected at Q3). There are many factors that influence demand in this area including greater use of Park & Ride, rising costs of motoring, driver choice, and the impact of the wider economic downturn. The Council's traffic management and environmental policies to reduce journeys and encourage use of public transport have been effective. The majority of the reduction

income has been seen in 'commuter' car parks. With fewer numbers of vehicles in car parks the number of contraventions and therefore penalty charges has fallen. The number of these issued has also been affected by the reduction in enforcement staff. Parking budgets overall is overspent by a net £547k reflecting other minor variances partially offsetting the income shortfall.

- **Staff costs:** Across the range of service budgets, the staff costs are underspent by £58k (Q3 forecast was £104k underspend). As previously reported, this reflects the fact that there was a zero pay award for staff, with vacancy savings being offset by the vacancy allowance built into the budget. The reduction in the underspend is largely due to a proportion of staff costs being met from the annual budget rather than from earmarked reserves as previously forecast.
- **Cemeteries and Crematorium:** The service reported an overspend of £118k for the year (£99k forecast at Q3). This has resulted predominantly from reduced income with lower than budgeted number of cremations, and higher than budgeted maintenance costs for the cremators partly due to the delay with the cremator replacement project (see section 6 below).
- **Council Tax Benefits (CTB):** The Original Budget for CTB and Subsidy allowed for a net subsidy 'surplus' of £55k related to recoupment of overpaid subsidy. The Q3 forecast was a £55k overspend, however the outturn (based on pre-audit subsidy) is a surplus/underspend of £92k. The initial forecast was based on the budget holders best estimates at the time, and it is recognised that this is a demand-led budget that can produce volatile financial results.
- **Net Interest Costs:** The net position on interest is an underspend against budget of £103k (compared to Q3 forecast of £42k underspend). The main reason for the difference between Q3 and year end is the projected sharing of interest income between the General Fund and HRA. The forecast method will be reviewed and updated for 2012/13 to ensure a more accurate forecast is provided during the year. The overall underspend reflects ongoing low interest rates generally and the prudent approach taken when setting the budget.
- **Licensing:** Licensing income has been projected below budget for most of the year, and the service have delivered cost reductions to reflect the decline in demand with the Q3 forecast showing a net overspend of £11k. Income collection has been more successful than anticipated earlier in the year, with the service reporting an net underspend of £26k on controllable budgets.
- **Building Control:** The service has reported a decline in income throughout the year, reflecting the ongoing impact of recession in the construction industry. Measures to reduce costs in the face of this fall in income have helped to reduce the impact, and income picked up slightly towards the end of the year. The net outturn for the service as a whole is an overspend of £113k (£132k forecast at Q3).
- **Planning:** Despite concerns over the income trend early in the financial year, the Planning service reported a small projected underspend of £10k in Q3. The outturn was in line with Q3 on controllable budgets, with a reduction in recharges increasing the underspend to £29k at the year end.
- **Rent Allowances:** The net underspend on Rent Allowances for the year is £244k, a slight increase on the £230k forecast at Q3. Although the year end variance amount is significant in value it represents a very small percentage difference compared to budget (gross Rent Allowances paid are in excess of

£17m for the year).

4.6 In addition, there are new variances being reported that have been identified as part of the year end outturn analysis:

- **Homelessness:** Across the range of homelessness budgets there is a significant underspend being reported at the end of the financial year; the net underspend is £124k. The Council's work to prevent homelessness and provide cost effective temporary accommodation solutions has helped to contain costs e.g. bed & breakfast costs are below budget. In addition, the cost of providing for the Housing Options Bond Guarantee Scheme has reduced and the allowance for bad debts has also reduced in the year.
- **Bad debt allowances:** Across the range of income-generating service budgets, there has been a reduction in the allowance for bad debts of £223k. This reflects the significant reduction in outstanding debtors in March 2012 compared to the previous year, due to a combination of focussed debt collection activity and write-off of irrecoverable debt. The reduction in the allowance for bad debt helps to offset the impact of debt write-off in the year. The Performance & Client Lead will provide a detailed report to Corporate Governance Committee on 26 June 2012, which will demonstrate how the overall debtors balance has reduced.
- **Repayment of Capital Debt ("MRP"):** The budget for capital debt repayment included provision for repaying debt related to the Cremator Replacement capital project. As this project has been delayed (see section 6 below), the related borrowing has yet to be undertaken resulting in a £40k underspend in the current year.
- **Economic Development:** The service has delivered an underspend of £33k on controllable budget lines through reduced staff, publicity and promotion costs, in response to the overspend being reported corporately. See 4.7 below.
- **Various Service underspends:** In response to the overspend being reported corporately, managers have managed to reduce controllable spend across various service budgets. This has resulted in a number of relatively smaller underspends across a range of services.

4.7 In view of the overspend position, two specific budget carry forward requests have been identified, and are supported by the S151 Officer:

- **Economic Development:** The service plans to invest the net saving on controllable budget lines of £33k in 2012/13 to support promotional work through the Taunton Means Business programme and funding for masterplan work for the bus station site following completion of Castle Green redevelopment.
- **Insurance:** A budget pressure is emerging in 2012/13 related to insurance costs. The insurance provider has indicated an intention to increase premiums in the year, which is estimated to cost up to an additional £53k in 2012/13. A budget carry forward for this amount is requested, effectively to provide a one-off supplementary allocation to fund this. As this is estimated to be a worse case position, any variance against the revised budget (if approved) will be assessed and reported through budget monitoring with the option to return any surplus to reserves during the year. The insurance

contract is due for re-tender, and estimated ongoing budgetary impact will be updated through the budget setting process for 2013/14.

- 4.8 The General Fund Revenue Account outturn position for the year incorporates the overall performance of the DLO and Deane Helpline Trading Accounts, which are further explained later in this report.
- 4.9 A more detailed explanation of the key outturn 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.
- 4.10 A more detailed analysis of the treasury performance (investments and borrowing) will be provided in the Treasury Management Outturn 2011/12 and 2012/13 Update Information Report to be issued this month.

## 5 General Fund – Reserves

- 5.1 The General Reserves balance at the start of the financial year was £2.937m. The 2011/12 final budget for net transfers from General Fund Reserves is £0.135m, reflecting:
- Supplementary Estimates – taking funds from reserves and increasing the Budget, e.g. for funding redundancy costs in the year
  - Returns – transferring funds to reserves and reducing the Budget, e.g. for surplus earmarked reserves
  - Repayment of Invest to Save Schemes and other planned transfers included in the Original Budget.
- 5.2 The following table provides a summary reconciliation of the movement in General Reserves for the year.

**Table: General Fund Reserves**

	Budget £k	Actual £k
Balance brought forward 1 April 2011	2,937	2,937
Original Budget	98	98
Supplementary Estimates & Returns		
Surplus earmarked reserves	159	159
Redundancy costs	(383)	(383)
Adjust repayment of ISIS Invest to Save as part repaid in 2010/11 outturn	(96)	(96)
Surplus CCR Reserves*	87	87
Total Net Budgeted Transfers From Reserves	(135)	(135)
Net Underspend (Overspend) for the Year		535
Balance carried forward 31 March 2012	2,802	3,337
Proposed Budget Carry Forward in 2012/13*		(86)
Balance in 2012/13 after Carry Forward		3,251

\*Subject to approval as recommended in this report – see 5.6 below.

- 5.3 As the table shows, the General Fund Reserves balance has increased from £2.937m at the start of the year to £3.337m at 31 March 2012 (subject to audit). Assuming Full Council approves the requested budget carry forward of £86k, the reserve balance will reduce to £3.251m. This balance is well above the minimum

recommended level of £1.25m included in the Council's current Budget Strategy. However – in view the ongoing financial pressures faced by the Council and the likely increases in financial risk arising through Localism, Local Government Finance Review, Welfare Reform, and the continuing effects of the wider economy – this “headroom” will provide some protection from financial risks in the medium term. This balance also provides some flexibility to one off revenue or capital schemes. The Executive are currently considering potential options in this regard.

- 5.4 Members are advised that the above details in 5.2 and 5.3 do not include the impact of the recommended budget increase for the Cremator Replacement capital project – see separate report in this agenda. If that is approved as recommended, this will reduce General Reserves balance from the above table by £113k, to £3,138k.

#### **Earmarked Reserves – General Fund**

- 5.5 The Council can also set aside funds for specific purposes to be used in future years. Appendix G provides a summary of the earmarked reserves and their movement during the year. The proposed balance carried forward to support spending in future years is £6,597k, including £5,541k for expenditure on services and £1,056k for capital commitments.
- 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.
- 5.7 As part of the year end review, surplus earmarked reserves related to DLO Transformation costs have been identified totalling £87k. This relates to earmarked reserves that were intended to support expenditure in 2010/11, but were not drawn down as costs were contained within the overall budget in that year. It is recommended that the surplus earmarked reserves are transferred to General Reserves in 2011/12.
- 5.8 Transfers to reserves at the end of the financial year have been reviewed and approved by the S151 Officer.

#### **6 General Fund – Capital**

- 6.1 The General Fund Capital Programme for the year had a final budget of £8.553m. The Council planned to support this investment through the use of Capital Grants and Contributions, Revenue Funding and Borrowing.
- 6.2 Total capital expenditure for the year was £4.331m, which is £4.222m (49%) below the budget for the year. Total slippage of planned project expenditure into 2012/13 is £4.534m and a budget carry forward is recommended for the related schemes (see 6.5 below). The remaining budget after the proposed carry forward would be £4.019m, therefore there is a reported technical overspend of £0.312m on completed projects. The major areas of capital spend during the year included: continued investment in Project Taunton schemes; grant support for private and social sector housing; investment in play facilities in the borough; and costs related to the ongoing Mercury Abatement Works to the Crematorium.



**Table: Capital Programme 2011/12 Provisional Outturn Summary**

	£k	%
Budget for the Year	8,553	
Outturn for the Year	4,331	
Underspend before slippage	(4,222)	49%
Slippage into 2012/13	4,534	
Overspend after slippage	312	4%

- 6.3 Excluding slippage, the main variances relate to Play Areas and Equipment projects, where expenditure in the year on a range of schemes totalled £612k. Although the budget for such schemes was £303k, the main difference relates to schemes that were not reflected in the budget but were externally funded through grants and contributions e.g. the development at Lambrook Green. These variances have not impacted on the Council's own capital resources.
- 6.4 Appendix C provides the General Fund Capital Programme Provisional Outturn by Project, and also sets out by Project the proposed carry forward to 2012/13 of £4.534m.
- 6.5 The proposed carry forward includes £966k for the Cremator Replacement project (Members will note that the tender acceptance for associated works was published in the Weekly Bulletin on 1 June 2012, and a separate report is to be considered by Executive on 11 July 2012). In addition the proposed carry forward includes approx £940k related to housing schemes, approx £2,360k for Project Taunton / Growth and Regeneration schemes. In addition, the £100k budget currently assigned to the now obsolete Deane House Boiler Replacement project is proposed to be carried forward for 'Carbon Management Projects' - £70k of which is proposed to fund the Solar Panel installation on the Station Road Pool roof. There are other smaller amounts on a variety of schemes as shown in Appendix C.

## **7 Housing Revenue Account (HRA)**

- 7.1 The Housing Revenue Account Outturn for 2011/12 is £86k underspend against the final budget for the year. Earlier in the year the HRA was projecting an overspend in the year. Management has responded to this forecast by re-phasing works related largely to bathroom replacement and air source heat pump installations into 2012/13. This has helped to contain spending within the overall budget.
- 7.2 The following table provides a high-level summary of the outturn position. The final budget included a planned transfer from HRA reserves ('working balance') of £325k. The underspend for the year therefore reduces this transfer from reserves to £239k.

	Final Budget	Outturn	Variance	
	£k	£k	£k	%
Gross Income	(22,606)	(22,349)	257	1.1%
Gross Expenditure	21,574	22,378	804	3.7%
Net Cost of Services Subtotal	(1,032)	31	1,061	
Exceptional Item: Self Financing Settlement (see para 7.4)	0	85,198	85,198	
Net cost of services Total	(1,032)	85,229	86,259	
Other operating costs and income	520	469	(51)	10%
Earmarked Reserves and Financial Adjustments	836	(260)	(168)	20%
Capital Credit – Self Financing Adjustment	0	(85,198)	(85,198)	
Net Surplus/Deficit for the Year	324	238	(86)	26%
Net Transfer from HRA Working Balance	(324)	(238)	86	

7.3 A further account summary is provided in Appendix D and a detailed analysis and explanation of the key outturn variances to budget is provided in Appendix E.

7.4 During 2011/12 a significant amount of preparation has been undertaken for the move to HRA Self Financing, which commenced in April 2012. Members approved a new 30-Year Business Plan in February of this year. As reported through the budget setting process for 2012/13, this significant change means that the Council will no longer be required to pay an annual 'negative subsidy' to Central Government, but has had to pay the Government £85.198m as a one-off Self Financing Debt Settlement. This payment was made in March 2012, and is therefore reflected as a major one-off cost in the 2011/12 outturn figures. However, under statutory regulations this settlement payment is treated as capital expenditure and the impact on the revenue account is therefore neutralised by a transfer of £85.198m from the Capital Adjustment Account.

7.5 The Housing Revenue Account has been closed using estimated subsidy figures. Any adjustment made in the final audited subsidy claim, if required, is likely to be immaterial as the annual subsidy payment to CLG in 2011/12 is £7.120m.

7.6 The main variances include:

- Government Subsidy was £0.118m more than budgeted for. As mentioned above, the 2011/12 outturn is based on estimates of the final subsidy for the year, and any changes following the audit will be charged or credited in 2012/13;
- Some overheads moved from Maintenance to Management General;
- One-off costs in relation to works that were previously anticipated to be funded via insurance;
- Total debt write-offs of £330k have been made during the year, partially offset by a reduced bad debt allowance;
- Transfers to/from earmarked reserves were below budget. Transfers have included £150k from the Heating/Platform Reserve, and £65k to a Halcon Regeneration Project Reserve related to funding approved in December 2011 but not yet spent.

7.7 Management have worked hard to ensure the bottom line position is within the

overall approved budget, and this has been successfully achieved with only a minor variance reported.

## 8 HRA Reserves

8.1 The following table summarises the movement in the HRA Reserves balance in 2011/12:

**Table: HRA Reserves balance**

	Budget £k	Actual £k
Balance brought forward 1 April 2011	1,594	1,594
Original Budget	(175)	(175)
Supplementary Estimates & Returns		
Halcon Regeneration Project Costs	(65)	(65)
Redundancy costs	(85)	(85)
Total Net Budgeted Transfers From Reserves	(325)	(325)
Net Underspend/(Overspend) for the Year		86
Balance carried forward 31 March 2012	1,269	1,355

8.2 As the table shows, the HRA Reserves balance has decreased from £1.594m at the start of the year to £1.355m at 31 March 2012 (approx £210 per property). Despite the reduction in balances this is well above the minimum amount of approx £900k (approx £150 per property) recommended within the Council's Budget Strategy for the year. Members are reminded that, through the development of the new HRA 30-Year Business Plan approved in February 2012, the minimum reserves are recommended to increase to £1.8m from 2012/13 to reflect additional risk under self financing. The 2012/13 Budget includes a planned transfer to HRA Reserves of £488k, which would increase HRA reserves to £1,843k thus meeting the Business Plan requirement.

8.3 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.

### Earmarked Reserves – HRA

8.4 The Council can also set aside HRA funds for specific purposes to be used in future years. Appendix G provides a summary of the earmarked reserves and their movement during the year. The proposed balance carried forward to support spending in future years is £475k, including £331k for expenditure on services and £144k for capital commitments.

## 9 HRA Capital Programme

9.1 HRA capital expenditure for the year totalled £4.132m, which is £168k (4%) below 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.

9.2 The following table provides a high level summary of the capital expenditure outturn for 2011/12.

**Table: Capital Programme 2011/12 Provisional Outturn Summary**

	£k	%
Budget for the Year	4,300	
Outturn for the Year	4,132	
Underspend before slippage	(168)	4%
Slippage into 2012/13	0	
Underspend after slippage	(168)	4%

- 9.3 The investment during 2011/12 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).
- 9.4 The underspend for the year is mainly attributable to the Aids and Adaptations and Disabled Facilities budgets which are demand led budgets.
- 9.5 Appendix F provides the Capital Programme Provisional Outturn by Project. There is no proposed carry forward to 2012/13.

## **10 DLO Trading Performance**

- 10.1 During 2011/12 the DLO has continued to deliver its 'internal transformation' programme. Key achievements in the year include recruitment to the new management structure, implementation of a Business Support Team, introduction of area working, creation of a dedicated voids team, relocation of the waste transfer station, introduction of vehicle tracking and procurement and implementation of a new vehicle maintenance contractor. The DLO has delivered savings during the year of £819k through the transformation programme, some of which are directly applied within General Fund and HRA budgets, and some of which are included within the Trading Account.
- 10.2 For 2011/12, the DLO Trading Account is reporting a surplus of £67k. In arriving at this surplus the DLO has made the budgeted contribution to the General Fund of £101k.
- 10.3 The following table provides a summary of the financial performance for each unit for the year. Information from the previous financial year is included for comparison.

**Table: DLO Trading Account Outturn**

	2010/11 Net £k	2011/12 Income £k	2011/12 Costs £k	2011/12 Net £k
(Surplus)/Deficit for the year:				
Highways	17	(688)	863	175
Grounds Maintenance	72	(2,783)	2,631	(152)
Building Maintenance	(197)	(4,526)	4,533	7
Cleansing	33	(763)	762	(1)
DLO Central Costs	0	0	133	133
Trading (Surplus) / Deficit Before Adjustments	<b>(75)</b>	<b>(8,760)</b>	<b>8,922</b>	<b>162</b>
Offset IFRS* Technical Accounting Adjustments				(87)
Offset Exceptional Stores Cost not within budget				(123)
Adjusted Trading (Surplus) before Contributions	(75)			(48)
Contribution to General Fund – Original Budget	74			101
Contribution from Trading Reserve – Redundancy Costs				(120)
Trading Surplus After Adjustments and Contributions	(1)			(67)
<b>Surplus transferred to Trading Account Reserve</b>	<b>1</b>			<b>67</b>

\* IFRS = International Financial Reporting Standards

- 10.4 Although the financial statements for the DLO will report a deficit of £162k (an overspend of £210k against the final approved budget), this includes technical adjustments under International Financial Reporting Standards (IFRS)\* and exceptional stores costs that were allocated to the DLO at the end of the financial year. With regard to the stores cost, the budget for this cost is within the General Fund in 2011/12 therefore it is proposed to disregard this cost to arrive at a 'true' trading performance for the DLO which is reported as a £67k surplus.
- 10.5 During 2011/12, the DLO has transferred £300k from the Trading Account Reserve to a DLO Capital Replacement Reserve to provide funding for capital expenditure on vehicles, plant and equipment; and also transferred £120k to the Trading Account to fund one-off redundancy costs related to the Transformation programme. The following table provides a summary of the movement on the DLO Trading Account Reserve, including these transfers and the impact of the financial performance for the year, and shows the balance of £216k as at 31 March 2012.

**Table: DLO Trading Account Reserve Balance**

	2010/11 £k	2011/12 £k
<b>Reserve balance brought forward 1 April</b>	<b>(569)</b>	<b>(569)</b>
<b>Retained Trading (Surplus) / Deficit</b>	<b>(1)</b>	<b>(67)</b>
Transfer to DLO Transformation Reserve	1	0
Transfer to Capital Replacement Reserve Fund	0	300
Transfer to Trading Account to fund Redundancy Costs	0	120
<b>Surplus transferred to Trading Account Reserve</b>	<b>0</b>	<b>(67)</b>
<b>Reserve balance carried forward 31 March</b>	<b>(569)</b>	<b>(216)</b>

Note: minus (-) reserve balance = surplus held

## **11 Deane Helpline Trading Account**

- 11.1 During the year the Deane Helpline made a net deficit of £118k, which results in a small overspend of just £2k (1.7%) against the final budget. If you exclude IFRS Technical Accounting adjustments of £20k (which were not included for budget purposes), this deficit reduces to £98k.
- 11.2 There are no significant variances to report. In Q3 an underspend of £38k was reported reflecting reduced overtime costs and additional income through new charges. The year end position reflects technical accounting adjustments of £20k related to pensions and accrued annual leave, and £9k 'overspend' on recharges, neither of which could have been reported by the budget manager at Q3. Careful management of costs and additional income enabled the service to produce a surplus of £27k on controllable items.
- 11.3 There are no funds held in the Deane Helpline Trading Account Reserve therefore the deficit is reflected as a cost to the General Fund. Members are reminded that the Deane Helpline budget for 2012/13 anticipates a reduced deficit of £77,000, which will be an improvement on the 2011/12 position.

## **12 S151 Officer Comments**

- 12.1 The budget monitoring regime has worked well in flagging up financial challenges faced by many of our income generating services. However, it is disappointing to find new issues emerging at outturn that weren't picked up by our current systems. A full review of this will be driven by the S151 Officer over the summer months to ensure our financial management systems provide robust information, and better highlight risks and uncertainty that can lead to differences between in-year forecasts and the eventual outturn position.

## **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 A wide range of council services are provided through partnership arrangements e.g. Tone Leisure for leisure services. The cost of these services are reflected in

the Council's financial outturn position for the year.

## **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 underspend on the Housing Revenue Account to HRA Working Balance Reserves.
- b) Recommend that Full Council approves the net transfer of £258,000 from earmarked reserves for use on General Fund services and capital financing, and £85,000 from earmarked reserves for use on HRA services and capital financing, as set out in the report and in Appendix G.
- c) Recommend that Full Council transfers surplus earmarked reserves of £87,000 to General Reserves as referred in the report.
- d) Recommend that Full Council approves a Carry Forward of General Fund Revenue Budget of £86,000 to support expenditure related to Economic Development and Insurance Costs in 2012/13.
- e) Recommend that Full Council approves the Carry Forward of General Fund Capital Programme Budget totalling £4.534m for slippage into 2012/13 (as set out in Appendix C).

### **Appendices:**

- A – General Fund Revenue Account 2011/12 Outturn Statement
- B – General Fund Revenue Account Variances
- C – General Fund Capital Programme 2011/12 Outturn Statement
- D – Housing Revenue Account 2011/12 Outturn Statement
- E – Housing Revenue Account Variances
- F – HRA Capital Programme 2011/12 Outturn Statement
- G – Earmarked Reserves 2011/12

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## APPENDIX A

### GENERAL FUND REVENUE OUTTURN 2011/12

Portfolio	Original Budget £k	Final Budget £k	Actual Expenditure £k	Variance £k
Community Leadership	1,121	1,255	1,286	31
Corporate Resources	1,730	1,501	1,010	(492)
Economic Dev. Property & Tourism	837	723	1,983	1,260
Environmental Services	4,284	4,216	4,204	(12)
General Services	1,413	1,531	1,624	93
Housing Services	2,264	2,324	2,171	(153)
Planning Policy & Transportation	(1,365)	(1,174)	(647)	527
Sports, Parks & Leisure	2,546	2,503	2,579	76
<b>Total Service Expenditure</b>	<b>12,830</b>	<b>12,879</b>	<b>14,210</b>	<b>1,331</b>
Interest Payable and Debt Management Costs	226	226	211	(15)
Interest Income	(69)	(69)	(157)	(88)
Soft Loan	0	0	(3)	(3)
Capital Adjustments	(1,930)	(1,930)	(3,487)	(1,557)
Revenue funding of capital expenditure	130	607	615	8
Repayment of Capital Borrowing	371	648	609	(39)
Net Earmarked Reserves Transfers	(148)	(254)	(258)	(4)
IAS19 Pension Fund Adjustments	0	0	(378)	(378)
DLO	(101)	(48)	162	210
Deane Helpline	100	116	117	1
New Homes Bonus Grant	0	(392)	(392)	0
Local Services Support Grant	0	(141)	(141)	0
<b>Authority Expenditure</b>	<b>11,409</b>	<b>11,642</b>	<b>11,108</b>	<b>(534)</b>
Special Expenses	47	47	47	0
<b>Borough Expenditure</b>	<b>11,456</b>	<b>11,689</b>	<b>11,155</b>	<b>(534)</b>
Parish Precepts	456	456	456	0
<b>Net Budget Requirement Before Funding</b>	<b>11,912</b>	<b>12,145</b>	<b>11,611</b>	<b>(534)</b>
Revenue Support Grant	(1,412)	(1,412)	(1,412)	0
Contribution from NNDR Pool	(4,569)	(4,569)	(4,569)	0
Council Tax Freeze Grant	(137)	(137)	(138)	(1)
Council Tax	(5,964)	(5,964)	(5,964)	0
Deficit on Collection Fund: Council Tax	72	72	72	0
<b>Net (Surplus) Deficit for the Year</b>	<b>(98)</b>	<b>135</b>	<b>(400)</b>	<b>(535)</b>
<b>Contribution to/(from) General Fund Balances</b>	<b>98</b>	<b>(135)</b>	<b>400</b>	<b>535</b>



## APPENDIX B

### GENERAL FUND REVENUE 2011/12 OUTTURN VARIANCES

#	Port- folio	Service / Heading	Explanation	Forecast Variance				
				Q1 £k	Q2 £k	Q3 £k	Q4 £k	Total £'000
		<b>Community Leadership</b>						
		Community Safety	Impacted by higher than anticipated RPI increase for CCTV contract payments, plus debt impairment charges and under recovery of income.				32	<b>32</b>
		Shopmobility	Managed underspend in response to corporate projected overspend at Q3, following 'corporate message' to reduce expenditure wherever possible.				(11)	<b>(11)</b>
		Strategy	Managed underspend in response to corporate projected overspend at Q3, following 'corporate message' to reduce expenditure wherever possible, specifically making savings within supplies & services costs.				(26)	<b>(26)</b>
		<b>Corporate Resources</b>						
		Council Tax Benefit	Due to the current economic climate overpayment recovery is estimated to be lower than budget.	55			(147)	<b>(92)</b>
		Rent Allowances	Recoupment of overpayments expected to be higher than budget set.			(230)	(14)	<b>(244)</b>
		Rent Rebates to HRA Tenants	Recoupment of overpayments expected to be higher than initially thought in Q2.	65		(65)	62	<b>62</b>
		Council Tax Collection	Recoupment of legal fees from council tax payers for recovery of council tax payment, where initial payment was not received on time, was higher than budgeted.				(70)	<b>(70)</b>
		NNDR Collection	Discretionary rate relief allocations have exceeded the budget for the year.				42	<b>42</b>
		SWOne Contracts	Reduction in contract cost due to pay freeze for staff seconded to SWOne plus income from service credits.	(90)		(118)	(5)	<b>(213)</b>

#	Port- folio	Service / Heading	Explanation	Forecast Variance				
				Q1 £k	Q2 £k	Q3 £k	Q4 £k	Total £'000
		TDBC Assets	Additional income received for Firepool Site as reported earlier in the year, offset by a transfer to asset maintenance reserve in Q4.		(39)		39	<b>0</b>
		HR	Overspend reported on medical fees and childcare fees.			34		<b>34</b>
		Deane House	The Budget Holder stopped all non-urgent spend in Q3 as the overall council-wide forecast was a significant overspend. However urgent and H&S costs were then less than expected in Q4.			0	(12)	<b>(12)</b>
		Property Management	Underspend on surveys and valuations due to the economic climate			(20)	(25)	<b>(45)</b>
		<b>Economic Development, Asset Management, Arts and Tourism</b>						
		Tourist Information Centre (TIC)	Sales income budget overstated during budget setting. Position changed in Q4 mainly due to accrued allowance for historic rent costs no longer required.	55			(21)	<b>34</b>
		Economic Development	This relates to a general underspend on publicity and promotions. A budget carry forward has been requested to invest this underspend in 2012/13 – see main report				(35)	<b>(35)</b>
		<b>Environmental Services</b>						
		Cemeteries and Crematorium	Overspend relates to lower than budgeted number of cremations creating an under-recovery of income, and an increase in maintenance costs largely due to the delay in the replacement of the cremators.		54	45	18	<b>117</b>
		Licensing	Licensing income is down showing the impact of wider economic downturn. Costs are being reduced by management to offset this loss e.g. equipment costs reduced.	73	(48)	(14)	(37)	<b>(26)</b>
		Pollution Reduction	Budget holder actively managed reduced expenditure to offset anticipated loss of income.			(10)	(4)	<b>(14)</b>

#	Port- folio	Service / Heading	Explanation	Forecast Variance				
				Q1 £k	Q2 £k	Q3 £k	Q4 £k	Total £'000
		Waste and Recycling	Projected costs for the main contract and new/replacement containers are below budget estimates, partially offset by reducing income. Position updated in Q4 as funds set aside in earmarked reserve for waste and recycling costs and initiatives in future years			(50)	50	<b>0</b>
		Flood Defences	This budget contains a contingent element required to cover eventuality of flooding during the year. The under spend relates to the un-used contingent funds.				(34)	<b>(34)</b>
		<b>General Services</b>						
		Democratic Representation and Management	Members and Mayor Allowances were lower than budgeted.			7	(23)	<b>(16)</b>
		<b>Housing Services</b>						
		Homelessness	Demand is volatile and dynamic, dependent on external circumstance driving homelessness. Underspend relates to alternatives being used to B&B, reduced costs for the Housing Options Bond Guarantee Scheme, and reduction in bad debt allowance.				(123)	<b>(123)</b>
		Housing Improvements	Funding earmarked for housing related grants not used as costs in the year met from capital budget				(35)	<b>(35)</b>
		<b>Planning, Transportation, and Communications</b>						
		Off Street and On Street Parking Services	Significant reduction in off street parking income compared to budget, with a reduction also in penalty charge notice income. This has ongoing financial implications and has been taken into account within the 2012/13 budget	562	(311)	279	17	<b>547</b>
		Planning Services	Despite an anticipated reduction in planning fees income early in the year, planning applications received, including large applications eventually exceeded budgeted expectations.	140	(140)	(10)	(19)	<b>(29)</b>

#	Port- folio	Service / Heading	Explanation	Forecast Variance				
				Q1 £k	Q2 £k	Q3 £k	Q4 £k	Total £'000
		Building Control	Underachievement of income due to several influences. See 2.3b of the appendix of this report for detailed explanation.	60	140	(68)	(10)	<b>122</b>
		Public Transport Co-ordination	Underspend relates to an over-recovery of income and from an underspend on equipment.				(23)	<b>(23)</b>
		<b>Sports, Parks and Leisure</b>						
		Vivary Park	The income shortfall from the car park in Vivary Park, as reported in Q3, has been offset by reduced maintenance costs identified in Q4			30	(28)	<b>2</b>
		Sports Development	Over-recovery of income compared to budget, including debt impairment credit and reduction in grant payments made.				(23)	<b>(23)</b>
		<b>Various Services</b>						
		Salaries	Various staff vacancy savings across services and reduced employee costs due to pay freeze.	(93)	(80)	69	50	<b>(54)</b>
		Various	Various minor variances across a wide range of cost centres, including variances in recharges	(22)	(35)	130	(332)	<b>(259)</b>
		<b>Other Costs and Income</b>						
		Net Interest Payable and Receivable	Both interest costs and income are below budgeted levels reflected continued low interest rates. Change highlighted in Q4 includes impact of earlier than forecast repayment of temporary borrowing, and impact of interest sharing between GF and HRA.		(30)	(12)	(61)	<b>(103)</b>
		Repayment of Capital Debt (MRP)	Debt repayment costs lower than allowed for in the budget due to the slippage in the Cremator Replacement project at the Crematorium				(40)	<b>(40)</b>
		<b>GRAND TOTALS</b>		<b>805</b>	<b>(489)</b>	<b>(3)</b>	<b>(848)</b>	<b>(535)</b>

## APPENDIX C

### GENERAL FUND CAPITAL PROGRAMME 2011/12 OUTTURN

Scheme Heading	Budget £k	Outturn £k	Variance £k	Proposed C/Forward £k
<b>Corporate Resources</b>				
IT Improvements	70	50	(20)	20
IT Infrastructure Maintenance	35	0	(35)	35
Members IT Equipment	10	9	(1)	1
Deane House Boiler Replacement	100	0	(100)	0
Carbon Management Projects (incl Solar PV on Station Road Pool)	0	0	0	100
<b>Sub-total</b>	<b>215</b>	<b>59</b>	<b>(156)</b>	<b>156</b>
<b>Economic Development &amp; Arts</b>				
DLO Vehicles	202	183	(19)	19
Firepool Weir	10	6	(4)	4
Town Centre Improvements	8	8	0	0
Mount St Nursery	5	5	0	0
<b>Sub-total</b>	<b>225</b>	<b>202</b>	<b>(23)</b>	<b>23</b>
<b>Environmental Services</b>				
Taunton/Bridgwater Canal	10	10	0	0
Mercury Abatement Works (Extension and Filters)	1296	330	(966)	966
Crematorium Music System	4	0	(4)	0
Cemeteries and Crematorium Mower Replacement	15	12	(3)	0
Waste Initiative	65	14	(51)	51
<b>Sub-total</b>	<b>1,390</b>	<b>366</b>	<b>(1,024)</b>	<b>1,017</b>
<b>Housing</b>				
Disabled Facilities Grants - Private Sector	610	305	(305)	245
Private Sector Renewal Grants	64	119	55	0
Grants to RSLs	916	222	(694)	694
<b>Sub-total</b>	<b>1,590</b>	<b>646</b>	<b>(944)</b>	<b>942</b>
<b>Planning Policy and Transportation</b>				
Parking Strategy - Payment Equipment	2	0	(2)	2
Replacement Parking Equipment New Coins	31	6	(25)	25
<b>Sub-total</b>	<b>33</b>	<b>6</b>	<b>(27)</b>	<b>27</b>
<b>Sports, Parks and Leisure</b>				
Lambrook Green Play Area	0	389	389	0
French Weir Park	0	25	25	0
Gordon Hawkins Play Area	0	5	5	0
Lyngford Park Play Area	27	17	(10)	0
Hamilton Gault Play Area	0	3	3	0
Hamilton Gault Wheelspark	26	3	(23)	0
Taunton Green Play Area	0	(34)	(34)	0
Greenway Recreation Play Area	52	48	(4)	0
Baldwin Road Play Area	0	6	6	0
Cotford St Luke Play Area	0	2	2	0
Play Equipment - Grants to Clubs	113	56	(57)	0

<b>Scheme Heading</b>	<b>Budget £k</b>	<b>Outturn £k</b>	<b>Variance £k</b>	<b>Proposed C/Forward £k</b>
Play Equipment - Grants to Parishes	20	13	(7)	12
Play Equipment Replacement	20	48	28	0
Swimming Pool Lift Refurbishment	45	31	(14)	0
<b>Sub-total</b>	<b>303</b>	<b>612</b>	<b>309</b>	<b>12</b>
<b><i>Project Taunton</i></b>				
Somerset Square	28	28	0	0
Firepool	931	463	(468)	468
Castle Green	2240	720	(1,520)	1,520
Long Run Farm	163	55	(108)	108
High St Retail Project	98	37	(61)	61
Northern Inner Distributor Road	157	147	(10)	10
Urban Initiatives	381	323	(58)	58
Coal Orchard	14	4	(10)	10
Charging Points	14	14	0	0
Goodlands Gardens	307	304	(3)	3
High Street Improvements	394	333	(61)	61
Network / Bus Station	15	4	(11)	11
Tone Way	10	5	(5)	5
Signage Improvements	25	3	(22)	22
Projects Consultancy	20	0	(20)	20
<b>Sub-total</b>	<b>4,797</b>	<b>2,440</b>	<b>(2,357)</b>	<b>2,357</b>
<b>GRAND TOTAL</b>	<b>8,553</b>	<b>4,331</b>	<b>(4,222)</b>	<b>4,534</b>

## APPENDIX D

### HOUSING REVENUE ACCOUNT OUTTURN 2011/12

	Original Budget 2011/12 £k	Final Budget 2011/12 £k	Actual 2011/12 £k	Variance 2011/12 £k
<b>Income</b>				
Dwelling Rents	-21,196	-20,995	-20,747	218
Non Dwelling Rents	-586	-586	-539	47
Charges for Services/Facilities	-497	-497	-473	24
Contribution towards expenditure on estates	-259	-259	-276	-17
Supporting People	-299	-299	-314	-15
<b>Total Income</b>	<b>-22,837</b>	<b>-22,606</b>	<b>-22,349</b>	<b>257</b>
<b>Expenditure</b>				
Management General	4,663	4,536	5,120	584
Maintenance	5,902	6,273	5,834	-439
Government Negative Subsidy	7,002	7,002	7,120	118
Capital Charges – depreciation	3,938	3,938	4,475	537
Provision for Bad Debt	50	-190	-154	36
Debt Management expenses	15	15	0	-15
IFRS Employee Benefits Adjustment	0	0	13	13
IAS19 Pension Fund Technical Adjustments	0	0	-30	-30
<b>Sub-total</b>	<b>21,570</b>	<b>21,574</b>	<b>22,378</b>	<b>804</b>
Exceptional Item – Self Financing Settlement Payment to Government	0	0	85,198	85,198
<b>Total Expenditure</b>	<b>21,570</b>	<b>21,574</b>	<b>107,576</b>	<b>86,002</b>
<b>Net Cost of Services</b>	<b>-1,267</b>	<b>-1,032</b>	<b>85,227</b>	<b>86,259</b>
<b>Other operating costs and income</b>				
Interest Payable	617	617	455	-162
Interest Receivable	-97	-97	-25	72
Financial Instruments Adjustment	0	0	39	39
<b>Net Operating Expenditure</b>	<b>-747</b>	<b>-512</b>	<b>85,696</b>	<b>86,208</b>
<b>Appropriations</b>				
Transfer to/(from) Earmarked Reserve	561	45	-85	-130
Transfer Procurement Savings to GF	0	430	169	-261
Capital Adjustments	0	0	-537	-537
Capital Adjustments – Exceptional Item	0	0	-85,198	-85,198
Revenue Contributions to Capital	361	361	193	-168
<b>(Surplus)/Deficit</b>	<b>175</b>	<b>324</b>	<b>238</b>	<b>-86</b>
<b>Transfer to HRA Reserve Working Balance</b>	<b>-175</b>	<b>-324</b>	<b>-238</b>	<b>86</b>

**APPENDIX E**

**HOUSING REVENUE ACCOUNT 2011/12 OUTTURN VARIANCES**

#	Service / Heading	Explanation	Forecast Variance				
			Q1 £k	Q2 £k	Q3 £k	Q4 £k	TOTAL £'000
1	Dwelling Rents	Ongoing dwelling rents income slightly over budget, offset by impact of debt write off in Q4.			(60)	278	<b>218</b>
	Non-Dwelling Rents	Garage rents income fell below budget mainly due to voids.		60		(13)	<b>47</b>
	Management	Managed savings across various budget headings (e.g. staff training) and additional extra care income received produced a projected underspend at Q3. As a result of extensive account code restructuring during Q4 the reported position has changed significantly – see also Maintenance below.	0	(265)	47	802	<b>584</b>
	Maintenance	Significant increase in projected costs, largely due to increased voids and associated repairs and maintenance costs, anticipated aged debt write off and increased insurance costs. Costs have been reduced during Q3 and Q4 in relation to rephasing of bathroom and air source heat pump works in response to overall forecast overspend in the year. As a result of extensive account code restructuring during Q4 the reported position has changed significantly – see also Management above.	(168)	926	(282)	(915)	<b>(439)</b>
	Negative Subsidy	Balance of negative subsidy payable related to 2010/11, compared to estimate of the final claim made at the end of last financial year.	0	120	0	(2)	<b>118</b>
	Interest Payable/Receivable	Interest payments predicted to be lower than expected. The share of interest income allocated at the end of the financial year was significantly below previous forecast.	0	(165)	0	75	<b>(90)</b>
	Earmarked Reserves	Surplus balance within the Heating Reserve. See also para 4.3f in Annex B.		(190)	0	60	<b>(130)</b>
	Revenue Contribution to Capital	Final outturn on the capital programme was below budget, resulting in an underspend on the revenue contribution required to fund capital expenditure in the year				(168)	<b>(168)</b>



#	Service / Heading	Explanation	Forecast Variance				
			Q1 £k	Q2 £k	Q3 £k	Q4 £k	TOTAL £'000
	Exceptional Item	The self financing debt settlement resulted in a one-off payment to Government of £85.2m. this was offset within the HRA by a technical capital adjustment entry so that there is no impact on the 'bottom line' for the revenue account. See further information in main body of the report.				-	-
	Transfers to the General Fund	The transfer to the General Fund related to procurement savings was below the amount allowed for in the budget for the year, resulting in funds remaining within the HRA.				(261)	(261)
	Other	Other minor variations across a range of cost centres	2	(2)	0	50	50
	<b>GRAND TOTALS</b>		<b>(166)</b>	<b>484</b>	<b>(295)</b>	<b>(109)</b>	<b>(86)</b>

## APPENDIX F

### HOUSING REVENUE ACCOUNT 2011/12 CAPITAL PROGRAMME OUTTURN

Scheme Heading	Budget £k	Outturn £k	Variance £k
<b><i>Maintaining Decent Homes Standards</i></b>			
Kitchen Improvements, Roofing, Bathrooms, Windows & Doors, Heating Improvements	3,655	3,731	76
<b>Sub-total</b>	<b>3,655</b>	<b>3,731</b>	<b>76</b>
<b><i>Other Works</i></b>			
Housing Management System	15	0	(15)
Disabled Facilities Grants (HRA Stock)	300	197	(103)
Aids and Adaptations	200	139	(61)
Asbestos Works	20	23	3
Community Alarm Systems	45	21	(24)
Soundproofing	20	0	(20)
Door Entry Systems	20	20	0
DDA Work	20	0	(20)
Tenants Improvements	5	1	(4)
<b>Sub-total</b>	<b>645</b>	<b>401</b>	<b>(244)</b>
<b>GRAND TOTAL</b>	<b>4,300</b>	<b>4,132</b>	<b>(168)</b>

There are no proposed Budget Carry Forwards to 2012/13.

## APPENDIX G

### MOVEMENT ON EARMARKED RESERVES 2011/12

Reserve Heading	Balance 1 April £k	Transfers To Res £k	Transfers From Res £k	Balance 31 March £k
<b><i>For General Fund revenue purposes</i></b>				
Asset Management - General Services	144	74	0	218
Asset Management - Tone Leisure	632	152	0	784
CEO Initiatives	61	0	-1	60
CCR Property Services Restructuring Pension Costs	224	0	-77	147
Corporate Training	83	0	-25	58
DLO Trading Account Reserve	569	67	-420	216
Eco Towns Projects Grant Funding	183	0	-34	149
Elections	63	0	-28	35
Growth & Regeneration Service Costs	0	886	0	886
Home Improvement Agency	192	0	0	192
Housing Enabling	599	0	-381	218
LABGI	423	0	-385	38
Land Charges	34	67	0	101
Local Plan Enquiry General Provisions	311	0	-73	238
New Homes Bonus Reserve	0	392	0	392
Olympic Torch Event Support	0	60	0	60
Performance & Client Consultancy	144	0	0	144
Planning Delivery Grant - Revenue	474	0	-237	237
Self Insurance Fund	750	0	0	750
Youth Homelessness Fund	75	58	0	133
CCR DLO Transformation (GF resources)	110	0	-110	0
Deprivation Fund (PCT Contribution)	60	0	-60	0
Growth Point Funding (Revenue)	179	0	-179	0
Housing Options Deposit Guarantee Scheme	54	0	-54	0
Planning Appeals	80	0	-80	0
Other Reserves	633	0	-148	485
<b>Sub-total</b>	<b>6,077</b>	<b>1,756</b>	<b>-2,292</b>	<b>5,541</b>
<b><i>For General Fund capital financing purposes</i></b>				
DLO Vehicle & Plant Replacement Reserve	6	300	-189	117
Capital Financing Reserve - General Fund Projects	762	177	0	939
<b>Sub-total</b>	<b>768</b>	<b>477</b>	<b>-189</b>	<b>1,056</b>
<b><i>For HRA revenue purposes</i></b>				
HRA Heating Reserve	390	0	-150	240
CCR DLO Transformation (HRA resources)	113	0	-36	77
Other Reserves	14	0	0	14
<b>Sub-total</b>	<b>517</b>	<b>0</b>	<b>-186</b>	<b>331</b>
<b><i>For HRA capital financing purposes</i></b>				
Capital Financing Reserve - HRA Projects	1,148	0	(1,069)	79
Halcon Regeneration Scheme Project Costs	0	65	0	65
<b>Sub-total</b>	<b>79</b>	<b>65</b>	<b>0</b>	<b>144</b>
<b>GRAND TOTAL</b>	<b>7,441</b>	<b>2,304</b>	<b>-2,673</b>	<b>7,072</b>