

Taunton Deane Borough Council

Executive - 16 June 2010

2009/2010 Budget Outturn Report

Joint Report of the S151 Officer and the Financial Services Manager

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

1 Executive Summary

- 1.1 The 2009/10 Provisional General Fund Revenue Outturn is a deficit of £10,100, which represents an underspend of £8,500 against the Final Budget for the year. General Fund reserves as at 31 March 2010 stand at £1.564m (subject to audit). This is above the minimum reserves expectation within the Council's Budget Strategy.
- 1.2 The 2009/10 General Fund Capital Programme total expenditure for the year amounted to £4.562m, which is £1.925m below the total budget for the year. The underspend in the year is predominantly due to slippage, with officers requesting that £1.027m is carried forward to the 2010/11 Capital Programme budget. The Council has made good use of external funding to support its capital investment, not least related to Project Taunton.
- 1.3 The Housing Revenue Account Outturn for 2010/11 is £0.963m below budget. This is largely due to underspend on maintenance (asbestos and exterior high-level work). The HRA Reserves position (or "working balance") carried forward into 2010/11 is therefore a credit of £2.685m (subject to audit).
- 1.4 HRA Capital Programme total expenditure in 2009/10 totalled £5.142m, related largely to the Council's continued investment in Decent Homes. This outturn results in underspend against the HRA Capital Programme budget for the year of £1.582m.
- 1.5 The Deane DLO has made a provisional overall trading surplus of £355,500.
- 1.6 The Deane Helpline has made a trading deficit in the year of £102,500.
- 1.7 Overall, the outturn performance is a marginal improvement on the position reported in the Q3 forecast reported to Executive in early March 2010.
- 1.8 The reported outturn position remains subject to external audit as part of the annual audit of the Statement of Accounts.

2 Purpose

- 2.1 To update the Executive on the outturn position of the Authority on revenue and capital expenditure for the General Fund, Housing Revenue Account and trading

services for 2009/10.

- 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 2009/10, a further report will be presented to Members giving the updated position on subsidy and the implications for the Councils reserves.
- 2.4 The following outturn figures will therefore be used to prepare the Council's Statement of Accounts, which will be presented to the Corporate Governance Committee on 28 June 2010.

3 2009/10 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 general economic climate and the recession in the UK, which has been the worst seen in this country for 60 years.
 - Major changes within the Council's organisation with the ongoing review of the Core Council structure.
 - The implementation of a new finance system and changes in ways of working as part of the wider business transformation programme.
- 3.2 The above issues have impacted on the Council's services and financial performance in a variety of ways. However, 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.
- 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 following sections provide a summary of the 2009/10 outturn and reserves position for General Fund and HRA services.

4 General Fund - Revenue

- 4.1 The General Fund Revenue Account Outturn for 2009/10 is a small deficit of £10,100, as shown in the following table. This compares favourably to the approved Final Budget Deficit (after taking into account approved supplementary estimates during the year) of £18,600. A detailed statement of the revenue outturn position is provided in Appendix A.

	Final Budget £'000	Outturn £'000	Variance	
			£'000	%
Net expenditure on services	15,299	14,218	(1,081)	(7%)
Other operating costs	865	447	(418)	(48%)
Capital adjustments	(1,930)	(1,535)	395	20%
Capital costs funded from revenue	0	493	493	-
Grants and local taxation	(14,216)	(14,216)	0	0%
DLO trading account	0	(356)	(356)	-
Deane Helpline trading account	0	103	103	-
Transfers to earmarked reserves	0	856	856	-
Total for the Year	18	10	(8)	(44%)

4.2 Net expenditure on services was in excess of £1m below budget. This difference has arisen for a variety of reasons, with the following key areas adversely affecting the council's outturn for the year.

- The ongoing depression in housing and construction has adversely affected income from Planning Fees.
- Reduced tonnages of recyclable waste have reduced recycling credits received by the Somerset Waste Partnership from SCC, the cost of which is passed through to partner authorities including TDBC. This reduction is in line with the national trend and is thought to be linked to the recession.

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

- Concessionary Fares costs are below budgeted expectation, which is linked to demand for this service and also work undertaken by Somerset County Council on our behalf to negotiated prices with transport contractors.
- The staff pay award was 1.5% less than anticipated when the budget was set.
- Planning Delivery Grant income which is transferred to earmarked reserves to support expenditure next year.
- Capital charges were below budget by £0.4m which is offset by the £0.4m variance against 'below the line' capital adjustments. These two items taken together net to zero in line with capital accounting regulations.

4.4 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, but also a significant exceptional interest income of £371,000 related to VAT refund windfall in the year.
- Net transfers to earmarked reserves total £856,000, representing funds that are proposed to be set aside for expenditure commitments in future years.
- Capital adjustments, where charges for depreciation and impairment as well as amortisation of deferred government grants that are included in the Net Services Expenditure are reversed 'below the line' in line with capital accounting regulations.

4.5 The outturn position for the DLO and Deane Helpline are further explained later

in this report.

- 4.6 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.
- 4.7 A more detailed analysis of the treasury performance (investments and borrowing) is provided in the Treasury Management Outturn 2009/10 and 2010/11 Update included separately on the agenda for this meeting.

5 General Fund – Reserves

- 5.1 The General Reserves balance at the start of the financial year was £1.574m. The 2009/10 final budget required a total of £18,600 from the General Fund Reserve to support expenditure, however the net underspend for the year means that only £10,100 is required to be taken from reserves in 2009/10. The following table provides an analysis of the budget and actual movement on the General fund Reserves balance.

	Budget £'000	Actual £'000
Balance brought forward 1 April 2009	1,574	1,574
Original Budget Contribution to Reserves	156	
Supplementary Estimates	(174)	
Net Outturn for the Year	(18)	(10)
Balance carried forward 31 March 2010	1,556	1,564

- 5.2 As the table shows, the General Reserves balance has marginally decreased with the balance (subject to audit) standing at £1.564m at 31 March 2010. The Council's Budget Strategy suggests that the minimum balance should be £1.25m, therefore the above closing balance indicates that Council balances are healthy by comparison.

Earmarked Reserves

- 5.3 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 to earmarked reserves in the year of £856,000. Appendix C provides a more detailed breakdown of the earmarked reserves and their movement during the year. The proposed balance includes just under £2m for capital financing purposes and over £6.8m for future expenditure on services.
- 5.4 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 2009	6,454	1,025	7,479
Transfers from reserves to support expenditure on services	-388	0	-388
Transfers from reserves for financing of capital expenditure	-493	-1,286	-1,779
Transfers to reserves for use in future years on services expenditure	1,537	130	1,667
Transfers to reserves for future financing of capital expenditure	200	1,669	1,869
Net Transfers During the Year	856	513	1,369
Proposed Balance 31 March 2010	7,310	1,538	8,848

- 5.5 The S151 Officer will be undertaking a full review of earmarked reserves following the completion of the outturn position. 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. This review is due to be completed in the coming weeks and will be reported to Executive at the end of July 2010.

6 General Fund – Capital

- 6.1 The General Fund Capital Programme for the year had a final budget for the year of £6.487m. The Council planned to support a major share of this investment through use of external capital grants and contributions. The major areas of planned capital spend included: continued investment in Project Taunton; grant support for private and social sector housing; and investment in play facilities in the borough.
- 6.2 The following table provides the draft outturn figures for 2009/10, summarised by Portfolio. The table shows a total capital expenditure of £4.562m, which is 30% below the budget for the year.

Table: Capital Programme 2009/10 Provisional Outturn Summary

	Budget 2009/10 £'000	Actual 2009/10 £'000	Variance £'000
Corporate Resources	299	91	-208
Economic Development	145	100	-45
Environmental Services	154	80	-74
Housing (Non-HRA)	1,594	498	-1,096
Sports, Parks and Leisure	861	356	-505
Planning Policy & Transportation	108	111	3
Project Taunton	3,326	3,326	0
Grand Total	6,487	4,562	-1,925

- 6.3 As the table shows, all but one of the portfolio groups of schemes/projects is

underspent against the budget.

- 6.4 For Housing, the major areas of underspend relate to Private Sector Housing Renewal Grants and Grants to Residential Social Landlords. Limited capacity through staff shortages have had an impact although the underspend is primarily due to a significant reduction in demand. It is therefore proposed to carry forward budget to 2010/11 equivalent only to the unused proportion of the Regional Housing Pot Capital Grant.
- 6.5 Under Sports, Parks and Leisure, the underspend against the budget for the year is predominantly due to slippage for ongoing projects that will be completed in 2010/11.
- 6.6 Appendix D provides the Capital Programme Provisional Outturn by Project, and also sets out the proposed carry forward of £1,026,580 capital budget approval to 2010/11. The following table summarises the planned sources of funding for the carry forward amount. As shown, the proposed carry forward can be fully supported by the roll forward of existing sources of funds.

Table: Proposed Funding for Capital Programme Carry Forward

	£'000
Regional Housing Pot Capital Grant rolled forward	262
S106 contributions for Play projects rolled forward	391
Capital Reserves rolled forward	374
Total Funding for Carry Forward to 2010/11	1,027

7 Housing Revenue Account (HRA)

- 7.1 The Housing Revenue Account (HRA) has been closed using estimated subsidy figures. On 28 May 2010 it was confirmed that the final payment to DWP would be £20,000 higher than the estimate. As the subsidy payment is almost £5,900,000 the difference is not material enough to reopen the account at this late stage of reporting.
- 7.2 The HRA 2009/10 Outturn is an underspend of £963,000 (93% of total budget) as shown in the following table, and compared to a forecast underspend of £898,000 in the "Financial and Performance Monitoring – Quarter 3 2009/10" report to Executive in March 2010. A detailed statement of the outturn position is provided in Appendix E and the headline figures are:

	Final Budget £'000	Outturn £'000	Variance £'000 %	
Net cost of services	(1,029)	(2,133)	-1,104	-107
Other operating costs and income	265	405	+140	+53
Transfers to/from reserves	1,799	1,799	0	-
Totals	1,035	72	963	-126

- 7.3 Variances in both income and expenditure are recorded in great detail across over 70 cost-centres and can be viewed in several different formats as each audience prefers. The main variances to the approved budget for the year in this

format as previously reported to Members are summarised as follows:

Net cost of services:

- An underspend of £75,000 (2%) on the costs of managing the service. There was an underspend on training offset by spending on temporary staff and a small net overspend on salaries and on-costs after netting-off redundancy costs. Underspend in supplies and services were mainly from areas such as waste disposal, fees and equipment which services report as dependent on need.
- A net underspend of £767,000 (22%) on premises costs, with a range of slippage from exterior high-level maintenance work (deferred to a more efficient scheduled programme utilising specialist equipment), asbestos work, and underspend on utilities in general.
- A decrease of £238,000 (4%) in the “government (negative) subsidy” paid to CLG as part of the central government rent convergence policy, introduced in the early 2000’s with the aim that LA and HA tenants will eventually pay similar rents for similar properties in similar areas.

Other operating costs and income:

- A saving of £126,000 (22%) in interest costs charged at a CRI (consolidated rate of interest) rate of 3.05%.
- A drop of £267,000 in interest income received at an ARI (average rate of interest) of 0.93%.

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

8 HRA Reserves

8.1 The HRA Reserve “working balance” at the start of the financial year was £2,757,000. The 2009/10 budget required a total of £1,035,000 from this working balance to support expenditure. The underspend detailed in paragraphs 7.2 and 7.3 reduces this sum to £72,000 and the following table provides an analysis of the budget and actual movement on the HRA Reserves balance during the year.

Table: HRA Reserves balance

	Budget £'000	Actual £'000
Balance brought forward 1 April 2009	2,757	2,757
Net outturn underspend for the year 2009/10	1,035	72
Balance carried forward 31 March 2010	1,721	2,685

8.2 As the table shows, the HRA working balance has decreased by £72,000 with the balance (subject to audit) standing at £2,685,000 at 31 March 2010. This is well above the minimum amount of £900,000 (approx £150 per property) recommended within the Council’s Budget Strategy. With a budgeted closing balance of £1,721,000, the working balance was expected to be £280 per property while it is now around £440. However, Members may 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.

9 HRA Capital Programme

9.1 HRA capital expenditure for the year totalled £5,142,000, which is £1,582,000 (24%) 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. The investment during 2009/10 has enabled the Council to continue to improve the quality of kitchens, bathrooms, roofing and heating in its housing stock through the "Decent Homes Initiative". Other work ranged from improving the facilities provided with tenants with mobility difficulties (through the Disabled Facilities Grant [DFG] scheme) to preparing communal aerials for the switchover to digital televisions. The following table provides a high level summary of the capital expenditure outturn for 2009/10.

Table: HRA Capital Programme 2009/10 Provisional Outturn Summary

Scheme Heading (summary)	Budget 2009/10 £'000	Outturn 2009/10 £'000	Variance 2009/10 £'000	Proposed C/Forward to 2010/11 £'000
Decent Homes	5,087,550	4,558,709	(528,841)	528,841
Other Works				
Lindley House	627,000	145,732	(481,268)	481,268
Disabled Facilities Grants (HRA Stock)	300,000	275,623	(24,377)	24,377
Aids and Adaptations	290,320	80,659	(209,661)	209,661
Works to Priory Depot	108,800	24,758	(84,042)	0
Other schemes	280,640	56,660	(223,980)	223,980
Cash Incentive Scheme	19,990	0	(19,990)	19,990
Tenants Improvements	9,700	0	(9,700)	9,700
Sub-total	1,636,450	583,432	(1,053,018)	968,976
GRAND TOTAL	6,724,000	5,142,141	(1,581,859)	1,497,817

9.2 The variances against the capital projects are predominantly due to slippage of expenditure into 2010/11:

- the 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;
- the Lindley House scheme will be completed during 2010/11;
- there was very low take-up of the 'aids and adaptations' scheme covering small works (ranging up to around £6,000 each);
- works to Priory Depot have now been completed;
- both the Tenants Improvements and Cash Incentive Scheme are demand-driven by tenants themselves and so can vary considerably from budget.

Other schemes (detailed at Appendix G):

- soundproofing work is mainly on duplex flats and therefore access can often be restricted, delaying the work and slipping the budget;
- DDA work is primarily for the meeting halls, and any work done during 2009/10 was likely to have been included in revenue spend;

- the survey for asbestos work was delayed and the work is now programmed for 2010/11 and 2011/12;
- the 'choice based letting system' budget covers maintenance and necessary upgrades for the software, so varies according to circumstance each year.

9.3 As all of the underspend apart from the completed 'Works to Priory Depot' relates to slippage, it is recommended that £1,497,820 is carried forward and added to the approved Capital Programme Budget for 2010/11. A detailed breakdown of the variances by scheme and the proposed carry forward amounts is provided in Appendix G.

10 DLO Trading Performance

10.1 During the year the Deane DLO made an overall trading surplus of £355,836.

10.2 A contribution of £185,600 to the General Fund from this surplus, regarding various savings proposals including partnerships as agreed in the approved budget for the year, leaves a balance of £169,936 to transfer to the DLO Trading Reserve.

10.3 A transfer from the Trading Account Reserve of £108,000 to the reserve set up for DLO Transformation Costs in 2010/11, together with the retained trading surplus results in a balance on Trading Reserve of £569,004 as at 31 March 2010.

10.4 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

	2008/09 £'000	2009/10 £'000
Reserve balance brought forward 1 April	-412	-507
<i>Trading Surplus (-)/ Deficit for the year:</i>		
Highways	-6	9
Grounds Maintenance	41	-8
Building Maintenance	-136	-312
Cleansing	6	-1
Amounts to be allocated across the trading units for final outturn		-44
Trading Surplus (-) / Deficit		-356
Contribution to General Fund		186
Net Retained Surplus (-) / Deficit	-95	-170
Transfer to DLO Transformation Reserve		108
Reserve balance carried forward 31 March	-507	-569

Note: minus (-) reserve balance = surplus held

11 Deane Helpline

11.1 During the year the Deane Helpline made a deficit of £103,000. The balance on the Deane Helpline Trading Account at 31 March 2010 amounts to a deficit of £90,000. It should be noted that no in-year contribution to the General Fund was made. The shortfall is due primarily to £34,000 (5%) of increased staffing costs

driven by high levels of sickness and the cost of covering those absences through the control room rota (being managed very differently during 2010/11) and to a £118,000 gap in actual income achieved. Managers of the Helpline have responded rapidly to the year-end result, advising that the Core Council review has re-established a designated manager in post for this service, removed a single external contract that the Council was making a substantial loss on, and made adjustments to the Control Centre rota to put more control with management of this, so establishing better control of our staff expenditure, and lastly removed some shifts from the rota which will also reduce staff overheads.

- 11.2 The income gap is now being investigated in detail by the current Helpline management team with the support of Finance specialists; it is possible that all income streams were not collected, for a variety of reasons, and a detailed review of around 14,000 transactions will be completed by the end of June. The review will identify any uncollected income and also set up documented regular income-processing and monitoring arrangements.

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 Recommendations

- 13.1 The Executive are recommended to:
- a) Note the draft outturn position for General Fund and HRA revenue and capital budgets for 2009/10.
 - b) Recommend that Full Council approves net transfer of £856,000 to earmarked reserves for use on General Fund Services, and £513,000 to earmarked reserves for use on HRA Services, in 2010/11 or later years, 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 £1,026,580 for slippage into 2010/11 as set out in Appendix D, and the carry forward of HRA Capital Programme Budget of £1,497,820 for slippage into 2010/11 as set out in Appendix G.
 - d) Recommend that Full Council approves a Supplementary Estimate of £8,500 within the Leisure Portfolio for entry in the Taunton Flower Show in 2010, to be funded by a one-off transfer from the DLO Trading Account Earmarked Reserve in 2010/11; and Executive requests that funding for entry in the Show in future years be considered as part of budget setting for 2011/12.

Appendices:

- A – General Fund Revenue Account 2009/10 Outturn Statement
- B – General Fund Revenue Account Variances
- C – Earmarked Reserves 2009/10
- D – General Fund Capital Programme 2009/10 Outturn Statement
- E – Housing Revenue Account 2009/10 Outturn Statement
- F – Housing Revenue Account Variances
- G – HRA Capital Programme 2009/10 Outturn Statement

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Background Papers:

- Executive 4 February 2009, Revenue Budget Setting 2009/10
- Executive 3 March 2010, Financial and Performance Monitoring - Quarter Three 2009/10

APPENDIX A

TAUNTON DEANE BOROUGH COUNCIL GENERAL FUND REVENUE OUTTURN 2009/10

Actual 2008/09 £	Portfolio	Original Budget 2009/10 £	Final Budget 2009/10 £	Actual Expenditure 2009/10 £	Variance £
0	Communications	0	(97,130)	0	97,130
907,316	Community Leadership	769,860	94,340	144,629	50,289
1,300,560	Corporate Resources	1,427,290	810,300	1,120,382	310,082
3,058,500	Economic Dev. Property & Tourism	1,025,060	1,117,450	1,331,786	214,336
4,788,969	Environmental Services	4,651,360	4,758,530	4,530,529	(228,001)
1,958,773	General Services	1,021,470	1,573,770	1,522,350	(51,420)
2,612,194	Housing Services	2,595,880	3,360,590	2,219,555	(1,141,035)
1,250,138	Planning Policy & Transportation	817,060	848,650	437,313	(411,337)
2,907,270	Sports, Parks & Leisure	2,817,150	2,832,980	2,911,653	78,673
18,783,720	Total Service Expenditure	15,125,130	15,299,480	14,218,197	(1,081,283)
(4,500,498)	Capital Charges Credit	(1,930,000)	(1,930,000)	(1,535,320)	394,680
406,033	Interest Payable on Loans	266,090	266,090	217,663	(48,427)
275,716	Minimum Revenue Provision	332,910	332,910	364,408	31,498
(733,802)	Interest Income	(167,000)	(167,000)	(197,134)	(30,134)
0	VAT Interest Income (Exceptional item)	0	0	(370,716)	(370,716)
0	DLO Trading (Surplus)/Deficit	0	0	(355,536)	(355,536)
0	Deane Helpline Trading (Surplus)/Deficit	0	0	102,504	102,504
0	Net Transfers to/from Earmarked Reserves	0	0	855,757	855,757
0	Revenue funding of capital expenditure	0	0	493,155	493,155
14,231,169	Authority Expenditure	13,627,130	13,801,480	13,792,978	(8,502)
29,190	Special Expenses	30,620	30,620	30,620	0
14,260,359	Borough Expenditure	13,657,750	13,832,100	13,823,598	(8,502)
371,799	Parish Precepts	402,703	402,703	402,703	0
14,632,158	Budget Requirement	14,060,453	14,234,803	14,226,301	(8,502)
(7,346,302)	Contribution from NNDR Pool	(6,935,368)	(6,935,368)	(6,935,368)	0
(1,022,665)	Revenue Support Grant	(1,600,772)	(1,600,772)	(1,600,772)	0
50,486	Surplus on Collection Fund: Council Tax	81,600	81,600	81,600	0
(5,696,780)	Council Tax	(5,761,663)	(5,761,663)	(5,761,663)	0
616,897	Contribution (to)/from General Fund Balances	(155,750)	18,600	10,098	(8,502)

GENERAL FUND RESERVE BALANCE 2009/10

Actual 2008/09 £		Original Budget 2009/10 £	Final Budget 2009/10 £	Actual Expenditure 2009/10 £	Variance £
644,640	Balance b/f 1 April	1,574,008	1,574,008	1,574,008	0
(1,059,120)	Supplementary Estimates Agreed	0	(174,350)	(174,350)	0
396,680	Monies returned to Reserves	155,750	155,750	155,750	0
45,543	Net Underspend (Overspend) for the Year	0	0	8,502	8,502
(616,897)	Net Contribution to/(from) General Fund Revenue Account	155,750	(18,600)	(10,098)	8,502
1,546,265	Earmarked reserves returned to General Reserves	0	0	0	0
929,368	Net Movement in Reserves	155,750	(18,600)	(10,098)	8,502
1,574,008	Balance c/f at 31 March	1,729,758	1,555,408	1,563,910	8,502

APPENDIX B

EXPLANATION OF GENERAL FUND REVENUE 2009/10 OUTTURN VARIANCES

Budget Area	Explanation	2009/10 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
Expenditure on Services				
Community Leadership				
Community Leadership	There are a range of minor variances across various cost centres.	50	0	+915
Corporate Resources				
Information Technology	The main variance is in ICT costs, including £170k of costs related to software which is chargeable to revenue whereas budget provision had been included in the capital budget.	205	0	205
Legal Services	Loss of income due to not having as many s.106 agreements as anticipated last year due, to the economic climate.	13	12	1
Discretionary Rate Relief	The outturn variance is predominantly due to budget being set on historic trends that are now outdated. This has been corrected in the 2010/11 budget.	(86)	(49)	(37)
Performance and Client	Costs required supporting the TDBC website project, which were not included when the original budget for the year was set.	40	30	10
Housing Benefit Subsidy	This figure relates largely to the 2007/08 benefit subsidy return which was scrutinised by the Audit Commission. The DWP made a decision in June 2009 that we had claimed too much subsidy for overpaid benefit and we had to repay £14k which relates to 0.05% of the total claim.	18	14	4
Housing Benefit Admin Subsidy	The DWP has given extra administration subsidy to local authorities as they have recognised the increase in caseload in the current economic climate. Southwest One delivers this function for us at a fixed price. The extra subsidy is therefore retained by TDBC.	(74)	(42)	(32)
Electoral Registration	The increase in resources required due to recent changes in legislation has not been as great as was expected (for this financial year only).	(9)	(10)	1
Economic Development				
Grants	The Council provided a one-off additional contribution to the Brewhouse Theatre	10	0	10
Markets and Visitors Centre	No budget provided for NNDR payments	20	0	20

Budget Area	Explanation	2009/10 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
Taunton Market site	Income from rented property is below the expectation when the budget was set; and car park of the site has not yet been turned into a pay and display car park.	22	20	2
Environmental Services				
Environmental Services	The service has contained expenditure below budget for the equipment and other running costs across the service.	(20)	(14)	6
Waste Collection and Recycling	The information supplied by SWP shows a further increased cost due to reduced tonnages of recycling being collected, which in turn reduces the recycling credits received from SCC. These reduced levels of recycling are being experienced nationally and are thought to be linked to the recession.	139	145	(6)
Crematorium	The actual numbers of cremations fell in the last quarter when compared with the same period in 2008/09, which has resulted in lower income from fees than previously forecast.	11	(32)	43
Land Charges	Although overall income is below budget, which is expected in the current economic climate, the search costs recharged by SCC are also reduced resulting in a net saving in the year.	(22)	5	(27)
Housing Services				
Housing - Homelessness	Bed and Breakfast income fell by a little more than predicted at Quarter 3, and net Private Sector Landlords (PSL) lease costs increased by £3k due to taking on two additional properties.	10	10	0
Housing – general	The service contained demand-driven rent and B & B costs by over £183k by the year-end. Support Service recharges are also less than anticipated when the budget was set.	(364)	0	(364)
Housing – capital charges	Housing capital charges were less than budget, reflecting the underspend in the Housing capital grants expenditure and grant income received from Homes and Communities Agency.	(767)	0	(767)
Planning, Policy & Transportation				
Planning	The loss of income was due to the slowdown in the Housing market, although there was an upward trend indicating an improvement in market conditions towards the end of the financial year.	191	250	(59)
Car Parking (off street)	Car parking income has exceeded the budget overall for the year, influenced by the delayed redevelopment of Castle Green. The outturn is slightly down on the forecast at Q3, which could be attributable to the extreme weather conditions experienced this winter.	(26)	(60)	34

Budget Area	Explanation	2009/10 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
Concessionary Fares	Concessionary Travel costs are below budget due to some one off costs not materialising, the increase in percentage use of service being slightly under what we anticipated and the work of SCC in negotiating fares.	(127)	(150)	23
Sports, Parks and Leisure				
Leisure Services (DLO)	Cost pressures identified earlier in the year related to staff costs have been offset by other managed savings within the service.	0	18	(18)
Various				
Pay Award – All Services	The 2009/10 pay award has been confirmed as 1%, whereas 2.5% was included when the budget was set in February.	(120)	(120)	0
Other minor variances across services in total		(195)	0	(195)
Subtotal – Total Service Expenditure Net Variance		(1,081)	27	(1,108)
Other Costs and Income				
Capital charges credit	Affected by the capital programme underspend in the same way as the capital charges above	395	0	395
Interest payable	Interest paid on loans has been charged at a consolidated interest rate of 3.5%, reflecting market movements during the year.	(48)	0	(48)
Minimum Revenue Provision	MRP is based on the 'capital financing requirement' a year in arrears, and so varies according to the capital programme delivered.	31	0	31
Interest Income	Interest received on working balances fell to an average rate of only 0.93%.	(30)	13	(43)
VAT Interest Income	Interest relating to the windfall VAT receipt reported to full Council in February 2010	(371)	0	(371)
DLO Trading Account	The surplus from building maintenance more than doubled to £312k.	(356)	0	(356)
Deane Helpline Trading Account	Costs were driven up by sickness absence, while a material shortfall in income is now being investigated.	103	0	103
Transfers to Earmarked Reserves	Covering a range – LABGI (Business Growth Incentive), HPDG (Housing Planning Delivery Grant), Core Council review costs, etc (see Appendix C)	856	0	856
Revenue funding of capital expenditure	The cost of new assets – vehicles, play equipment, ICT, etc – not funded by grants or borrowing.	493	0	493
Subtotal Authority Expenditure Net Variance		1,073	13	1,060
Grand Total – General Fund Revenue Net Variance		(8)	40	(48)

APPENDIX C

MOVEMENT ON EARMARKED RESERVES 2009/10

Reserve Heading	Balance 1 April 2009 £'000	Transfers To reserves £'000	Transfers From reserves £'000	Balance 31 March 2010 £'000
<i>For General Fund revenue purposes</i>				
Asset Management - Leisure	581	43	0	624
Asset Management - General	0	95	0	95
Core Council Review	64	411	(169)	306
Core Council Review - DLO	0	0	142	142
Corporate Training	63	20	0	83
DLO Trading Account Reserve	507	170	(108)	569
Growth Point Funding	239	0	(59)	179
Home Improvement Agency	192	0	0	192
Housing Enabling	783	0	0	783
Self Insurance Fund	750	0	0	750
LABGI Grant Funding	496	0	(73)	423
Local Plan Enquiry General Provisions	262	34	0	296
Planning Delivery Grant Funding	285	508	0	793
Other reserves	1,095	256	(121)	1,231
Sub-total	5,317	1,537	(388)	6,466
<i>For General Fund capital financing purposes</i>				
DLO Vehicle Replacement Reserve	92	0	(86)	6
Capital Financing Reserve - General Fund Projects	1,045	200	(407)	838
Sub-total	1,137	200	(493)	844
<i>For HRA revenue purposes</i>				
HRA Heating Reserve	260	130	0	390
Sub-total	260	130	0	390
<i>For HRA capital financing purposes</i>				
Capital Financing Reserve - HRA Projects	765	1,669	(1,286)	1,148
Sub-total	765	1,669	(1,286)	1,148
GRAND TOTAL	7,479	3,536	(2,167)	8,848

APPENDIX D

GENERAL FUND CAPITAL PROGRAMME 2009/10 OUTTURN

Scheme Heading	Budget 2009/10 £'000	Outturn 2009/10 £'000	Variance 2009/10 £'000	Proposed C/Forward to 2010/11 £'000
Corporate Resources				
IT Improvements	138,150	75,298	(62,852)	35,602
CCTV Flook House	2,000	0	(2,000)	0
SAP Transformation Project	32,450	15,315	(17,135)	0
Procurement Transformation Project	114,140	0	(114,140)	0
Transformation Project Staff Backfill	12,240	0	(12,240)	0
Sub-total	298,980	90,613	(208,367)	35,602
Economic Development & Arts				
Vehicle Acquisitions	138,230	86,270	(51,960)	51,960
Tone Mill	6,890	0	(6,890)	0
Highfields Nursery	0	13,795	13,795	0
Sub-total	145,120	100,065	(45,055)	51,960
Environmental Services				
Taunton/Bridgwater Canal	10,000	10,000	0	0
Neroche Project	14,700	0	(14,700)	0
Mercury Abatement Works (Extension and Filters)	85,000	0	(85,000)	85,000
Waste Initiative	44,000	70,053	26,053	0
Sub-total	153,700	80,053	(73,647)	85,000
Housing				
Disabled Facilities Grants - Private Sector	450,000	227,664	(222,336)	0
Private Sector Renewal Grants	335,000	5,000	(330,000)	0
Grants to RSLs	809,000	265,000	(544,000)	262,000
Sub-total	1,594,000	497,664	(1,096,336)	262,000
Sports, Parks and Leisure				
Play Equipment - Grants to Clubs	189,770	56,338	(133,432)	133,430
Play Equipment - Grants to Parishes	89,840	12,041	(77,799)	77,800
Play Equipment Replacement	20,000	19,637	(363)	0
Play Area - Lyngford	101,000	5,362	(95,638)	95,638
Play Area - Oake	50,000	1,735	(48,265)	48,265
West Monkton SCC	0	6,165	6,165	0
Play Area - Hamilton Gault	126,000	83,288	(42,712)	42,712
Play Area - Baldwin Road	25,000	1,310	(23,690)	23,690
Play Area - Vivary Park	87,000	0	(87,000)	87,000
Wheelspark - Hamilton Gault	173,000	89,516	(83,484)	83,484
Play Area - French Weir	0	81,078	81,078	0
Sub-total	861,610	356,470	(505,140)	592,019

Scheme Heading	Budget 2009/10 £'000	Outturn 2009/10 £'000	Variance 2009/10 £'000	Proposed C/Forward to 2010/11 £'000
<i>Planning</i>				
Parking Strategy - Payment Equipment Replacement	10,000	10,948	948	0
Contributions to Footpaths and Street lighting	25,000	0	(25,000)	0
IT System - Acolaid - Building Control	72,900	100,150	27,250	0
Sub-total	107,900	111,098	3,198	0
<i>Project Taunton</i>				
Project Taunton - Firepool (BWB)	1,338,970	1,338,975	5	0
Project Taunton - Castle Green	203,780	203,784	4	0
Project Taunton - Long Run Farm	245,040	245,038	(2)	0
Project Taunton - Somerset Square	694,700	694,697	(3)	0
Project Taunton - Unit 5 Canal Road	843,210	843,205	(5)	0
Sub-total	3,325,700	3,325,699	(1)	0
GRAND TOTAL	6,487,010	4,561,663	(1,925,347)	1,026,580

APPENDIX E

TAUNTON DEANE BOROUGH COUNCIL HOUSING REVENUE ACCOUNT OUTTURN 2009/10

Audited Actual 2008/09 £		Original Budget 2009/10 £	Final Budget 2009/10 £	Actual 2009/10 £	Variance 2009/10 £
		(1)	(2)	(3)	(4)
	Income				(2) – (3)
18,878,670	Dwelling Rents	20,303,520	20,400,380	20,006,633	29,126
458,011	Non Dwelling Rents	493,680		364,621	
534,520	Charges for Services/Facilities	479,800	485,670	398,892	86,778
237,580	Contribution towards expenditure on estates	246,820	246,820	246,820	-
484,540	Supporting People	396,740	396,740	455,896	(59,156)
-5,969,570	Government Subsidy	(6,112,310)	(6,112,310)	(5,874,006)	(238,304)
-	Subsidy-Housing Defects Act	-	-	-	-
14,623,751	Total Income	15,808,250	15,417,300	15,598,856	(181,556)
	Expenditure				
4,068,645	Management General	4,381,310	3,939,820	3,864,386	(75,434)
5,069,761	Maintenance	6,378,620	6,643,140	5,876,152	(766,988)
37,635,350	Capital Charges – impairments	-	-	-	-
4,041,090	Capital Charges – depreciation	3,704,420	3,704,420	3,704,420	-
255,602	Capital Charges – RECS	-	-	-	-
-33,630	Provision for Bad Debt	50,000	50,000	-	(50,000)
29,573	Debt Management expenses	51,120	51,120	21,157	(29,963)
-	Redemption costs	-	-	-	-
51,066,391	Total Expenditure	14,565,470	14,388,500	13,466,115	(922,385)
36,442,640	Net Cost of Services	(1,242,780)	(1,028,800)	(2,132,741)	(1,103,941)
	Other operating costs and income				
-37,635,350	Capital Charges – impairments	-	-	-	-
-255,602	Capital Charges – RECS	-	-	-	-
-510,840	Capital Charges – depreciation	-	-	-	-
724,088	Loan Charges – interest	566,910	566,910	440,766	(126,144)
-195,421	Interest Receivable	(302,100)	(302,100)	(35,170)	266,930
-1,430,485	Net Operating Expenditure	(977,970)	(763,990)	(1,727,145)	(963,155)
	Appropriations				
71,964	Transfer to Earmarked Reserve	130,000	130,000	130,000	-
1,647,258	Revenue Contributions to Capital	1,735,580	1,669,330	1,669,330	-
288,737	(Surplus)/Deficit	887,610	1,035,340	72,185	(963,155)

Working Balance

3,045,580	Balance brought forward 1 April 2009	2,646,570	2,756,810	2,756,810	0
(288,770)	Net Surplus/(Deficit) in Year	(887,610)	(1,035,340)	(72,185)	963,155
2,756,810	Balance carried forward 31 March 2010	1,758,960	1,721,470	2,684,625	963,155

APPENDIX F

EXPLANATION OF HOUSING REVENUE ACCOUNT 2009/10 OUTTURN VARIANCES

Budget Area	Explanation	2009/10 Outturn Variance £'000	Q3 Forecast Variance £'000	Change since Q3 Forecast £'000
<i>Expenditure on Services</i>				
Income	The total rent for the year analysed at year-end across dwellings and non-dwellings charges for services has varied by 0.15%	29	0	29
	Charges for services and facilities such as 'welfare' can be further analysed as the new SAP facilities develop, and can then be matched directly against the relevant costs.	86	0	86
	Government grants for 'supporting people' as analysed at year-end show a balance to carry-forward into 2010/11 in payment for these welfare services	(59)	0	(59)
	The £5,875,000 subsidy paid to CLG is "determined" each year using a complex formula, and CLG amended the 2009/10 subsidy formula in Spring 2009 after the budget was set.	(238)	0	(238)
	<i>Sub-total - income</i>	(182)		(182)
Expenditure	Further slippage in asbestos works. Following advice from the Audit Commission we have revised and enlarged upon our previous approach and are planning to use some specific professionals to survey and sample properties. It was initially difficult to secure the right personnel, but we have now overcome this and will aim to accelerate our procedure over the next financial year.	(227)	(213)	(14)
	Slippage in replacement of smoke detectors.	(50)	(50)	0
	The replacement of fascias and soffits which was scheduled to take place in 2009/10 has now been delayed until 2010/11; the budget of £650k has not been spent this year.	(650)	(650)	0
	A range of minor variances	5	15	(10)
	<i>Sub-total - expenditure</i>	(922)	(898)	(24)
<i>Subtotal –Variance on Net Cost of HRA Services</i>		(1,104)	(898)	(206)
<i>Other Operating Costs</i>				
	Capital financing costs - Interest paid at 3.5%	(126)	0	(126)
	Income - Interest received was at only 0.93%	267	0	267
<i>Subtotal – Other Operating Costs Net Variance</i>		141	0	141
Grand Total – Housing Revenue Account Net Variance		(963)	(898)	(64)

APPENDIX G

HOUSING REVENUE ACCOUNT 2009/10 CAPITAL PROGRAMME OUTTURN

Scheme Heading	Budget 2009/10 £'000	Outturn 2009/10 £'000	Variance 2009/10 £'000	Proposed C/Forward to 2010/11 £'000
<i>Decent Homes</i>				
Kitchen Improvements	5,087,550	3,561,668	(1,525,882)	1,525,882
Roofing	0	654,960	654,960	(654,960)
Windows	0	287,471	287,471	(287,471)
Heating Improvements	0	54,610	54,610	(54,610)
Sub-total	5,087,550	4,558,709	(528,841)	528,841
<i>Other Works</i>				
Lindley House	627,000	145,732	(481,268)	481,268
Disabled Facilities Grants (HRA Stock)	300,000	275,623	(24,377)	24,377
Aids and Adaptations	290,320	80,659	(209,661)	209,661
Works to Priory Depot	108,800	24,758	(84,042)	0
Asbestos Works	58,700	622	(58,078)	58,078
Community Alarm Systems	45,000	35,572	(9,428)	9,428
Soundproofing	37,800	0	(37,800)	37,800
Door Entry Systems	36,340	13,780	(22,560)	22,560
DDA Work	30,880	0	(30,880)	30,880
Communal TV Aerials	20,710	5,605	(15,105)	15,105
Choice based lettings system	19,440	1,040	(18,400)	18,400
Roland Close/Sneddon Gove - renovation works	16,770	41	(16,729)	16,729
Integrated Housing Management System	15,000	0	(15,000)	15,000
Cash Incentive Scheme	19,990	0	(19,990)	19,990
Tenants Imps.	9,700	0	(9,700)	9,700
Sub-total	1,636,450	583,432	(1,053,018)	968,976
GRAND TOTAL	6,724,000	5,142,141	(1,581,859)	1,497,817