

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - RESOURCES**  
**22 JUNE 2011**

**REVENUE FINAL ACCOUNTS 2010/11**

**1. PURPOSE OF REPORT**

- 1.1 To advise members of the overall financial performance of Resources Committee revenue accounts for the financial year ended 31 March 2011.

**2. REVENUE ACCOUNTS (Appendix A)**

- 2.1 During the course of the financial year ending 31 March 2011, regular reports were made to this committee on the estimated revenue outturn.
- 2.2 This is the first year that the accounts have been prepared using International Financial Reporting Standards. Many of the changes required have been covered by statutory overrides from Central Government meaning that they do not impact on the Council Tax. As this is the case they have not been reported in the management accounts presented.
- 2.3 As in previous years a technical adjustment to the accounts for pension contributions (formerly FRS17) has been made in line with required accounting practice. Part of the change to International Accounting Standards has meant that FRS17 is now known as International Accounting Standard 19 (IAS19). This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax. The treatment is similar to the way we account for capital charges, and the impact is shown for each management unit in appendix A to this report. The final figure for IAS 19 is £419,351 higher than the budget resulting in an overspend against the budget (see Appendix A).
- 2.4 During December, the Government issued a capitalisation directive to the Council allowing us to capitalise (and not charge to revenue immediately) £380,000 of redundancy costs. The Council has used the £380,000 capitalisation directive but unfortunately this was not enough to cover all redundancy costs that the Council incurred. This means that some redundancy costs have been charged to services whilst others have not.
- 2.5 The total overspend variance of £922,773 comprises cost variances of £503,422 plus the year-end IAS 19 adjustment of £419,351, thereby increasing the overall net expenditure for this committee to £6,420,103. The previous forecast for the nine month period ending 31 December 2010 indicated an overspend variance of £68,380 before IAS 19, with most of the actual movement of £435,042 since being in respect of a net reduction of subsidy for Housing Benefits and the cost of redundancies not able to be capitalised.

The main variations are detailed below by management unit:

	£
<b>2010/11 APPROVED ANNUAL BUDGET</b>	<b>16,881,880</b>
<b>SERVICE ACCOUNTS:</b>	
<b>86A1 REVENUE COLLECTION / BENEFITS</b>	<b>531,700</b>
<p>During 2010/11, benefits of £44.5m have been paid and subsidy of £42.8m has been received. This resulted in an overall budget variance of £532k which represents 1.19% of the gross benefit expenditure. However homelessness payments above the rental subsidy cap has accounted for some £160k of this deficit.</p> <p>Included in this net cost was also a reduction in the administration costs for revenue collection and housing benefits.</p>	
<b>86A2 ELECTIONS &amp; ELECTORAL REGISTRATION</b>	<b>10,518</b>
<p>The City Council elections that were originally planned for May 2010 were held on 9 September 2010.</p> <p>A by-election was held in May 2010 which has resulted in a net overspend.</p>	
<b>86A3 CORPORATE</b>	<b>73,674</b>
<p>There has been an increase in volume and cost of the central bank charges.</p> <p>After the detailed budgets were set for the General Fund Services for 2010/11 a decision was made to reduce the budget for the 2010/11 pay award from 1% to 0.7%. This decision was too late to be included in service costs so the reduction was shown in this management unit. No pay award was agreed so the savings have now been shown in all cost centres across the Council rather than this management unit. A reduction in working hours have reduced the recharges from management unit 86A8 Chief Executive Services.</p> <p>Professional fees have been incurred in pursuing the Council's reimbursement of Icelandic bank monies.</p>	

<b>86A4</b>	<b>CIVIC CEREMONIALS</b> No major twinning events have taken place in the current financial year and there have been some minor pay and budget savings.  Additional expenditure was incurred at Guildhall on the replacement of the boiler and ovens (AIM).	<b>(13,541)</b>
<b>86A5</b>	<b>DEMOCRATIC REPRESENTATION</b> The support services costs for directors has reduced.  There has been an underspend on Members' Expenses due to the temporary reduction in the number of elected members pending the September 2010 elections and a freeze in allowances for the year.  Expenditure was incurred on the Local Government Review related to the Judicial Review and subsequent work to identify a date for the required elections.	<b>10,997</b>
<b>86A6</b>	<b>GRANTS/CENTRAL SUPPORT/CONSULTATION</b> Additional rate relief has been granted to businesses and charitable organisations and has been partly offset by reduced expenditure on community consultations and corporate chartermarks.  Area Based Grant funding of £19,699 has been used to finance some of our Community Safety project work with accountancy regulations requiring the funding to be shown below the line in the accounts.  It is requested that a supplementary budget of £3,000 is moved to 2011/12 to fund the outstanding commitments for Grants Committee.	<b>11,277</b>
<b>86A7</b>	<b>UNAPPORTIONABLE OVERHEADS</b> There was a net increase in payments due to the pension fund administered by Devon County Council to meet the approved cost of early retirements and redundancies.  The year-end balance of unallocated Central Support Services and IAS 19 adjustments have been shown in this management unit.	<b>276,216</b>

**CENTRAL SUPPORT SERVICES ACCOUNTS:**

**The management units listed below are recharged out across the whole of the Council and are either brought back to zero cost or have balances left that are transferred to management unit 86A7 above. Before this took place, the variances that occurred, including capital charges and IAS 19, are noted below:**

<b>86A8</b>	<b>CHIEF EXECUTIVE SERVICES</b> A reduction in working hours within the department has resulted in pay savings.  There was a reduction in the use of printing and copying throughout the service.	<b>(92,784)</b>
<b>86A9</b>	<b>STRATEGIC/COMMUNITY PARTNERSHIPS</b> Costs incurred on Community Partnerships with other public bodies were nearly all funded by grants.	<b>(4,943)</b>
<b>86B1</b>	<b>TREASURY SERVICES</b> An agreed reduction in working hours for some staff, reduced posts and vacancies within the service has resulted in pay savings.  There has been an increase in the cost of Accountancy Services, largely due to software upgrades for the financial system (eFIMS).  There have been upgrades in software for Council Tax and NNDR Collection as well as Benefits Administration and this has been partly financed by Government grants.  Due to the reduction in costs of operating the Civic Centre and Customer Service Centre (see 86B5 below), the recharge to Treasury Services has reduced.	<b>(125,583)</b>
<b>86B2</b>	<b>INTERNAL AUDIT</b> There were some minor savings in pay and operating costs.	<b>(4,930)</b>
<b>86B3</b>	<b>HUMAN RESOURCES</b> An additional temporary staffing resource within Human Resources was approved by Committee in February 2010.	<b>6,165</b>
<b>86B4</b>	<b>LEGAL SERVICES</b> There were some minor savings in pay that were partly offset by an increase in the cost of legal publications.	<b>(13,166)</b>
<b>86B5</b>	<b>CORPORATE CUSTOMER SERVICES</b> Vacancies within the Customer Service Centre and staff reductions throughout this management unit have resulted in pay savings.  There have been savings made in the cost of utilities at the Civic Centre as well as on rates and building maintenance costs (AIM).  A reduction in IT maintenance and support costs coupled with lower capital charges have resulted in a reduction in the cost of the Civic Centre and Customer Service Centre operations.	<b>(320,363)</b>

<b>86B6</b>	<b>IT SERVICES</b>	<b>(254,382)</b>
	Savings have been made in staffing, IT software maintenance and administration costs within the service.	
	There has been a significant reduction in capital charges due to the depreciation and valuation of IT assets.	
<b>86B7</b>	<b>DIRECTOR CORPORATE SERVICES OFFICE</b>	<b>(2,991)</b>
	There are no significant variances to report.	
	Total expenditure before internal recharges	<hr/> <b>16,969,744</b>
	Total IAS 19 adjustment	<b>419,351</b>
	Less internal recharges	<b>(10,968,992)</b>
	<b>2010-2011 NET EXPENDITURE</b>	<hr/> <b>6,420,103</b> <hr/>
	<b>Revenue Contribution to Capital Expenditure</b>	<b>0</b>
	<b>Movement to an Earmarked Reserve</b>	<hr/> <b>0</b> <hr/>
	<b>Net expenditure after movements to reserves</b>	<hr/> <b>6,420,103</b> <hr/>

### 3. RECOMMENDATION

3.1 That the Scrutiny Committee - Resources note this report.

#### Local Government (Access to Information) Act 1985 (as amended) Background papers used in compiling this report:

1. None

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE