

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - RESOURCES**  
**20 JUNE 2012**

**RESOURCES SCRUTINY REVENUE FINAL ACCOUNTS 2011/12**

**1. PURPOSE OF REPORT**

This report advises members of any major differences by management unit to the revised budget.

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

2.1 During the course of the financial year ending 31 March 2012, regular reports were made to this committee on the estimated revenue outturn.

2.2 As in previous years a technical adjustment to the accounts for pension contributions has been made in line with required accounting practice. Part of the change to International Financial Reporting 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 the appendix to this report. The final figure for IAS19 is £111,304 less than the budget for this committee. The variance shown against each management unit excludes this underspend in order to demonstrate the true position.

2.3 During the year, the Government issued a capitalisation directive to the Council allowing us to capitalise (and not charge to revenue immediately) up to £1 million of redundancy costs. Actual redundancy costs of £460,157 have been capitalised during the year, of which £225,205 relates to Resources Committee.

2.4 The total overspend variance of £599,841 comprises cost variances of £711,145 less the year-end IAS 19 adjustment credit of (£111,304), thereby increasing the overall net expenditure for this committee to £6,159,791. A transfer from revenue reserves to fund Business Transformation expenditure of £132,761 reduces overall net expenditure for this committee to £6,027,030.

2.5 The main variations by management unit are detailed below:

<b>2011/2012 REVISED BUDGET</b>	<b>£</b> <b>16,615,930</b>
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<b>86A1 REVENUE COLLECTION / BENEFITS</b>	<b>180,192</b>
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As a result of the reduction in subsidy received in 2010/11 mainly in respect of Non HRA Rent Allowances, it was originally estimated that there would be a similar reduction in subsidy for 2011/12 resulting in an additional cost of some £388k. Since then, Housing Services have cut back on the use of bed and breakfast accommodation and increased the use of private sector leasing: this has increased the Housing Benefit subsidy rate for 2011/12, resulting in a reduction in the overspend in net payments to £229,917.

The overspend has been reduced by a further £49,725 to £180,192 overall due to savings in Treasury Services administration costs which are referred to in 86B1 below. The overall variance represents 0.40% on the original budget of £44.7m.

<b>86A2</b>	<b>ELECTIONS &amp; ELECTORAL REGISTRATION</b> The cost of administering the City Council elections in May increased because of a new requirement to provide increased staffing levels and training.	<b>10,834</b>
<b>86A3</b>	<b>CORPORATE</b> There were some additional costs in Treasury Management expenses, mainly in respect of securing the return of Icelandic bank funds.	<b>1,592</b>
<b>86A4</b>	<b>CIVIC CEREMONIALS</b> The retail unit attached to Guildhall was vacant for most of this year with a subsequent loss of rental income. Fees from civil ceremonies and weddings are not expected to materialise until next year (2012/13). There were pay savings within the management unit due to staff reorganisations.	<b>32,806</b>
<b>86A5</b>	<b>DEMOCRATIC REPRESENTATION</b> There were savings in support service recharges for administering Democratic Costs. Expenditure was incurred on Business Transformation to reshape the services that the Council provides, with the agreed funding being met from reserves.	<b>112,425</b>
<b>86A6</b>	<b>GRANTS/CENTRAL SUPPORT/CONSULTATION</b> The core costs for the corporate use of ordnance survey data has now been transferred to management unit 86B6 IT Services. Additional rate relief has been granted to businesses and charitable organisations but has been offset by reduced expenditure on community consultations and corporate chartermarks. The cost of the Community Safety Partnership recharge from management unit 86A9 has reduced as the result of the capitalisation of redundancy costs.	<b>(36,611)</b>
<b>86A7</b>	<b>UNAPPORTIONABLE OVERHEADS</b> There was an increase in payments to the pension fund administered by Devon County Council to meet the approved cost of the early release of pensions paid to former employees. The contingencies budgets for unallocated Central Support Services and A.I.M. have been recharged to services with just the year-end balances shown in this management unit.	<b>312,349</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, are noted below:

<b>86A8</b>	<b>CHIEF EXECUTIVE SERVICES</b> There were savings in support service recharges.	<b>(5,745)</b>
<b>86A9</b>	<b>STRATEGIC/COMMUNITY PARTNERSHIPS</b> Costs incurred on Community Partnerships with other public bodies were nearly all funded by grants. A revenue saving has occurred on the administration costs as the result of the capitalisation of redundancy costs.	<b>(24,341)</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 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. The cost of printing and posting service communications have increased. As a result of the pay savings referred to above, the recharges within Treasury Services have also reduced further.	<b>(89,590)</b>
<b>86B2</b>	<b>INTERNAL AUDIT</b> The sale of CIPFA matrices written by audit staff were not as high as a consequence of other local authorities reducing their discretionary expenditure.	<b>9,959</b>
<b>86B3</b>	<b>HUMAN RESOURCES</b> An additional temporary staffing resource within Human Resources was approved by Executive, but this has been more than offset by reduced expenditure in the now centralised training budget. Training expenditure has reduced because of the restructure of services, the appointment of Senior Managers and the subsequent determination of their development needs. There has been reduced expenditure on the use of occupational health consultancy services due to changes in the Council's sickness policy. There was a reduction in IT maintenance, support and capital charges for the writing-down of IT investments in HR.	<b>(123,697)</b>
<b>86B4</b>	<b>LEGAL SERVICES</b> There were some pay savings due to a vacancy but despite this reduction in staffing some additional income was raised from legal fees. There was an increase in the cost of legal publications.	<b>(33,342)</b>

<b>86B5</b>	<b>CORPORATE CUSTOMER SERVICES</b> Vacancies and savings have been made throughout the management unit that have resulted in an underspend on pay. Savings have been made on utilities costs due to energy monitoring and efficiencies at the Civic Centre. Reviews of servicing and cleaning and repair and maintenance contracts, including A.I.M. fund costs, have produced further savings. There was a saving in support service costs, mainly in IT and Customer Service Centre recharges.	<b>(214,837)</b>
<b>86B6</b>	<b>IT SERVICES</b> There was a small overspend on pay costs to provide cover for maternity leave. There has been some savings in the cost of administering and maintaining IT systems. More of the work undertaken by IT staff was capitalised resulting in less of a cost to the revenue services throughout the Council.	<b>(128,457)</b>
<b>86B7</b>	<b>DIRECTOR CORPORATE SERVICES OFFICE</b> There are no significant variances to report.	<b>120</b>
	Total expenditure before internal recharges	<b>16,619,587</b>
	Total IAS adjustment	<b>(111,304)</b>
	Less internal recharges	<b>(10,348,492)</b>
	Adjusted Outturn	<b>6,159,791</b>
	Revenue Contribution to Capital Expenditure	<b>0</b>
	Movement from an Earmarked Reserve	<b>(132,761)</b>
	<b>TOTAL NET EXPENDITURE</b>	<b>6,027,030</b>

### 3. RECOMMENDATION

3.1 That the Scrutiny Committee – Resources note this report.

### ASSISTANT DIRECTOR FINANCE

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

None