

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
17 JUNE 2009

REVENUE FINAL ACCOUNTS 2008-09

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 2009.

2. REVENUE ACCOUNTS (Appendix A)

- 2.1 During the course of the financial year ending 31 March 2009, regular reports were made to this committee on the estimated revenue outturn.
- 2.2 Following changes in the revenue accounting requirements for fixed assets, the Chartered Institute of Public Finance and Accountancy (CIPFA) have specified that 'deferred contributions' must be released to service revenue accounts. Deferred contributions are government grants and external contributions received in respect of fixed assets. In order that this adjustment does not impact on the level of Council Tax, it is required that the value of deferred contributions released to revenue accounts are reversed out when accounting for total service cost.
- 2.3 A technical adjustment to the accounts for pension contributions (FRS17) has been made in line with required accounting practice. Actual pension contributions made by the Council are taken out of the accounts and replaced with a figure that reflects the costs to the Pension fund of employing our staff over the year. The figure is provided by Devon County Council's Pension Fund Actuary. This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax and therefore similar to the way we account for capital charges.
- 2.4 The total variances of £319,473 have reduced the overall net expenditure for this committee to £5,907,827, which represents a decrease of 5.13% from the revised budget.
The previous forecast for the nine month period ending 31 December 2008 indicated an underspend of £562,110, with most of the actual movement since being in respect of a net reduction of subsidy for Housing Benefits.

The main variations are detailed below by management unit:

| | |
|---|-------------------|
| | £ |
| 2008-2009 APPROVED ANNUAL BUDGET | 17,775,000 |

SERVICE ACCOUNTS:

| | |
|--|---------------|
| 86A1 REVENUE COLLECTION / BENEFITS | 52,136 |
| Changes in technical excess benefits have resulted in a reduction in subsidy received against the total benefits paid. Additionally, there has been a reduction in subsidy as a result of rentals above the threshold on hostels where the benefit cannot be restricted. | |
| Overall, the total benefits paid in 2008-09 were £35.15m and the variance from the budget therefore amounted to 0.03%. | |

| | | |
|-------------|--|-----------------|
| 86A2 | ELECTIONS & ELECTORAL REGISTRATION Electoral Registration costs were less than budgeted for, with savings in canvassing costs, including postage. | (26,050) |
| 86A3 | CORPORATE A revised scale of fees for external audit work carried out during the year has resulted in an increase in costs. Some of the bank charges incurred have been identified as relating to Council Tax so have been transferred to management unit 86B1 Treasury Services, see below. Vacant posts and FRS17 pension adjustments have reduced the recharges from management units 86A8 Chief Executive Services and 86B1 Treasury Services. | (56,239) |
| 86A4 | CIVIC CEREMONIALS Expenditure on Guildhall maintenance through the A.I.M. programme, including roof repairs and redecorations, was underspent during the year and slippage of an estimated £15,000 will move in to 2009-10. Some outstanding work on conserving the Cap and Sword of Maintenance will now take place in the 2009-10 financial year, with funding of £11,560 being requested to be carried forward as a supplementary budget. There has been an increase in depreciation charges for the Guildhall following a revaluation. | (25,429) |
| 86A5 | DEMOCRATIC REPRESENTATION The support services costs from the directors, member services and legal services have been reduced. There was an underspend on Members' Expenses, mainly on IT support costs. There was a slight overspend on the budget for the Local Government Review amounting to £16,700 that will be deducted from the 2009-10 budget allocation. | (51,815) |
| 86A6 | GRANTS/CENTRAL SUPPORT/CONSULTATION The Grants Committee had a credit balance of £23,460 at the end of the financial year to meet commitments in 2009-10, so it is requested that the balance is carried forward to 2009-10 as a supplementary budget. Financial contributions from our partners towards some of our Community Safety administration costs have reduced expenditure. It is requested that a supplementary budget of £12,320 is moved to 2009-10 to fund the estimated outstanding costs of printing the Community Strategy (£4,320) and for Community Involvement (8,000). | (94,987) |
| 86A7 | UNAPPORTIONABLE OVERHEADS The year-end credit balance of unallocated Central Support Services has been shown in this management unit. | (44,518) |

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 FRS17, are noted below:

| | | |
|-------------|---|------------------|
| 86A8 | CHIEF EXECUTIVE SERVICES | (91,861) |
| | <p>Vacancies have resulted in pay savings. The publication costs of the Exeter Citizen newspaper have increased but have been more than offset by savings in copy and postage charges in Member Services. Some project work will now be undertaken in 2009-10 and a supplementary budget of £14,000 is requested to cover this.</p> | |
| 86A9 | STRATEGIC/COMMUNITY PARTNERSHIPS | (0) |
| | <p>Costs incurred on Community Partnerships with other public bodies were nearly all funded by grants.</p> | |
| 86B1 | TREASURY SERVICES | (248,489) |
| | <p>Vacancies and the continued reviewing of duties and posts have resulted in savings in employee costs along with year-end FRS17 pension cost adjustments. Expenditure on preparing for the Local Housing Allowance scheme was covered by Government funding. IT Services recharges were reduced due to less of their time being spent on installing the new financial system (eFIMS) but this was partially offset by a greater input from the software suppliers. As referred to in 86A3 above, the cost of bank charges that could be identified as relating to Council Tax have been shown in this management unit. The completion of an upgrade in Council Tax software will now take place in 2009-10, with a consequent request for a supplementary budget of £5,000 in to this year. Additional income was received from Government grants and from neighboring Council's sharing Benefits Services.</p> | |
| 86B2 | INTERNAL AUDIT | (15,139) |
| | <p>There were some minor savings in pay and additional commission was received from the sale of the audit matrixes.</p> | |
| 86B3 | HUMAN RESOURCES | 1,470 |
| | <p>There has been an increase in the cost of maintaining systems due to upgrades in software and on-line services. There was an increase in the number and cost of training courses.</p> | |
| 86B4 | LEGAL SERVICES | 5,853 |
| | <p>There are no major variances to report.</p> | |
| 86B5 | CORPORATE CUSTOMER SERVICES | (199,189) |
| | <p>The A.I.M. programme for the Civic Centre underspent by £133,091, with some of this being slippage in to 2009-10. As a result of an upgrade in the telephony IT, there will be a saving in the maintenance costs.</p> | |

Software maintenance costs relating to April 2009 and beyond have been carried forward to 2009-10 to comply with audit requirements.

There cost of postage increased above the budget, mainly due to an increase in usage.

Some of the capital investment in IT systems for information management has been reclassified and been transferred to the IT Services management unit, see below.

86B6 IT SERVICES (118,261)

Vacancies have resulted in pay savings.

New leases for photocopying equipment reduced the cost of the service along with a reduction in the number of copies used.

Software maintenance costs relating to April 2009 and beyond have been carried forward to 2009-10 to comply with audit requirements.

Some of the capital investment in IT systems for information management has now been classified as being part of the infrastructure and therefore falls within this management unit. Some project work will now be undertaken in 2009-10 and a supplementary budget of £4,750 is requested to cover this.

86B7 DIRECTOR CORPORATE SERVICES (4,781)

There are no major variances to report.

Total expenditure before internal recharges **16,857,701**

Less internal recharges **(10,949,874)**

2008-2009 NET EXPENDITURE 5,907,827

Revenue Contribution to Capital Expenditure 10,000

Movement to an Earmarked Reserve 6,510

Net expenditure after movements to reserves 5,924,337

3. RECOMMENDATION

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