

REVENUE OUTTURN 2004/05
(Report by the Head of Financial Services)

1 INTRODUCTION

- 1.1 The 2004/05 accounts have now been finalised and are being audited. This report compares the outturn with the original budget and the forecast outturn reported to Council in February which was largely based on information available in December.

2 GENERAL FUND

- 2.1 The original budget was based on revenue reserves being reduced by £2.8m. The forecast anticipated this would reduce marginally to £2.6m but the outturn resulted in a further reduction of £2.1m to £0.5m as summarised in the table below.

	Original Budget £000	Forecast £000	Actual £000
Income	-14,688	-14,948	-15,517
Expenditure	32,001	32,118	30,858
Recharge to Capital	-485	-485	-785
Total Net Expenditure	16,828	16,685	14,556
Contribution to from Reserves	-2,803	-2,660	-531
Budget Requirement*	14,025	14,025	14,025

* Funded by Council Tax and Government Support

- 2.2 Annex A shows the main reasons for the variations.
- 2.3 The variations since the forecast was prepared highlight the fact that a number of schemes have not made as rapid progress as expected. In some cases (e.g. the call centre) delay results in significant temporary revenue savings as staff were not in place as soon as expected. In others, both revenue and capital, the benefit results from being able to invest the Council's reserves for longer thus generating additional interest. Unused budget on capital schemes is automatically rolled forward but this only occurs on revenue schemes where a specific project was planned.

3. CONCLUSION

- 3.1 The Council has a history of underspending and this year the sum was £2.3M before allowing for the carry forward of revenue schemes. There are a variety of reasons in any particular year but two are of particular note – scheme delays/deferrals and interest returns.
- 3.2 The following is an extract of a report to the Corporate Governance Panel on 27 July:

“The Council has a history of underspending, mainly due to cautious assumptions on interest rates and ambitious development programmes. Two exercises have been undertaken in recent years to ensure that any spare budgets are identified and deleted.....

Over £5¾M of last year’s capital programme will now take place this year and £6¾M of this year’s programme has already been identified as needing to be deferred to 2006/07. This will have a revenue impact of approaching £300k.....

Clearly underspending is preferred to overspending, but there is no easy solution to the main problems which are caused by the volatility of investment returns and the natural reaction of service managers to ensure that funds are always available based on every project making best progress. Apart from stressing the need for realism in the MTP review there is a limit to what can be achieved.”

- 3.3 The Code of Financial Management delegates the re-phasing of expenditure between years to officers, as long as it is consistent with service objectives and compatible with the Council's Financial and other relevant Strategies. Thus, if managers are concerned about budget availability for schemes which progress faster than expected the Code provides a simple and straightforward procedure.

4. RECOMMENDATION

4.1 The Cabinet is requested to:

- note the variations summarised in this report
- note that budgets totalling £292k have been carried forward to the current year to enable revenue schemes to be completed.
- emphasise the need for managers to be realistic in the phasing of schemes during reviews of the MTP and within budget monitoring.

BACKGROUND INFORMATION

- 1 2004/05 Budget File
- 2 2004/05 Closedown Files

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Outturn 2004/05	Income	Expenditure	Recharge to Capital	Net	Variation
	£000	£000	£000	£000	£000
Original Budget February 2004	-14,688	32,001	-485	16,828	
Forecast variations February 2004					
Base budget review	-182	-375		-557	
MTP variations	262	-687		-425	
Interest	-340			-340	
Deferred from 2003/04		941		941	
Other		238		238	
	-14,948	32,118	-485	16,685	-143
<i>% variation from original</i>	+1.7%	+0.3%			
Subsequent variations					
Unused contingencies					
Pathfinder House		-379			
Other contingencies		-136		-515	
Investment interest	-255			-255	
Staff costs recovered					
Engineers and architects	-31		-59		
IMD			-212		
European Election costs recovered	-57	-19			
Other	-18		-29	-425	
Income and recovered costs					
Land charges income	57	-7			
Building control income up	-36				
Recycling credits increased	-61	29			
Industrial & commercial properties	-42				
Homelessness	-90	15			
Housing Benefits - fraud savings etc	-87				
Local Taxation & Benefits	-29			-251	
Vat partial exemption					
			-63	-63	
Deferrals and savings					
Customer First contracts		-54			
Young peoples project deferred		-31			
Yaxley community project		-22			
Town Centre Vision		-20			
Business and Enterprise support deferred		-20			
Local Plan		-46			
Planning Grant deferred implementation	97	-244			
Conservation & listed buildings		-44			
Community safety		-49			
Public conveniences – APC removal delayed		-60			
Environmental Health	-14	-23			
Leisure Centres	-3	-21			
Pensions (unfunded)		77			
Information & promotion		-26			
Local Democracy		-28			
ICT Network software delayed		-49			
Other		-40		-620	
Final Accounts	-15,517	30,858	-785	14,556	-2,272
<i>% variation from original</i>	+5.6%	-3.6%			
Budgets carried forward					
Performance management		10			
Website		10			
Risk management		14			
ICT Network		49			
Customer first		18			
Economic Development		20			
Town Centre Vision		20			
Young Peoples Project		31			
Public conveniences		60			
Other		60		292	