

**FINANCIAL MONITORING – REVENUE BUDGET
(Report by the Head of Financial Services)**

1. 2007/08 Budget – As at December 2007

- 1.1 Cabinet received a report on the latest position of the 2007/08 revenue budget at its meeting on 18 October 2007 which identified a saving of £834k and carry forward to 2008/09 of £480k together. This report provides the latest forecast.
- 1.2 It is now expected that there will be a saving of £1,204 and £608k of spending deferred to 2008/09. This will result in £608k being placed in a special reserve for delayed projects and £361k, rather than the budgeted £1,565k, having to be funded from general revenue reserves. The main variations are summarised in Annex A and the following paragraph highlights the main issues.

2 Variations

- 2.1 **LABGI.** The Government has not yet announced the grant entitlement for 2007/08 but an estimate of £300k has been included
- 2.2 **MTP schemes.** Changes to the 2007/08 budget of -£104k arising from the MTP have been included in the estimated outturn
- 2.3 **Contingencies.**
- a) The budget assumed that £153k of additional employee costs would be charged to capital. A further £225k is now forecast (£60k identified in the previous report).

- b) Turnover allowance. There is an assumption in the budget that there will be savings of £414k due to staff vacancies and appointment of replacement staff on lower grade points. The current forecast is that £266k of this will be found

3. Risks and opportunities

- 3.1 More attention is being given to budgetary control as a result of the processes put in place in 2006 and therefore it is anticipated that the risk of the outturn being dramatically different to that now forecast is reduced. However, Directors and Heads of Service will continue to regularly review the budget and forecast spending during the last 3 months of the year in order to provide an updated, but not final, position to Cabinet in April.
- 3.2 There are certain aspects of this forecast that carry a greater risk than others:
- a) The forecast assumes LABGI of £300k but the Government has yet to announce the grant

- b) The forecast assumes that nearly £150k of the turnover savings will not be found this year. This could still vary but the potential reduces as we get nearer the end of the year.
 - c) There may still be some savings on Pathfinder House maintenance.
 - d) There remains potential for further spending to be deferred to next year as a result of matters outside of the Council's control.
- 3.3 The forecast underspend and deferrals have been included in the Budget/MTP report, elsewhere on the agenda, resulting in additional financial flexibility for future years. This provides extra time to achieve the required Spending Adjustments. When the outturn is reviewed later in the year this may lead to the identification of ongoing opportunities to reduce budgets.

4. Amounts collected and debts written off

- 4.1 The position as at 31 December 2007 is shown in Annex B

5 Recommendation

- 5.1 It is recommended that the Cabinet note the spending variations.

ACCESS TO INFORMATION ACT 1985

Source Documents:

1. Cabinet and Council Reports
2. Budgetary control files.

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Annex A

	Expenditure	Income	Recharge to capital	Net expenditure
	£000	£000	£000	£000
Approved budget	64,110	-43,611	-965	19,534
Delayed projects brought forward from 2006/07	564			564
	64,674	-43,611	-965	20,098
Less benefits reimbursed by Government	-26,853	26,853		0
Adjusted total	37,821	-16,758	-965	20,098
Items previously reported				
Deferrals to 2008/09	-480			-480
Other items	42	-816	-60	-834
	-438	-816	-60	-1,234
Items now identified				
Deferred expenditure to 2008/09				
Additional planning delivery grant	-128			-128
Other Items				
Recharge to capital (net of budgetted increase)			-165	-165
LABGI 2007/8 (provision)		-300		-300
MTP schemes	-104			-104
Turnover contingency less turnover savings	148			148
Car parks income		-28		-28
Choice letting scheme	-16			-16
Mobile home park decontamination work	-15			-15
Smoke-free legislation costs	-26			-26
Pension fund contributions	-13			-13
Members' allowances	22			22
Housing benefits grant - less expenditure deferred to 2008/9	37			37
Street cleaning - increased staff and vehicle maintenance	49			49
Refuse collection - round rescheduling	57			57
Other variations	54	-70		-16
	65	-398	-165	-498
Total variations	-373	-1,214	-225	-1,812
	-1.0%	-7.2%		-9.0%
Forecast net spending	37,448	-17,972	-1,190	18,286
Funding				
Government support				-11,649
Collection fund adjustment				-7
Council tax				-6,313
Delayed projects reserve b/f				-564
Delayed projects reserve c/f				608
				-17,925
Deficit Funded from General Reserve				-361

CONTINGENCIES INCLUDED IN THE BUDGET	Budget	Estimated	Variation	
	£000	outturn £000	£000	
General contingencies	140	0	-140	<p>This is included as a forecast saving</p> <p>The current estimated outturn is that not all of the contingency will be met from staff savings</p> <p>This has been set-off against the savings identified above</p> <p>Whilst it is expected that not all of this budget will be spent, none has been declared as a saving at this stage.</p> <p>The transfer of costs to capital is forecast to be exceeded.</p>
Turnover	-414	-266	148	
Additional savings	-136	0	136	
Pathfinder House repairs	122	122	0	
Employee costs recharged to capital	-153	-378	-225	
	-441	-522	-81	

ANNEX B

AMOUNTS COLLECTED AND DEBTS WRITTEN OFF

Collected

The total amount of payments received, less customer refunds and transfers to other debts:

Type of debt	April to September 2007 £000	September to December 2007 £000	Total £000
	Council Tax	40,451	20,779
NNDR	29,680	13,749	43,429
Sundry Debtors	3,060	1,531	4,591
Excess Charges	68	52	120

Amounts written off

Whilst these amounts have been written-off in this financial year, much of the original debt would have been raised in previous financial years.

Amounts written off	April to Sept 2007 £000	Sept to Dec 2007 £000	Total £000	April to Sept 2007 £000	Sept to Dec 2007 £000	Total £000	Total written off to Dec 2007 £000
	Up to £4k			Over £4k			
Council Tax	65.8	46.4	112.2	0.0	0.0	0.0	112.2
NNDR	30.5	9.7	40.2	70.2	16.6	86.8	127.0
Sundry Debtors	24.8	12.9	37.7	0.0	14.5	14.5	52.2
Excess Charges	2.4	1.8	4.2	0.0	0.0	0.0	4.2

Authority to write off debts

The Head of Revenue Services is authorised to write-off debts of up to £4,000, or more after consultation with the Executive Councillor for Finance, if she is satisfied that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs. The Head of Financial Services deputises in her absence.