

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

**1. 2007/08 Budget – As at Mid-March 2008**

- 1.1 Cabinet received a report on the forecast outturn of the 2007/08 revenue budget at its meeting on 31 January 2008 which identified a saving of £1,204k and carry forward to 2008/09 of £608k. This report provides the latest forecast. Although this report is generally based on the information available in mid-March, it is still subject to variation in the light of actual spending and income in the last two weeks of the year together with adjustments required in the final accounts process to adjust items between this year and next year.
- 1.2 It is now expected that there will be a saving of £1,574 and £713k of spending deferred to 2008/09. This will result in £713k being placed in a special reserve for delayed projects and the achievement of a balanced budget with £9k being added to reserves rather than the budgeted £1,565k having to be funded from the general revenue reserve. The main variations are summarised in Annex A and the following paragraph highlights the main issues.
- 1.3 Whilst this is a significant but very welcome change it can be seen from the table below that the main changes are due to items that it would have been difficult to forecast with any certainty at the start of the year:

	£000
Planning Delivery Grant	-436
LABGI	-369
VAT Partial Exemption Moratorium	-138
Commutation adjustment (change in Government calculation)	-74
Extra recharge of staff time to capital schemes (partly offset in future years by reduced interest or loan repayments)	-578
Other items	21
<b>Forecast saving</b>	<b>-1,574</b>

- 1.4 The 2008/09 budget already assumes £250k for Planning Delivery and Housing or other Grants and LABGI ceases although there are likely to be some final adjustments from previous years.
- 1.5 £400k of LABGI grant relating to 2006/07 was not received until June 2007 and our external auditors required it to be incorporated in the 2006/07 accounts. It has therefore now been removed from the 2007/08 budget monitoring exercise and from the “previously reported” figures in Annex A.

## **2. Risks and opportunities**

2.1 There are certain aspects of this forecast that carry a greater risk than others:

- a) HM Revenues and Customs have announced a moratorium on requiring Councils to repay them their partially exempt VAT for this year only, as a start to their review of whether future repayments will be required. Whilst there is no legislation in place to authorise the moratorium the VAT “industry” consider it extremely unlikely that HMR&C will change their mind. This results in a saving of £138k.
- b) There still remains potential for further spending to be deferred to next year as a result of matters outside of the Council’s control.

## **3. Amounts collected and debts written off**

3.1 The position as at 31 March 2008 is shown in Annex B

## **4 Recommendation**

4.1 It is recommended that the Cabinet note the forecast spending variations and position on debts collected and written off.

### **ACCESS TO INFORMATION ACT 1985**

#### **Source Documents:**

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

**Contact Officers:** Eleanor Smith, Accountancy Manager (01480 388157)  
Steve Couper, Head of Financial Services (01480 388103)

## Annex A

NET REVENUE SPENDING	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
<b>Spending Variations (excluding deferrals)</b>				
<b>Items previously reported (adjusted for part of LABGI)</b>	<b>235</b>	<b>-814</b>	<b>-225</b>	<b>-804</b>
<b>Items now identified</b>				
Recharge to capital (net of assumed increase)			-200	
Development Control income		-33		
Capital financing - commutation adjustment	-74			
Refuse collection staff savings	-53			
Economic development - industrial units rent		-48		
Turnover contingency	-46			
Ramsey Leisure Centre electricity	-43			
St Neots Leisure Centre reduced costs arising from the pool closure	-55			
Car parks - saving on survey and staff	-25			
Local taxation & housing benefits - general change in volume & subsidy	-35			
Community safety - equipment and transmission lines	-23			
Licensing - Gambling Act	-22			
Public conveniences - APC's	-17			
Land charges income		31		
Eastfield House running costs	81			
Building control - staff time moved to non-fee-earning work	92			
Moratorium on repayment of partially exempt VAT	-138			
LABGI over and above £300k provision		-69		
Other variations	-84	-9		
<b>total</b>	<b>-442</b>	<b>-128</b>	<b>-200</b>	<b>-770</b>
<b>Total Variations to date</b>	<b>-207</b>	<b>-942</b>	<b>-425</b>	<b>-1,574</b>
<b>Deferrals to 2008/09</b>				
<b>Items previously reported</b>	<b>-608</b>			<b>-608</b>
<b>Items now identified</b>	<b>-89</b>	<b>-16</b>		<b>-105</b>
<b>Total deferrals to date</b>	<b>-697</b>	<b>-16</b>		<b>-713</b>
<b>Forecast net spending</b>	<b>36,917</b>	<b>-17,716</b>	<b>-1,390</b>	<b>17,811</b>
total variations - £000	-904	-958	-425	-2,287
- %	-2.4%	-5.7%		-11.4%

	Original Budget	Reported last time (adjusted)	This Report
	£000	£000	£000
<b>Forecast Net Spending</b>	<b>19,534</b>	<b>18,686</b>	<b>17,811</b>
<b>Funded from:</b>			
Government support (RSG & NNDR)	-11,649	-11,649	-11,649
Collection fund adjustment	-7	-7	-7
Council tax	-6,313	-6,313	-6,313
Delayed projects reserve b/f		-564	-564
Delayed projects reserve c/f		608	713
<b>Contribution to (+)/from (-) Revenue Reserves</b>	<b>-1,565</b>	<b>-761</b>	<b>+9</b>

**CONTINGENCIES INCLUDED IN THE BUDGET**

	<b>Budget</b>	<b>Estimated outturn</b>	<b>Variation</b>	
	£000	£000	£000	
General contingencies	140	0	-140	This is included as a forecast saving
Turnover	-414	-312	102	The estimated outturn is that not all of the contingency will be met from staff savings
Additional savings	-136	0	136	This has been set-off against the savings identified above
Pathfinder House repairs	122	92	-30	The estimated outturn is that most of this budget will be spent
Employee costs recharged to capital	-153	-578	-425	The transfer of costs to capital is forecast to be exceeded. An extra £225k was identified in the previous report and another £200k is now forecast giving a total of £578k.
	<b>-441</b>	<b>-798</b>	<b>-357</b>	

**AMOUNTS COLLECTED AND DEBTS WRITTEN OFF****Collected**

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

	April to December 2007	January to March 2008	Total
	£000	£000	£000
<b>Type of Debt</b>			
Council Tax	61,230	8,915	70,145
NNDR	43,429	5,511	48,940
Sundry Debtors	4,591	1,932	6,523
Excess Charges	120	36	156

**Amounts written off**

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

	Up to £4k			Over £4k			TOTAL
	April to December 2007	January to March 2008	Total	April to December 2007	January to March 2008	Total	Total
<b>Type of Debt</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Council Tax	112.2	62.1	174.3	0.0	0.0	0.0	174.3
NNDR	40.2	4.4	44.6	86.8	13.7	100.5	145.1
Sundry Debtors	37.7	19.3	57.0	14.5	0.0	14.5	71.5
Excess Charges	4.2	13.9	18.1	0.0	0.0	0.0	18.1

**Authority to write off debts**

The Head of Customer 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.