

**2007/08 OUTTURN AND
2008/09 REVENUE BUDGET MONITORING**

(Report by the Head of Financial Services)

1 INTRODUCTION

- 1.1** The 2007/08 accounts have now been approved by the Corporate Governance Panel so that they can be audited. This report compares the outturn with the original and “updated” budgets and outlines the variations.
- 1.2** It then considers the implications of the outturn, together with any other variations that have been identified at this early stage in the current year.
- 1.3** The final element is to report the amounts collected and debts written off in the first quarter of 2008/09.

2 GENERAL FUND OUTTURN 2007/08

- 2.1** The original budget was based on a deficit of £1.6m (i.e. the sum that would need to be taken from revenue reserves to balance the budget). The new MTP, formally approved in February, assumed a deficit of £0.2m whilst the actual outturn showed a “surplus” of £0.9m that will be added to reserves. This significant change has been monitored throughout the year and the table below demonstrates that this has been done more accurately and more promptly than in the previous year.

Date for data	Reported	Forecast Deficit(-) or Surplus (+)			
		2006/07		2007/08 **	
		£000	% identified	£000	% identified
Approved Budget		-1,527		-1,565	
End September	Draft MTP November	-1,028	19%	-651	37%
End December	Cabinet January and MTP	-1,173	13%	-153	57%
End January	Officer monitoring (mid-Feb)	-158	51%	+298	76%
End February	Officer monitoring (mid-March)	+228	65%	+276	75%
End March	Officer monitoring (mid-April)	+543	77%	+750	94%
Early April	Cabinet April	+692	82%	+722	93%
OUTTURN		+1,164		+891	

** adjusted to ensure consistent treatment of the Projects delayed to 2008/09 and the £400k LABGI received in 2007/08 and subsequently included in 2006/07 accounts

2.2 The reasons for the improvement of £2.5m between the Original approved Budget (£1.6m deficit) and the Outturn (£0.9m surplus) are summarised in the table below. It would be welcome if these extra grants and income and lower expenditure were to continue at these levels in the future but some of them are one-off, some will reduce and the MTP is already based on some continuing. The items are therefore shown in groups reflecting the degree of likelihood of their continuance:

	£000	Will the variation continue?
Projects Funded from Planning Delivery Grant (deferred)	-269	One-off
Local Development Framework Inquiry (deferred)	-160	One-off
Smoke-free legislation (deferred)	-20	One-off
Additional Benefits Grants	-136	One-off
Environmental Health costs recovered	-33	One-off
General contingencies	-140	Removed from MTP for future years
Planning Delivery Grant	-254	£250k already assumed for future years
Commutation adjustment (change in Government calculation)	-74	Insignificant after 2008/09
Reduced bad debt provision for homelessness and benefits	-53	Probably one-off - reflects new accounting practice
Reduction in earmarked reserve for delayed projects	+235	Probably one-off
Utility bills at leisure centres	-184	Partly ongoing but LC savings target included in MTP
Other Leisure Centre net savings	-232	Some may be ongoing but LC savings target included in MTP
Extra recharge of staff time (£252k) and project costs (£326k) to capital.	-578	Significant reduction likely for future years and also partly offset in future years by resulting reduced interest and loan repayments.
LABGI	-369	May be one final smaller payment
Investment Interest	-159	Significant reduction in potential as total reserves fall
Planning extra income	-107	Depends on level of economic activity
Building Control extra income	-36	Depends on level of economic activity
Refuse vehicle maintenance	-85	Cyclic depending on age of vehicles
Council Tax – additional costs recovered	-134	Probably some ongoing
Additional rent allowance subsidy (note 3)	-127	Probably half ongoing
VAT Partial Exemption Moratorium	-138	Probably ongoing
Land Charges	+83	Some provision made in MTP but not at this level
Turnover contingency (Offsets turnover savings achieved)	+414	Ongoing target
Additional savings Contingency (Offsets savings achieved)	+136	Only £34k for 2008/09
Other net variations	-36	
TOTAL SAVINGS	-2,456	

- 2.3** As referred to above, a portion of this saving was included in the MTP so the net impact against our current plans is an increase in revenue reserves of £1m which will provide added flexibility as the spending variations target steadily increases.
- 2.4** Annex A shows the variations by service area for each Head of Service together with various notes to explain the more significant items. The variations are based on the difference between the “updated” budget and the outturn. The updated budget is produced by adjusting the original budget for the following groups of items:
- Items brought forward from 2006/07 (£564k)
 - Virements between services (generally reflecting reorganisations e.g. the call centre) (net nil)
 - Transfers from revenue to capital (-£578k)
 - Items approved in the new (February 2008) MTP (-£139k)
 - Minor items (-£19k)
- 2.5** Annex B then provides a summary at service level.
- 2.6** All variations will be discussed by Directors with their Heads of Service in order to clarify any ongoing impact in the current and future years so that this can be reflected in the review of the MTP.

3. REVENUE MONITORING 2008/09

Various practical issues limit the amount of budget monitoring that can take place in April and May. These include:

- the fact that the accountancy section have to work to tight deadlines to have the final accounts completed so the Corporate Governance Panel can approve them for audit by the end of June.
- The various adjustments between financial years mean that, for example, goods received by 31 March are charged to the old year even though they will be paid for in the new year, making it difficult to interpret true spending for the current year until all these old items have been paid.
- The difficulty of making assumptions from a short period of evidence.

This first budget monitoring report for 2008/09 is, therefore, more of an introduction and sets the scene for the coming year by highlighting some of the elements that will be examined in coming weeks because they may have a significant impact.

The table below is the first element of this process and highlights that the call on General Reserves is forecast to be £203k less than budgeted:

	Expenditure	Income	Recharge to capital	Net Expenditure
	£000	£000	£000	£000
Original Budget				
Approved budget	66,394	-46,848	874	20,420
Add projects brought forward	329			329
Less benefits reimbursed by Government	-29,085	29,085		0
Adjusted Total	37,638	-17,763	874	20,749
Forecast Variations				
Possible continuation of VAT partial exemption moratorium	-130			-130
Extra cost of diesel	140			140
Electricity prices	22			22
Land charges income		230		230
Investment interest		-100		-100
Insurance premiums	-120			-120
Customer Service Centre	28			28
Refuse vehicle maintenance	-32			-32
Electoral registration	-17			-17
Other identified variations	-58			-58
Contingency for savings included in budget	34			34
Provision for savings identified in 2007/08 continuing into 2008/09		-200		-200
Total variations	-133	-70	0	-203
Forecast net spending	37,505	-17,833	874	20,546

FUNDING	
Government support	-12,158
Collection fund adjustment	28
Council tax	-6,668
Delayed projects reserve b/f	-329
Deficit funded from General Reserves	-1,419
TOTAL	-20,546

It is currently assumed that the contingency sums for turnover allowance (£480k) additional grants (£250k) and recharges to capital (£160k) will be achieved.

Reports are also being prepared for discussion with Executive Councillors on budgets for the MTP period as a lead in to this year's process.

Annex C reports on sums collected and debts written off in the last quarter.

4. CONCLUSION

The Council has been successful in not needing to use its reserves to fund last year's revenue spending. Indeed it has been possible to add to reserves giving increased flexibility of £1m for the future.

This was possible due to a combination of additional income, management and efficiency improvements..

All budgets that were not fully utilised will be discussed between Heads of Service and Directors to identify any areas where budgets could be permanently reduced and/or transferred to higher priorities as part of the MTP process.

Significant effort has gone into improving the timeliness and accuracy of the monitoring process and there have been definite improvements on last year. However there is still room to build further on this improvement so that more of the impact can be built into the Councils financial planning process.

Some significant items, both positive and negative, have already been identified for the current year resulting in a net forecast saving of £203k.

5. RECOMMENDATION

5.1 The Cabinet is requested to note:

- the variations summarised in this report relating to 2007/08
- the first forecast of the 2008/09 outturn.
- the position on debts collected and written-off (Annex C)

BACKGROUND INFORMATION

- 1 2007/08 and 2008/09 Budget Files
- 2 2007/08 Closedown Files

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	Original Budget	Updated Budget	Current spend	Outturn variation from updated	
	£000	£000	£000	£000	
CHIEF EXECUTIVE					
Corporate Services					
Corporate Management	226	226	229	3	
DIRECTOR OF CENTRAL SERVICES					
Corporate Services					
Democratic Representation	19	20	12	-8	
Internal Services	150	149	153	4	
	169	169	165	-4	
HEAD OF ADMINISTRATION					
Community Services					
Leisure Centres	1,580	1,509	970	-539	Irrecoverable VAT -£89k. Utility costs -£118k. Extra income -£155k. Operational costs -£143k. Huntingdon LC deferred expenditure -£34k
Corporate Services					
Democratic representation	510	480	489	9	Members' allowances +£18k.
Central Services	-437	-391	-335	56	Land charges income +£135k. Licences savings and extra income -£41k. Elections cost of registration canvassers -£18k.
Internal Services	1,443	1,465	1,343	-122	Staff savings -£44k. Supplies in document centre -£77k
	3,096	3,063	2,467	-596	
HEAD OF LEGAL AND ESTATES					
Planning					
Economic Development	-1,334	-1,331	-1,384	-53	Additional rent -£50k
Community Services					
Community Initiatives	2	0	0	0	
Internal Services	451	446	414	-32	Staff savings -£32k
	-881	-885	-970	-85	

	Original Budget	Updated Budget	Current spend	Outturn variation from updated	
	£000	£000	£000	£000	
HEAD OF PERSONNEL					
Corporate Services					
Corporate Management	233	233	223	-10	
Internal Services	745	754	720	-34	Staff savings -£17k. Fewer leased cars -£16k. Staff restaurant reduced income +£11k. Pensions Increase Act payments -£10k
	978	987	943	-44	
HEAD OF POLICY					
Planning					
Economic Development	143	144	144	0	
Tourism	327	77	85	8	
Community Services					
Community Initiatives	29	13	19	6	
Corporate Services					
Corporate Management	94	109	117	8	National Licensing Authority +£12k. Delay in completing annual survey of taxpayers -£3k
Internal Services	442	704	693	-11	Staff savings -£11k
	1,035	1,047	1,058	11	
DIRECTORATE OF CENTRAL SERVICES	4,397	4,381	3,663	-718	
DIRECTOR OF COMMERCE & TECHNOLOGY					
Internal Services	116	116	119	3	

	Original Budget	Updated Budget	Current spend	Outturn variation from updated	
	£000	£000	£000	£000	
HEAD OF FINANCIAL SERVICES					
Corporate Management	166	156	165	9	
Other Expenditure					
Contingency	-565	-597	0	597	Efficiency savings and turnover allowance allocated to service budgets. Turnover allowance not met from staff savings +£100k
Other Expenditure	11	11	0	-11	
LABGI	0	0	-371	-371	Grant allocated by Government during the year
Investment Interest	-2,604	-2,604	-2,761	-157	Increased reserves and better rates of interest
Internal Services	1,457	1,423	1,460	37	Staff savings -£12k. Additional income -£7k. Supplies and printing costs +£14k. Mesothelioma claim expected recovery from insurers £41k
	-1,535	-1,611	-1,507	104	
HEAD OF INFORMATION MANAGEMENT					
Community Services					
Community initiatives	6	6	3	-3	
Internal Services	2,715	2,737	2,729	-8	Telephone costs +£22k. Deferred expenditure on helpdesk and training -£20k.
	2,721	2,743	2,732	-11	
HEAD OF CUSTOMER SERVICES					
Planning					
Economic Development	26	26	23	-3	
Housing Services					
Housing Benefits	-503	-503	-730	-227	Set-up grants -£94k. Base budget error and caseload changes -£127k
Corporate Services					
Local Taxation & Benefits	-688	-793	-851	-58	Costs recovered -£69k
Internal Services	2,387	2,511	2,454	-57	Staff savings -£63k. Legal and consultants fees for benefits +£28k. Customer Services Centre and cash collection -£25k
	1,222	1,241	896	-345	
DIRECTORATE OF COMMERCE AND TECHNOLOGY	2,524	2,489	2,240	-249	

	Original Budget	Updated Budget	Current spend	Outturn variation from updated	
	£000	£000	£000	£000	
DIRECTOR OF ENVIRONMENTAL & COMMUNITY SERVICES					
Internal Services	147	146	140	-6	
HEAD OF ENVIRONMENTAL MANAGEMENT					
Environmental Services					
Drainage & Sewers	386	363	341	-22	Precepts lower than expected -£22k
Public conveniences	242	242	188	-54	Cleaning contract -£35k. Equipment -£17k
Environmental Health	16	16	13	-3	
Closed Churchyards	14	14	2	-12	Delay with permission to do work -£11k
Planning					
Building Control	-489	-489	-517	-28	Fee income -£36k. Consultants +£8k
Community Services					
Community Initiatives	5	5	7	2	
Parks	0	10	0	-10	Land survey -£10k
Highways & Transportation					
Transportation Strategy	25	25	26	1	
Highways Services	42	42	44	2	
Environmental Improvements	37	36	35	-1	
Internal Services	2,161	2,027	1,972	-55	Staff savings -£72k. Travel expenses -£17k. Building costs +£88k. Offices NNDR -£61. Energy +£10k
	2,439	2,291	2,111	-180	

	Original Budget	Updated Budget	Current spend	Outturn variation from updated	
	£000	£000	£000	£000	
HEAD OF ENVIRONMENTAL & COMMUNITY HEALTH SERVICES					
Environmental Services					
Environmental Health	223	218	91	-127	Smokefree expenditure deferred -£49k. Additional income -£33k Food safety reduced costs and increased income -£22k. Private sector housing survey delayed -£10k
Community Services					
Corporate Events	46	25	12	-13	Saving on grants -£4k. Income -£9k
Community Initiatives	383	404	432	28	Health for Huntingdonshire loss of grant funding +£14k
Leisure Policy	270	278	274	-4	
Community Safety	29	29	27	-2	
Internal Services	1,436	1,380	1,309	-71	Staff savings -£49k. Travel expenses -£11k
	2,387	2,334	2,145	-189	
HEAD OF HOUSING SERVICES					
Housing Services					
Housing Services	19	49	0	-49	Mobile home park garden reinstatements -£15k and income -£10k. Choice based letting advertising -£20k
Private Housing Support	-26	-26	-47	-21	Home improvement agency lower running costs and higher income -£20k
Homelessness	256	257	160	-97	Unplanned government grant -£42k. Lower bad debt provision -£42k
Internal Services	1,012	959	924	-35	Staff savings -£21k. Travel expenses -£12k
	1,261	1,239	1,037	-202	

	Original Budget	Updated Budget	Current spend	Outturn variation from updated	
	£000	£000	£000	£000	
HEAD OF OPERATIONAL SERVICES					
Environmental Services					
Refuse Collection	2,032	2,068	1,982	-86	Reduced vehicle maintenance -£86k
Recycling	252	117	127	10	Vehicle maintenance +£10k
Drainage & Sewers	10	10	10	0	
Street cleansing	875	870	906	36	Overtime and casual staff +£25k
Planning					
Markets	-174	-174	-149	25	Farmers Markets consultancy fees +£12k. Reduced bank holiday market income +£11k
Community Safety	473	456	418	-38	Staff savings -£12k. Equipment -£23k.
Community Services					
Countryside	437	436	427	-9	
Parks	16	5	-5	-10	Contract to do highways work for County -£15k
Highways & Transportation					
Car Parks	-738	-771	-740	31	Delay with long stay parking income +£31k.
Corporate Services					
Central Services	28	28	30	2	
Corporate management	5	5	0	-5	
Internal Services	2,077	2,298	2,386	88	Staff costs including overtime, casual staff, staff transfer to document centre +£72k
	5,293	5,348	5,392	44	

	Original Budget	Updated Budget	Current spend	Outturn variation from updated	
	£000	£000	£000	£000	
HEAD OF PLANNING SERVICES					
Planning					
Development Control	-743	-726	-826	-100	Fee income -£107k. Consultants costs +£15k
Planning Policy & Conservation	367	427	223	-204	Local development framework inquiry delayed -£160k. Deferred schemes -£45k
Planning Delivery Grant	8	122	-444	-566	Additional grant -£244k. PDG schemes re-phased to future years -£322k
Highways & Transportation					
Transportation Strategy	99	99	66	-33	Community buses -£24k
Public Transport	709	737	681	-56	Bus station needs survey deferred -£24k and repairs -£16k
Car Parks	29	104	55	-49	Staff savings -£21k. Survey -£16k. Equipment -£12k
Internal Services	2,076	2,053	2,153	100	B/f rephased planning development grant +£152k. Staff savings -£155k. Contractor payments +£116k. Schemes funded by planning development grant slipped -£45k. Printing, postage, stationery +£32k.
	2,545	2,816	1,908	-908	
DIRECTORATE OF ENVIRONMENTAL & COMMUNITY SERVICES	14,072	14,174	12,733	-1,441	
TOTAL DIRECT AND INDIRECT SERVICES	21,219	21,270	18,865	-2,405	
Less recharges to non-revenue accounts	-1,588	-1,811	-1,616	195	
Commutation	-97	-97	-171	-74	Increased transfer approved by Government
COUNCIL TOTAL	19,534	19,362	17,078	-2,284	
FUNDED FROM					
Government Support	-11,649	-11,649	-11,649	0	
Council Tax	-6,313	-6,313	-6,313	0	
Collection Fund Deficit	-7	-7	-7	0	
Project timing reserve b/f	0	0	-614	-614	
Project timing reserve c/f	0	0	335	335	
Reserves	-1,565	-1,393	1,170	2,563	

-19,534

-19,362

-17,078

2,284

Service Variations 2008/09	Original budget	Updated budget	Outturn	Outturn variation from updated
	£000	£000	£000	£000
Environmental Services				
Refuse Collection	3,595	3,579	3,458	-121
Recycling	595	459	480	21
Drainage & Sewers	595	520	480	-40
Public Conveniences	306	321	565	244
Environmental Health	1,930	1,995	1,762	-233
Closed Churchyards	22	21	7	-14
Street Cleaning & Litter	1,339	1,383	1,308	-75
	8,382	8,278	8,060	-218
Planning				
Development Control	1,227	1,428	1,322	-106
Building Control	291	267	260	-7
Planning Policy & Conservation	1,310	1,329	1,129	-200
Markets	-68	-54	-32	22
Economic Development	-503	-409	-637	-228
Tourism	441	152	148	-4
Planning Delivery Grant	7	122	-444	-566
	2,705	2,835	1,746	-1,089
Community Services				
Countryside	559	571	558	-13
Community Initiatives	796	750	780	30
Parks	1,559	1,610	1,570	-40
Leisure Policy	427	457	394	-63
Leisure Centres	3,637	3,645	2,913	-732
Community Facilities	213	184	191	7
	7,191	7,217	6,406	-811
Community Safety				
Community Safety	924	975	935	-40
Housing Services				
Housing Services	672	672	680	8
Private Housing Support	3,607	3,667	2,145	-1,522
Homelessness	679	646	523	-123
Housing Benefits	935	846	556	-290
	5,893	5,831	3,904	-1,927
Highways & Transportation				
Transportation Strategy	987	1,012	528	-484
Public Transport	824	863	845	-18
Highways Services	90	85	89	4
Car Parks	-185	-204	-167	37
Environmental Improvements	386	388	401	13
	2,102	2,144	1,696	-448
Corporate Services				
Local Taxation & Benefits	1,107	1,341	1,195	-146
Corporate Management	2,213	1,883	1,824	-59
Democratic Services	1,141	1,084	1,096	12
Central Services	442	451	491	40
	4,903	4,759	4,606	-153
Other Expenditure				
Contingency	-688	-597	0	597
Other Expenditure	-9,291	-9,492	-7,164	2,328
Investment Interest	-2,587	-2,588	-2,740	-152
Business Grant (Labgi)	0	0	-371	-371
	-12,566	-12,677	-10,275	2,402
Total	19,534	19,362	17,078	-2,284

AMOUNTS COLLECTED AND DEBTS WRITTEN OFF

	1 April 2008 to 30 June 2008			
	Collected	Amounts written off		
		up to £4k	over £4k	TOTAL
Type of Debt	£000	£000	£000	£000
Council Tax	21,878	52.1	0.0	52.1
NNDR	17,782	12.7	12.8	25.5
Sundry Debtors	1,769	5.6	0.0	5.6
Excess Charges	36	4.1	0.0	4.1

Collected

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

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.

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.