

Report to the Finance and Performance Management Cabinet Committee



Report Reference: FPM-003-2008/09.
Date of meeting: 16 June 2008.

**Epping Forest
District Council**

Portfolio: Finance and Performance Management.

Subject: Provisional Revenue Outturn 2007/08.

Responsible Officer: Peter Maddock (01992 564602).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations:

- (1) That the overall 2007/08 revenue outturn for the General Fund and Housing Revenue Accounts (HRA) be noted; and
- (2) That, as detailed in Appendix 2, the carry forward of £469,000 District Development Fund expenditure be approved

Executive Summary:

This report provides an overall summary of the revenue outturn for the financial year 2007/08.

Reasons for Proposed Decision:

To note the provisional revenue outturn.

Other Options for Action:

No other options available.

Report:

General Fund

1. The table below summarises the revenue outturn for the General Fund and the consequential movement in balances for 2007/08.

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Net Expenditure after Adjustments	16,980	16,543	15,958	(1,022)	(585)
Government Grants and Local Taxation	16,659	16,659	16,659	-	-
(Contribution to)/from Balances	321	(116)	(701)	(1,022)	(585)
Opening Balances – 1/4/07	(6,761)	(6,761)	(6,761)	-	-

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
(Contribution to)/from Balances	321	(116)	(701)	(1,022)	(585)
Closing Balances – 31/3/08	(6,440)	(6,877)	(7,462)	(1,022)	(585)

2. Net expenditure for 2007/08 totalled £15.958 million, which was £1,022,000 (6.5%) below the original estimate and £585,000 (4.0%) below the revised. When compared to a gross expenditure budget of approximately £64 million, the variances can be restated as 1.6% and under 1% respectively.

3. An analysis of the changes between Continuing Services Budget (CSB) and District Development Fund (DDF) expenditure illustrates where the main variances in revenue expenditure have occurred.

General Fund	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Opening CSB	16,842	16,706	16,180	(662)	(526)
In Year Growth	374	504	460	86	(44)
In Year Savings	(236)	(667)	(682)	(446)	(15)
Total Continuing Services Budget	16,980	16,543	15,958	(1,022)	(585)
DDF – Expenditure	1,264	2,802	2,558	1,294	(244)
DDF – One Off Savings	(705)	(1,839)	(2,293)	(1,588)	(454)
Total DDF	559	963	265	(294)	(698)
Appropriations	(559)	(963)	(265)	294	698
Net Expenditure	16,980	16,543	15,958	(1,022)	(585)

Continuing Services Budget

4. CSB expenditure was £1,022,000 below the original estimate and £585,000 lower than the revised. The variances have arisen on both the opening CSB, £526,000 lower than the revised estimate and the in year figures, £59,000 lower than the revised estimate.

5. Of the savings on the opening CSB over half relates to staff savings due to vacancies. Actual salary spending for the authority in total, including agency costs, was some £18.544 million compared against an original estimate of £18.926 million. Although the saving of £382,000 is rather lower than in recent years it is still substantial and much of this saving has fallen on the General Fund as opposed to the Housing Revenue Account and the Housing Repairs Fund as was the case in 2006/07. Of the remaining savings of £280,000, £82,000 relates to Housing Benefits with a further four areas seeing savings of £20,000 plus, these are Abandoned Vehicles, Electoral Registration, Grounds Maintenance and Environmental Co-ordination.

6. The in year CSB growth figure of £138,000 became an in year saving of £222,000. Much of this was recognised in the revised estimates, as a saving from the first phase of the top management restructure produced £78,000 and £102,000 of the increased investment income was assessed as being of an ongoing nature. There was also a CSB reduction in the cost of placing people in bed and breakfast accommodation of £85,000 and a number of other items of additional income. Full details of items within the CSB growth figures can be found at Appendix 1.

District Development Fund

7. Net DDF expenditure was £294,000 below the original estimate and £698,000 below the revised. There are requests for carry forwards totalling £469,000 and therefore the variation actually equates to a £229,000 net under spend on the DDF items undertaken. These one-off projects are akin to capital, in that there is regular slippage and carry forward of budgetary provision. Therefore the only reasonable variance analysis that can be done is against the revised position.

8. The DDF increased between the Original and Revised position by some £404,000, this was due to a mixture of items brought forward from 2006/07 and new items identified during 2007/08, the major item in the latter category being in relation to Waste Management. There were also items of income to the General Fund totalling £1,407,000 which have been appropriated to the DDF (see other items on appendix B). The largest variation was seen on the Local Authority Business Growth Incentive Scheme (LABGI) grant, though the final allocation has still to be confirmed. This amounted to an increase of £205,000 on the original figure, though £41,000 related to an adjustment to 2006/07 which did not become apparent until well into 2007/08.

9. Two portfolios saw variations in excess of £100,000 on their DDF when compared to the revised estimate. Finance, Performance Management and Corporate Support Services saw an underspend of £244,000. The three main elements of this relate to unspent Local Housing Allowance set up grant, being able to contain increased costs as a result of maternity cover in Housing Benefits within the existing salaries budget and slippage on the implementation of the new Revenues and Benefits system. Environmental Protection saw an overspend of £186,000, which was made up of a £216,000 overspend on Waste Management, a report on which was made to Cabinet on 9 June. This was offset slightly by additional licensing income. Having said that because the overall position was a net underspend this overspend has in effect been financed by the various underspends on the DDF. Full details of the DDF are shown on appendix B.

10. The appropriation of additional income items and the underspend mean the balance on the DDF has reduced slightly to £2.916 million. Assuming that all the carried forward items are agreed and spent, the DDF is still in a better position than was predicted in the revised estimates. The 2008/09 estimate process allocated all of the DDF to projects including a large amount to the Local Development Framework (LDF). It is unclear at this stage whether the amounts allocated to the LDF so far are sufficient so the additional DDF monies may be required for this, however a full review of the DDF will take place as usual during the budget making process for 2009/10 in the autumn of 2008.

Appropriations

11. The only variation on appropriations arises from the underspend on the DDF.

Housing Revenue Account

12. The table below summarises the revenue outturn for the Housing Revenue Account.

Housing Revenue Account	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Revenue Expenditure	13,647	13,758	13,321	(326)	(437)
HRA Subsidy Payable	8,868	8,842	8,842	(26)	-
Depreciation	7,667	8,527	8,528	861	1
Total Expenditure	30,182	31,127	30,691	509	(436)

Housing Revenue Account	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
Gross Dwelling Rents	23,467	23,390	23,396	71	(6)
Other Rents and Charges	4,295	4,315	4,498	(203)	(183)
Total Income	27,762	27,705	27,894	(132)	(189)
Net Cost of Service	2,420	3,422	2,797	377	(625)
Interest and Other Transfers	1,740	2,164	2,165	(425)	(1)
Transfer from Major Repairs Reserve	3,077	3,939	3,954	(877)	(15)
Net Operating Income	(2,397)	(2,681)	(3,322)	(925)	(641)
Appropriations					
Capital Expenditure Charged to Revenue	1,985	2,142	2,628	643	486
Other	45	(29)	125	80	154
Deficit/(Surplus) for Year	(367)	(568)	(569)	(202)	(1)
Opening Balance – ¼/07	(5,632)	(5,632)	(5,632)	-	-
Deficit/(Surplus) for year	(367)	(568)	(569)	(202)	(1)
Closing Balance – 31/3/08	(5,999)	(6,200)	(6,201)	(202)	(1)

13. A Surplus within the HRA of £367,000 and £568,000 was expected within its original and revised revenue budgets respectively, the actual surplus was £569,000 which is in line with the revised position. This occurred due to a substantial increase to Capital Expenditure Charged to Revenue (RCCO) that offset savings on Management and Maintenance costs of £436,000 and additional income from other rents and charges.

14. When the Revised Estimates were compiled it was noted that the balance on the HRA should not exceed £6.209 million at 1 April 2008, if the Council wished to capitalise additional pension contributions in 2008/09 as a result of the latest triennial valuation. The increased RCCO figure is countered by an equivalent decrease in usage of the Major Repairs Reserve to avoid the HRA balance increasing beyond £6.209 million.

15. The savings on Management and Maintenance arose in a number of areas including Grounds maintenance, Housing Land Cleansing, Piper Alarms and Minor Sewerage Works. There was also some salary savings on the HRA however there was a slight salary overspend on the Repairs Fund.

Resource implications:

As set out in report, it is clear that the Cabinet priority to maintain a sound financial position has been achieved.

Legal and Governance Implications:

Reporting on the financial outturn for the previous financial year is recognised as a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications:

The Council's revenue budgets contain spending related to the Safer, Cleaner, Greener initiative.

Consultation undertaken:

None.

Background Papers:

Final Accounts working papers held in Accountancy.

Impact Assessments:

No equalities or risk management impacts.