

# Report to the Finance and Performance Management Cabinet Committee



**Epping Forest  
District Council**

**Date of meeting: 18 June 2007.**

**Portfolio: Finance, Performance Management and Corporate Support Services.**

**Subject: Provisional Revenue Outturn 2006/07.**

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**Democratic Services Officer: Gary Woodhall (01992 – 564470).**

## Recommendations/Decisions Required:

- (1) That the overall 2006/07 revenue out-turn for the General Fund and Housing Revenue Accounts (HRA) be noted; and
- (2) That, as detailed in Appendix B, the carry forward of £868,000 District Development Fund expenditure be approved.

## Introduction:

1. This report provides an overall summary of the revenue outturn for the financial year 2006/07.

## General Fund

2. The table below summarises the revenue outturn for the General Fund and the consequential movement in balances for 2006/07.

	Original Estimate £000	Revised Estimate £000	Actual Expend £000	Variance from Original £000	Variance from Revised £000
<b>General Fund</b>					
Net Expenditure after Adjustments	15,403	16,294	15,627	224	(667)
Government Grants and Local Taxation	15,792	15,792	15,792	-	-
<b>(Contribution to)/from Balances</b>	<b>(389)</b>	<b>502</b>	<b>(165)</b>	<b>224</b>	<b>(667)</b>
Opening Balances – 1/4/06	(6,456)	(6,456)	(6,456)	-	-
<b>(Contribution to)/from Balances</b>	<b>(389)</b>	<b>502</b>	<b>(165)</b>	<b>224</b>	<b>(667)</b>
<b>Closing Balances – 31/3/07</b>	<b>(6,845)</b>	<b>(5,954)</b>	<b>(6,621)</b>	<b>224</b>	<b>(667)</b>

3. Net expenditure for 2006/07 totalled £15.627 million, which was £224,000 (1.4%) above the original estimate and £667,000 (4.1%) below the revised. When compared to a gross expenditure budget of approximately £60 million, the variances can be restated as 0.4% over and 1.1% under respectively.

4. 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.

<b>General Fund</b>	<b>Original Estimate £000</b>	<b>Revised Estimate £000</b>	<b>Actual Expend £000</b>	<b>Variance from Original £000</b>	<b>Variance from Revised £000</b>
Opening CSB	14,480	14,406	14,091	(389)	(315)
In Year Growth	1,245	2,581	2,219	974	(362)
In Year Savings	(472)	(843)	(833)	(361)	10
<b>Total Continuing Services Budget</b>	<b>15,253</b>	<b>16,144</b>	<b>15,477</b>	<b>224</b>	<b>(667)</b>
DDF – Expenditure	2,137	2,937	1,987	(150)	(950)
DDF – One Off Savings	(1,141)	(1,497)	(2,161)	(1,020)	(664)
<b>Total DDF</b>	<b>996</b>	<b>1,440</b>	<b>(174)</b>	<b>(1,170)</b>	<b>(1,614)</b>
<b>Appropriations</b>	<b>(846)</b>	<b>(1,290)</b>	<b>324</b>	<b>1,170</b>	<b>1,614</b>
<b>Net Expenditure</b>	<b>15,403</b>	<b>16,294</b>	<b>15,627</b>	<b>224</b>	<b>(667)</b>

#### Continuing Services Budget

5. CSB expenditure was £224,000 above the original estimate and £667,000 lower than the revised. The variances have arisen on both the opening CSB, £315,000 lower than the revised estimate and the in year figures, £352,000 lower than the revised estimate.
6. The savings on the opening CSB again relate in the main to staff savings due to vacancies. Actual salary spending for the authority in total, including agency costs, was some £17.914 million compared against an original estimate of £18.704 million. However although the total salary savings in 2006/07 were higher than in 2005/06, a greater proportion of this saving has fallen on the Housing Revenue Account and the Housing Repairs Fund than the General Fund. The monetary value of General Fund savings is similar to last year at around £480,000.
7. The introduction of the debt recovery policy and subsequent improvement in debt collection rates has shown the Bad Debt provision to be too high, therefore a reduction in the provision has been made which shows as a saving on the General Fund. Other savings are relatively minor.
8. The in year CSB growth figure was increased substantially due to the former Waste Management Contractor going into liquidation and a new contractor being sought at short notice. A supplementary CSB budget of £1.5 million was approved to deal with the additional costs of the contract. Close management of the contract and the decision to purchase the refuse fleet have meant that revenue costs have been kept to a minimum and a saving of £168,000 has been achieved on this figure. The remaining £184,000 saving arose because of difficulties recruiting suitable ICT staff after the restructure and increases in energy costs were not as marked as expected. Full details of items within the CSB growth figures can be found at appendix A.

#### District Development Fund

8. Net DDF expenditure was £1,170,000 below the original estimate and £1,614,000 below the revised. There are requests for carry forwards totalling £894,000 and therefore the variation actually equates to a £720,000 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.

9. The DDF increased between the Original and Revised position by some £444,000, this was due to a mixture of items brought forward from 2005/06 and new items identified during 2006/07, the major item in the latter category being in relation to Waste Management. There was also items of income to the General Fund totalling £1,091,000 which have then 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. Indications were that an increase on original expectations could occur though the magnitude of the increase (£603,000 on the original figure) did not become apparent until extremely late in the financial year.
10. Three portfolios saw underspends in excess of £100,000 on their DDF when compared to the revised estimate. Much of this is slippage, for example unspent Planning Delivery Grant and local plan work. However Interest on investments exceeded expectations and this has been shown as Increased DDF income. There was also a significant underspend on the Waste Management DDF. The underspend here has been carried forward for the time being however a full review of the necessary budgetary requirements to carry out the new Waste Management contract will be made when the identity of the new contractor and the exact services to be provided are known. Full details of the DDF are shown on appendix B.
11. The appropriation of additional income items and the large under spend mean the balance on the DDF has increased to £3.181 million. Although some of this is committed to financing the present programme there is some £1.5 million DDF monies that are at this time unallocated.

#### Appropriations

12. The only variation on appropriations arise from the underspend on the DDF.

#### Housing Revenue Account

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

<b>Housing Revenue Account</b>	<b>Original Estimate £000</b>	<b>Revised Estimate £000</b>	<b>Actual Expend £000</b>	<b>Variance from Original £000</b>	<b>Variance from Revised £000</b>
Revenue Expenditure	13,030	13,307	12,904	(126)	(403)
HRA Subsidy Payable	8,345	8,230	8,230	(115)	-
Depreciation	8,381	7,638	7,766	(615)	128
<b>Total Expenditure</b>	<b>29,756</b>	<b>29,175</b>	<b>28,900</b>	<b>(856)</b>	<b>(275)</b>
Gross Dwelling Rents	22,157	22,094	22,039	118	55
Other Rents and Charges	4,292	4,271	4,413	(121)	(142)
<b>Total Income</b>	<b>26,449</b>	<b>26,365</b>	<b>26,452</b>	<b>(3)</b>	<b>(87)</b>
<b>Net Cost of Service</b>	<b>3,307</b>	<b>2,810</b>	<b>2,448</b>	<b>(859)</b>	<b>(362)</b>
Interest and Other Transfers	1,374	1,726	1,735	(361)	(9)
Transfer from Major Repairs Reserve	3,854	3,111	3,239	615	(128)
<b>Net Operating Income</b>	<b>(1,921)</b>	<b>(2,027)</b>	<b>(2,526)</b>	<b>(605)</b>	<b>(499)</b>

<b>Housing Revenue Account</b>	<b>Original Estimate £000</b>	<b>Revised Estimate £000</b>	<b>Actual Expend £000</b>	<b>Variance from Original £000</b>	<b>Variance from Revised £000</b>
<b>Appropriations</b>					
Capital Expenditure	2,150	2,388	2,388	238	-
Charged to Revenue					
Other	188	144	76	(112)	(68)
<b>Deficit/(Surplus) for Year</b>	<b>417</b>	<b>505</b>	<b>(62)</b>	<b>(479)</b>	<b>(567)</b>
Opening Balance – 1/4/06	(5,599)	(5,599)	(5,599)	-	-
Deficit/(Surplus) for year	417	505	(62)	(479)	(567)
<b>Closing Balance – 31/3/07</b>	<b>(5,182)</b>	<b>(5,094)</b>	<b>(5,661)</b>	<b>(479)</b>	<b>(567)</b>

14. A Deficit within the HRA of £417,000 and £505,000 was expected within its original and revised revenue budgets respectively, in the event a surplus of £62,000 occurred. The main differences between the actual figures and the revised estimates were savings on Management and Maintenance costs of £403,000. This mainly related to employee costs, though there were also savings on grounds maintenance, heating and lighting, sheltered unit management and the Estate Management budget.

15. Rental income was slightly down due to an increase in Council House sales toward the end of the financial year however non dwelling rents, particularly from commercial properties were higher than expected .

**Statement in support of recommended action:**

16. To note the provisional revenue outturn.

**Options for action:**

17. No other options available.

**Consultation undertaken:**

18. None

**Resource implications:**

**Budget provision: As set out in report**

**Personnel: Existing**

**Land: None**

**Community Plan/BVPP reference:**

**Relevant statutory powers:**

**Background papers:**

**Environmental/Human Rights Act/Crime and Disorder Act Implications:**

**Key Decision reference (if required):**