

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES

20 JUNE 2007

EXECUTIVE

3 JULY 2007

OVERVIEW OF REVENUE BUDGET 2006-2007

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall final financial performance of the General Fund Revenue Budget for the 2006-2007 financial year ended 31st March 2007.

2. HOUSING REVENUE ACCOUNT (Appendix A)

- 2.1 The final accounts show an overall increase in the HRA working balance from £2,754,942 to £2,843,166, an increase of £88,224 as compared with the break-even budget.
- 2.2 The net under spend of £88,224 in operating expenditure is primarily due to:
- An increase in income from rents as a result of a significant reduction in Right to Buy sales, additionally there has been a reduction in the loss of void property rent as a result of faster property turn around times. This has been mainly used to fund capital expenditure on the Exeter Standard and the government's Decent Homes Standard. The total Revenue Contribution to Capital in 2006-2007 is £1.5m.
- 2.3 The Major Repairs Allowance is 'ring fenced' for capital works and amounts to £3,096,370 and together with £1.5m as a Revenue Contribution to Capital and £1,197,954 of housing capital receipts a total of £5,794,324 was expended on the central heating programme in 186 properties, re-roofing of 123 properties, programmed rewiring in 135 properties, kitchen replacements 392 and other works to meet the government's decent homes standard.

3. GENERAL FUND (Appendix B)

- 3.1 During the financial year regular reports have been made on the estimated revenue outturn for each Scrutiny Committee. The final outturn has now been calculated and major differences from the approved annual budget are highlighted below.
- 3.2 Following changes in the revenue accounting requirements for fixed assets, CIPFA have specified that 'deferred contributions' must be released to service revenue accounts (£341,301 for 2006-2007). Deferred contributions are

government grants and external contributions received in respect of fixed assets. In order that this adjustment does not impact on the level of Council Tax, it is required that the value of deferred contributions released to revenue accounts are reversed out when accounting for total service cost.

- 3.3 A technical adjustment to the accounts in respect of Resources Committee for pension contributions (FRS17) has been made in line with required accounting practice. This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax. The treatment is similar to the way we account for capital charges.
- 3.4 Excluding Capital Charges, FRS17 Support Service adjustment and Deferred Contributions the Service Committees show an under spend of £809,256 against a revised budget of £17,152,400.
- 3.5 In addition to Service Committee net expenditure, investment interest is credited to the account 'below the line'. The interest receipts were £22,296 under budget and this is discussed in the Treasury Management report elsewhere on the agenda.
- 3.6 Additional income has been received in the form of a Business Growth Incentive Grant of £889,125. This is a Government initiative, which rewards Local Authority's economic development for increases in the rateable value of commercial properties above a floor and up to a specified maximum.
- 3.7 The main Service Committee variations for the financial year are:
 - 3.7.1 Additional rent income from commercial properties rent reviews and Land Charges fee income (£351k), and a performance related discretionary recycling credit of (£40k) was received together with a surplus on the Recycling trading account (£29k).
 - 3.7.2 There was a reduction in the cost of Asset Improvement and Maintenance (£561k), and staff savings together with additional income in Licensing, Food, Health and Safety and in Environmental Protection (£231k). Grants/ Central Support / Consultation also under spent by (£76k).
 - 3.7.3 The above additional income and savings were offset by an increase in the cost of the concessionary fare scheme £396k, the cost of undertaking the Local Government Review £168k and additional net cost of Housing Benefits payments £75k.
- 3.7.4 In addition there has been £117,632 in Revenue Contributions to Capital in respect of Disabled Facilities Grants, computer visuals at RAMM and toilets at the Matford Centre.
- 3.8 At 31 March 2006 the General Fund working balance was £4,502,131 and a further contribution of £495,212 has been made at 31st March 2007 leaving the current balance at £4,997,343.

3.9 The Council has identified at the end of the year revenue budgets that have not been spent but where a commitment is required in the following 2007/08 financial year. It is therefore proposed supplementary budgets totalling £370,670 and identified in Appendix C are approved in 2007/08: -

- Scrutiny Committee – Economy; £60,000
- Scrutiny Committee – Resources; £278,410
- Scrutiny Committee – Community; £32,260

3.10 If we take into account the proposed supplementary budgets above the uncommitted General Fund working balance at 31 March 2007 is therefore £4,626,673.

3.11 Earmarked Reserves totalling £354,416 have been created for specific schemes and purposes as summarised below: -

- Scrutiny Committee – Community: £146,233
- Scrutiny Committee – Economy: £132,393
- Net Movement on Asset Improvement Maintenance (AIM): £75,790

There has also been £184,839 transferred from Earmarked Reserves as follows:-

- Scrutiny Committee – Community: £1,355
- Scrutiny Committee – Economy: £123,596
- Scrutiny Committee – Resources: £25,555
- Revenue Contributions to Capital: £34,333

During 2006/07 there has therefore been an overall net contribution to Earmarked Reserves of £169,577.

3.12 A specific provision of £561,660 has been made within Earmarked Reserves to cover the carry forward of specific AIM schemes. These are detailed in Appendix D.

3.13 The movement on Earmarked Reserves and the balance at 31 March 2007 are:

Earmarked Reserve	Balance at 31March 2006 £'000	Balance at 31March 2007 £'000	Movement £'000
Economic Regeneration	272	207	(65)
Property Maintenance	493	569	76
Other earmarked reserves	2,138	2,297	159
Superannuation Reserve	<u>1,761</u>	<u>1,761</u>	<u>0</u>
	<u>4,664</u>	<u>4,834</u>	<u>170</u>

4. COUNCIL TAX

4.1 As at 1 April 2006, arrears amounted to £2,543m, the movements during 2006-2007 were as follows:

	£m	£m
Arrears at 1 April 2006		2,543
Add:		
2006-2007 debits raised net of discounts, benefits and transitional relief	40,796	
Less:		
Payments received	(41,229)	
Refunds and increase in pre-payments	727	
Write-offs	<u>(431)</u>	
Arrears at 31 March 2007		<u>£2,406</u>

4.2 Against the arrears of £2.406m, a bad and doubtful debt provision of £900k has been provided, calculated in accordance with the appropriate accounting guidelines.

4.3 The 'In-Year' collection rate has reduced slightly in comparison with the previous year. The collection rate for 2006/07 was 97.1% compared with 97.4% in 2005/06.

5 RECOMMENDATION

It is recommended that the report be noted and:

5.1 That the net transfer of £169,577 to Earmarked Reserves as detailed in paragraph 3.11 and 3.13 is approved.

5.2 That Supplementary budgets totalling £932,330 are approved as detailed in paragraph 3.9

5.3 That Earmarked Reserves at 31 March 2007 be noted;

5.4 That the General Fund working balance at 31 March 2007, be approved at £4,997,343;

5.5 That the Housing Revenue Account working balance at 31 March 2007, be approved at £2,843,166.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

SR/GF Final Overview

5 June 2007