

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
19 SEPTEMBER 2007

EXECUTIVE
2 OCTOBER 2007

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2007-2008

1 PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget after three months, for the 2007-2008 financial year.

2 GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast overspend of £101,190 (0.52%) against a revised budget of £19,248,780.

- 2.2 Following changes in the revenue accounting requirements for fixed assets, CIPFA have specified that ‘deferred contributions’ must be released to service revenue accounts (£383,220 for 2007-2008). 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.

- 2.3 Details of the variances are being disclosed in stewardship reports to individual Scrutiny Committees during the current cycle of meetings.

- 2.4 The main variances are as follows:

2.4.1 Scrutiny Committee Community – (An over spend of £68,650).

Additional expenditure of up to £90,000 has been approved in respect of the Winter Ice Rink, £20,000 for the Exe Estuary review and for Housing Advisory Services; repair costs for PSL property hand backs are expected to exceed the budget together with additional staffing costs to cover for long-term sickness.

This has been partly offset by additional income from the sale of recycling materials and associated recycling credits, together with additional income from the garden waste service.

2.4.2 Scrutiny Committee Economy – (An under spend of £75,100)

Rental income is higher than expected due to the completion of several rent reviews in respect of commercial properties. Income is higher than budgeted for Markets and

Halls due to the increased use of the car parks at the Matford Centre and the introduction of a Wednesday car boot sale.

2.4.3 **Scrutiny Committee Resources – (An over spend of £107,640)**

It is estimated at the end of the first quarter that there will be a net reduction in Housing Benefits subsidy of £72,700 (0.23% of the total subsidy for 2007-08)

There are additional costs of £18,140 in respect of items transferred from capital to revenue following the decision to increase the de-minimis level for capital to £10,000; and a strain payment of £12,320 in respect of an early retirement has been incurred.

Savings have been made in respect of Election costs and Asset Improvement and Maintenance (AIM) costs for work at the Guildhall have been deferred to 2008-09.

2.5 **Other Financial Variations**

2.5.1 There is a net transfer from Earmarked Reserves of £248,087, £42,233 for Other Sports Facilities, £3,380 from the Splash Scheme reserve, £20,000 from the Local Development Framework reserve, £132,150 from the Princesshay reserve and £107,590 from the Planning Delivery Grant reserve. This will be offset by a transfer of £33,566 to earmarked reserves in respect of Housing Partnership, £23,700 to the Vehicle Licensing reserve.

2.5.2 There is a reduction of £40,000 in respect of investment interest due mainly to a reduction in the return achieved by the Council's Fund Managers. This is primarily a result of investment decisions that had taken place in the previous financial year. As a result of concerns about the performance of the Fund Manager, some investments have already been returned to be managed instead by the in-house finance team. There is a £20,000 revenue contribution to capital costs and £59,000 is being carried forward in respect of AIM works to be undertaken in 2008-09.

2.5.3 The overall net deficit is estimated to be £596,953 at 31 March 2008 after accounting for July approved supplementary budgets of £996,230; this will be transferred from the General Fund Working Balance.

3 CONCLUSION

3.1 The forecast increase in Service Committee net expenditure for 2007-08 totals £101,190 including the supplementary budgets of £996,230. This together with transfers from Earmarked Reserves, the reduction of £40,000 from investment income, a transfer of £20,000 for revenue contribution to capital and AIM carried forward of £59,000 will result in a transfer of £596,953 from the Working Balance. The forecast General Fund Working Balance at 31st March 2008 is £4,400,389 and equates to 27.9% of the General Fund net expenditure.

4 RECOMMENDATION

It is recommended that:

- (1) The forecast financial position for the 2007-2008 financial year is noted.

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/GFOverviewJune07
7 September 2007