

CABINET

27 JULY 2004

OVERVIEW OF FINAL ACCOUNTS 2003/04

REPORT OF THE DIRECTOR OF FINANCE

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RECENT REFERENCES:

CAS24 Community Services Summary of Actual Expenditure 2003/04 1 July, 2004  
HE28 Environmental Health – Financial and Performance Outturn 2003/04, 7 July, 2004  
HO36 HRA Services Finance and Performance Outturn 2003/04 13 July, 2004  
HO35 Housing GF Services Finance and Performance Outturn 2003/04 13 July, 2004  
EA35 Development Services Summary of Actual Expenditure 2003/04 8 July, 2004  
PER70 Personnel Department Outturn Report 2003/04 15 July, 2004  
CEN60 Finance Department Summary of Actual Expenditure 2003/04 14 July, 2004  
CEN65: CX Department Summary of Actual Expenditure 2003/04 14 July, 2004  
CEN63 CSS Department Summary of Actual Expenditure 2003/04 14 July, 2004

EXECUTIVE SUMMARY:

This report provides an overview of actual expenditure for 2003/04 and gives details of the Council's major reserves. The full Statement of Accounts for 2003/04 will be presented to the Statement of Accounts Committee meeting on 4 August 2004. The figures reported here are provisional, as the full work on the Statement has not been completed yet. However, no significant changes are expected.

There was a variance of (£0.64m) against the revised budget on net General Fund expenditure, of which (£0.21m) is in respect of additional interest earned on balances and (£0.25m) is subject to requests for carry forward into 2004/05. At the year-end the General Fund working balance was £2m, the Major Investment Reserve stood at £6.2m and other earmarked reserves stood at £8.1m. The HRA balance was reduced to £1.6m.

RECOMMENDATIONS:

1. That Cabinet, in accordance with Financial Procedure Rule 7.7, approves the amount of £248,000 on General Fund to be carried forward into 2004/05 as a one-off contribution from the 2003/04 budget for the purposes specified in Appendix 6.
2. That the determinations as set out in Appendix 7 be made.

CABINET27 JULY 2004OVERVIEW OF FINAL ACCOUNTS 2003/041 Introduction

- 1.1 This report provides an overview of the actual revenue expenditure for 2003/04 and gives details of the Council's major reserves. The full Statement of Accounts for 2003/04 will be presented to the Statement of Accounts Committee meeting on 4 August 2004. The figures reported here are provisional final figures, as the full work on the Statement has not yet been completed. However, no significant changes are expected. Outturn on capital expenditure was reported to Cabinet on 5 July in report CAB881.
- 1.2 The summary pages at Appendices 1 to 4 compare the outturn with the revised budget. The original budget approved in February 2003 and upon which the Council Tax was based, is also given for reference. In analysing variances the detailed departmental budgets in Section 3 below and in Appendix 8 compare actual expenditure with the latest working budget (this is the revised budget adjusted for approved changes, such as supplementary estimates).
- 1.3 More detailed information about the Council's budget can be found in the Budget Book 2004/05.

2 Summary

- 2.1 Overall the provisional position at 31<sup>st</sup> March 2004 compared with the expected position was as follows:
- The General Fund working balance was £2.0;
  - The Major Investment reserve was £6.2m, an increase of £0.3m over the expected £5.9m;
  - requests for amounts to be carried forward total £248,000 on General Fund ;
  - the Winchester Town Account balance was £105,082 as compared to the original budget of £106,082;
  - the HRA working balance was £1.6m, an increase of £0.2m over the original budget figure of £1.4m;
  - total capital receipts during the year were £5.1m, an increase of £1.4m on the revised budget of £3.7m;
  - usable capital receipts at the end of 2003/04 were £5.2m;
  - other earmarked reserves totalled £8.4m;
  - the Collection Fund surplus was £160,000, an increase of £160,000 over the expected figure.

3 Revenue Variances

- 3.1 A summary of variances on the General Fund and requests for carry forwards is shown below.

<u>Service Summary</u>	2003/04	2003/04 Working	Variance	C/Forward
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	Actual	Budget	Requests	
	£000	£000	£000	£000
Chief Executive	363	374	(11)	20
Personnel	0	0	0	0
City Secretary & Solicitor	2,076	2,080	(4)	64
Finance	2,057	2,386	(329)	10
Health	4,412	4,322	90	22
Housing	1,025	1,434	(409)	48
Community Services	5,022	5,708	(686)	0
<i>Development Services</i>				
Planning	2,057	1,984	73 )	
Building Control	192	191	1 )	84
Engineering	883	956	(73) )	
Estates	(934)	(842)	(92) )	
TOTALS	17,153	18,593	(1,438)	248
Financing Transactions	(5,908)	(6,761)	853	0
TOTAL GENERAL FUND	11,245	11,832	(587)	248
Housing Revenue Account	703	659	44	0
Total Net Cost	11,948	12,491	(543)	248

<u><i>Subjective Summary</i></u>	2003/04 Actual	2003/04 Working Budget	Variance
	£000	£000	£000
Employees	13,930	13,882	48
Premises	6,269	6,265	4
Transport	1,236	1,219	17
Supplies & Services and Third Party Payments	13,417	13,487	(70)
Benefits	16,176	16,545	(369)
Capital Financing	8,474	9,497	(1,023)
Management Overheads	7,872	7,833	39
Total Expenditure	67,374	68,728	(1,354)
External Income	(41,169)	(39,713)	(456)
Recharges	(9,212)	(9,239)	27
Total Income	(49,381)	(48,952)	(429)
Total Net Cost	17,993	19,776	(1,783)
Contributions from Reserves	(137)	(524)	387
Financing Transactions	(5,908)	(6,761)	853
Total Net Cost	11,948	12,491	(543)

3.2 The main variances are covered in the notes to Appendix 1 and the outturn statements in Appendix 8. The working budget figures in paragraph 3.1 above and in

Appendix 8 may differ from the revised budget as subsequent virements and approved supplementary estimates have been included.

- 3.3 As part of the budget monitoring process carried out in 2003/04, the Performance Improvement Committees considered budget reports during the year. Summaries of the outturn by department are included in Appendix 8.
- 3.4 The relevant Performance Improvement Committees have considered outturn figures and variances, and requests for managed savings carried forward, as outlined in Appendix 6, have been endorsed by those committees. Most departments came in very close to their budgets (after allowing for capital financing changes outside their control) giving a net overall underspend. The requests for budget carry forwards amounts to approximately 50% of the service underspend.

#### 4 General Fund Balance and Earmarked Reserves

- 4.1 The underspend on the General Fund in 2003/04 means that no net contribution need be taken from the Major Investment Reserve, which was set up to provide future funding for both revenue and the capital programme.
- 4.2 Earmarked reserves totalled £8.4m at the end of the year. The bulk of these reserves is earmarked for property repairs (£0.8m), car parks (£1.8m), insurance (£0.8m), grants (£0.5m), open spaces (£1.4m), Whiteley (£1.2m) and IT (£1.2m). Details are given in Appendix 5.
- 4.3 The HRA working balance decreased by £0.7m, largely in line with budget projections.

#### 5 Managed Savings and Carry Forwards

- 5.1 The current policy approved in Financial Procedure Rules is
- "Carry forward to the immediately following financial year of planned underspendings will be allowed up to the value of £25,000 for each department with the approval of the Director of Finance where he/she is satisfied that the underspendings have arisen from managed savings and that the proposals for spending them in the following year do not create an ongoing revenue commitment and are consistent with the relevant policies. Any new proposals which for any department exceed £25,000 in total for carry forward of underspending from one year to another must be submitted to Cabinet so that they are assessed against the Council's strategic priorities. Proposals to carry forward will require Council approval if they exceed £500,000 in total for revenue proposals and £1,500,000 in total for capital schemes."
- 5.2 Where savings against budget do not come strictly within the definition of managed savings but the department wishes to seek a carry forward of an amount for a particular reason this would normally require a supplementary estimate in the ensuing year
- 5.3 Appendix 6 lists all the proposals for managed savings and requests for budgets to be carried forward.
- 5.4 If approved, the requests to carry forward items of £248,000 will increase the 2004/05 budget by that amount. These items are one-off increases and will not increase the base budget.

## 6 Winchester Town

- 6.1 Appendix 2 shows the position for Winchester Town. A commentary on the variances is included in the appendix.

## 7 Financing Transactions

- 7.1 Appendix 3 gives a summary of financing transactions. Net external investment income was £207,000 more than anticipated at revised budget time.

## 8 Capital Programme

- 8.1 A separate report on capital outturn for 2003/04(CAB881) was considered by Cabinet at the meeting on 5 July.
- 8.2 It is necessary for the Council to make certain formal determinations in relation to capital. The detail of the relevant determinations is contained in Appendix 7.

## 9 Collection Fund

- 9.1 A summary of the Collection Fund is shown in Appendix 4. Overall the Fund is showing a surplus of £160,000 compared with a revised budget at break even. This surplus will be shared between this Council, the County and the Police Authority.

### OTHER CONSIDERATIONS:

#### 10 CORPORATE STRATEGY (RELEVANCE TO):

- 10.1 Preparation of the budget had regard to the corporate strategy. Monitoring of income and expenditure and review of the final position is an intrinsic part of measuring whether the Strategy's objectives have been achieved.

#### 11 RESOURCE IMPLICATIONS:

- 11.1 As discussed in the body of the report.

### BACKGROUND DOCUMENTS:

Operational and financial records held in the Finance and other Departments.

### APPENDICES:

- Appendix 1 General Fund Summary of Expenditure
- Appendix 2 Winchester Town Account
- Appendix 3 Financing Transactions
- Appendix 4 Collection Fund
- Appendix 5 Major Reserve Balances at 31 March 2004
- Appendix 6 Requests for managed savings to be carried forward to 2004/05
- Appendix 7 Capital Determinations
- Appendix 8 Outturn summaries by department