

CABINET

16 JULY 2003

OVERVIEW OF FINAL ACCOUNTS 2002/03

REPORT OF THE DIRECTOR OF FINANCE

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RECENT REFERENCES:

CAS11 Summary of Actual Expenditure 2002/03 1 July, 2003

HE13 Environmental Health – Financial and Performance Outturn 2002/03, 3 July, 2003

HO11 Housing Revenue Account Budget Outturn 2002/03 10 July, 2003

HO12 Housing General Fund Budget Outturn 2002/03 10 July, 2003

EA1 Development Services Budget Outturn 2002/3 8 July, 2003

PER52 Summary of Actual Expenditure 2002/03. 9 June, 2003

CEN25 Finance Department – Summary of Actual Expenditure 2002/03 14 July, 2003

CEN27: CX Department - Summary of Actual Expenditure 2002/03 14 July, 2003

CEN28 CSS Department - Summary of Actual Expenditure 2002/03 14 July, 2003

EXECUTIVE SUMMARY:

This report provides an overview of actual expenditure for 2002/03 and gives details of the Council's major reserves. The full Statement of Accounts for 2002/03 will be presented to the Statement of Accounts Committee meeting on 26 August 2003. 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 (£1.23m) against the revised budget on net General Fund expenditure, of which (£0.52m) is in respect of a backdated rates rebate on River Park Leisure Centre and (£0.44m) is subject to requests for carry forward into 2003/2004. At the year-end the General Fund working balance was £2m, the Major Investment Reserve stood at £6.2m and other earmarked reserves had increased to £8.1m. The HRA balance was increased to £2.3m, with requests to carry forward £58,450.

RECOMMENDATIONS:

1. That Cabinet, in accordance with Financial Procedure Rule 7.7, approves the amounts of £441,060 on General Fund and £58,450 on Housing Revenue Account to be carried forward into 2003/04 as a one-off contribution from the 2002/03 budget for the purposes specified in Appendix 6.
2. That the determinations as set out in Appendix 7 be made.

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OVERVIEW OF FINAL ACCOUNTS 2002/03

1 Introduction

- 1.1 This report provides an overview of the actual revenue expenditure for 2002/03 and gives details of the Council's major reserves. The full Statement of Accounts for 2002/03 will be presented to the Statement of Accounts Committee meeting on 26 August 2003. The figures reported here are provisional, as the full work on the Statement has not yet been completed. However, no significant changes are expected. Outturn on capital expenditure is reported elsewhere on this agenda in report CAB662.
- 1.2 The summary pages at Appendices 1 to 4 compare the outturn with the revised budget. The original budget approved in February 2002 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 2003/04.

2 Summary

- 2.1 Overall the provisional position at 31st March 2003 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 £0.5m over the expected £5.7m;
 - requests for amounts to be carried forward total £441,060 on General Fund and £58,450 on Housing Revenue Account;
 - the Winchester Town Account balance was £85,172 as compared to the original budget of £96,800;
 - the HRA working balance was £2.3m, an increase of £0.3m over the original budget figure of £2.0m;
 - total capital receipts during the year were £4.7m, an increase of £0.6m on the revised budget of £4.1m;
 - usable capital receipts at the end of 2002/03 were £2.4m;
 - other earmarked reserves totalled £8.1m;
 - the Collection Fund deficit was £14,000, a decrease of £28,000 over the expected £42,000.

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>	2002/03 Actual	2002/03 Working Budget	Variance	C/Forward Requests
	£000	£000	£000	£000
Chief Executive	723	804	(81)	70
Personnel	0	0	0	0
City Secretary & Solicitor	1,883	2,001	(118)	50
Finance	2,596	2,585	11	0
Health	4,202	4,273	(71)	56
Housing	1,093	1,285	(192)	132
Community Services	5,127	5,230	(103)	79
<i>Development Services</i>				
Planning	1,962	2,040	(78)	39
Building Control	210	171	39	0
Engineering	953	1,014	(61)	0
Estates	(192)	(184)	(8)	10
TOTALS	18,557	19,219	(662)	436
Com Services Rate Rebate	(516)	0	(516)	516
Financing Transactions	(7,115)	(7,016)	(99)	0
TOTAL GENERAL FUND	10,926	12,203	(1,277)	952
Housing Revenue Account	(204)	107	(311)	58
Total Net Cost	10,722	12,310	(1,588)	1,010

<u>Subjective Summary</u>	2002/03 Actual	2002/03 Working Budget	Variance
	£000	£000	£000
Employees	12,770	12,883	(113)
Premises	5,729	6,270	(541)
Transport	1,035	1,156	(121)
Supplies & Services and Third Party Payments	14,150	14,657	(507)
Benefits	16,876	15,861	1,015
Capital Financing	9,777	9,797	(20)
Management Overheads	7,238	7,154	84
Total Expenditure	67,575	67,777	(202)
External Income	(41,904)	(39,699)	(2,205)
Recharges	(8,780)	(8,656)	(124)
Total Income	(50,684)	(48,355)	(2,329)
Total Net Cost	16,891	19,422	(2,531)
Contributions to Reserves	946	(96)	1,042
Financing Transactions	(7,115)	(7,016)	(99)
Total Net Cost	10,722	12,310	(1,588)

- 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. The rate rebate shown above in Community Services budget, and included in the premises budget, relates to a long outstanding appeal on the rates charges for River Park Leisure Centre and comprises a refund covering several years.
- 3.3 As part of the budget monitoring process carried out in 2002/03, the Performance Monitoring Sub-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 at or under their budgets giving a net overall underspend. The requests for budget carry forwards largely offset that net underspend.

4 General Fund Balance and Earmarked Reserves

- 4.1 The surplus on the General Fund in 2002/03 will go to the Major Investment Reserve, which was set up to provide future funding for both revenue and the capital programme.
- 4.2 Earmarked reserves totalled £8.1m at the end of the year. The bulk of these reserves is earmarked for property repairs (£0.9m), car parks (£1.7m), insurance (£0.7m), grants (£0.6m), open spaces (£1.4m), Whiteley (£0.9m) and IT (£1.0m). Details are given in Appendix 5.
- 4.3 The HRA working balance increased by £0.3m, with a request for managed savings carried forward of £58,450, included in Appendix 6.

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 £10,000 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 £10,000 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 £441,060 will increase the 2003/04 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 £92,000 more than anticipated at revised budget time.

8 Capital Programme

- 8.1 A separate report on capital outturn for 2002/03 (CAB662) is included elsewhere on this agenda.
- 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 deficit of £14,000 compared with a revised budget deficit of £42,000. This deficit 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 2003
- Appendix 6 Requests for managed savings to be carried forward to 2003/04
- Appendix 7 Capital Determinations
- Appendix 8 Outturn summaries by department