

**MONITORING OF REVENUE EXPENDITURE FOR THE 3 MONTH PERIOD
TO 30 JUNE 2005 – EXCEPTION REPORT**

EXECUTIVE MEMBER: Councillor E Woodburn
LEAD OFFICER: Sue Borwick, Head of Finance and Business Development
REPORT AUTHORS: Catherine Nicholson, Accountancy Services Manager and Paul Robson, Accountant

Summary: This report informs Members in detail of the variations in actual and expected revenue based expenditure and income over £10,000, or more than 10% of budget, for the 3 month period 1st April to 30th June 2005

Recommendation: 1) The report be noted

Impact on delivering Copeland 2020 objectives: Ensure financial control to ensure resources are used efficiently, economically, and effectively in service delivery.

Impact on other statutory objectives (e.g. crime & disorder, LA21): None directly

Financial and human resource implications: On a quarterly basis, all revenue budgets, including holding accounts, will continue to be monitored and reported to members on an exception basis. The realised net surplus or deficit will form part of the final accounts report.

Project & Risk Management: Budget Monitoring procedures in place.

Key Decision Status

- **Financial:** Yes
- **Ward:** No.

Other Ward Implications: None.

1. INTRODUCTION

- 1.1 It is important that any overspend or under spending on revenue activities are identified as soon as possible so that any action required may be taken promptly. Managers receive detailed monitoring statements monthly to enable them to take appropriate courses of action, with financial advice being given by suitably qualified finance staff.
- 1.2 The purpose of this report is to identify any major variations from profiled budget for the 3 month period up to 30th June 2005, and to recommend any appropriate action necessary.
- 1.3 Any under spend realised after the closure of the accounts will be recommended for transfer to the Major Projects Fund in line with policy.
- 1.4 A summary of variances affecting all General Fund line functions and holding accounts is shown in Appendix A.
- 1.5 Appendices B and C, detail significant variances greater than £10,000 or 10% of the profiled budget for Period 3.

2 MAJOR EXCEPTIONS

- 2.1 Work is currently being undertaken in Accountancy, to produce a revised budget for 05/06, following the Council wide restructure. There are a number of variances on Salaries and related expenditure, due to departmental budgets reflecting pre-restructure establishments. A revised budget book will be available from 1st September 2005.
- 2.2 Treasury Management is currently predicted to report a large overspend by the end of the financial year. This is due to two factors. Firstly, interest rates have not followed initial forecasts. At the time the budget was set, they were forecast to rise to 5.25% before the start of the financial year. The budget is based on market expectations at the time, September 2004, as advised by our Treasury advisors. Market conditions have not been as expected partly due to terrorism activity. They are currently sitting at 4.75% and the revised forecasts are for them to fall to 4.5% by September. The second reason is that we currently have lower balances than we budgeted for, because of outstanding 2004/05 Housing Benefit Subsidy and fewer Council Houses sales than estimated. Current predictions are for an adverse variance of £204k by the end of the financial year. The position will of course be monitored very closely and reported back to Executive as the financial year progresses.
- 2.3 Housing Benefit was reporting a large overspend, due to the accrued income of £1.5m from 04/05 – ie the income relating to 04/05 financial year, but not yet received. This sum has now been received into the Council's funds in July 05.
- 2.4 Another large adverse variance is on Homelessness. Currently there is a budget of £7.1k for emergency accommodation, but already there has been expenditure of £34.2k. Some Housing Benefit may be claimed in relation to this spend, but the

shortfall is currently unknown. A further report to Executive from Regeneration has been requested on this budget.

3 CONTINGENCIES

3.1 The balance on contingencies, after Executive on 26th July 05 is £196,271

4 FUTURE REPORTS

4.1 Accountancy are currently developing reporting financial spend against outputs. This will assist both members and budget holders to assess progress against spend.

5 CONCLUSION

5.1 All accounts continue to be monitored closely and any significant variances, and appropriate action required, will be reported to members.

5.2 There are a number of other significant under and overspends, that will only be finalised in the final accounts process for 2005/06.

5.3 It is expected that the overall actual net expenditure will remain with approved budget at financial year end.

List of Appendices

[Appendix A](#)

[Appendix B](#)

[Appendix C](#)

List of Background Documents:

Detailed management accounts for period 3
(1st April 2005 to 30th June 2005)

List of Consultees:

Business Managers, Corporate Team

1. 1.