

PROVISIONAL 2007/08 REVENUE AND CAPITAL OUTTURNS

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Summary:

This report advises members of the provisional Revenue and Capital Budget outturn positions for the financial year 2007/08 and of the optimal level of reserves to be held over the period 2008/09 to 2010/11.

Corporate Team is reporting overall: -

(a) an under spend of £399k (3.4%) against the annual revenue operating budget after making provision of £360k for job evaluation and increasing the bad debt provision by £62k; and

(b) an under spend of £2.684m (41.8%) against the annual capital budget.

As a result of the revenue budget under spend the closing balance on General Fund Reserves will be in the region of £300k higher than anticipated at the end of 2007/08 however it is anticipated also that this amount will be utilized in 2008/09 to address the skills' gap bringing the reserve strategy back into line as previously agreed by members.

An explanation of the main variances is provided in the body of the report.

Recommendation:

It is recommended that Members approve the carry forward of the revenue and capital budget under spends of £399k and £2.684m respectively, conditional upon a satisfactory outcome of the statutory audit, to help deliver the Corporate Plan over the next three years.

1 INTRODUCTION

- 1.1 The provisional out-turn report accrues for all income and expenditure for goods and services delivered and provided throughout the financial year 2007/08 (i.e. regardless of whether invoices have been received or paid to date) as opposed to a cash accounting basis. Also a provision has been set aside against the 2007/08 staffing budget for job evaluation and doubtful debt.

- 1.2 Financial performance figures have been reported against budget together with an explanation of the main variances. The key decision which Members are asked to make is the approval of revenue and capital budget under spends of £399k and £2.712m respectively to address slippage in the Corporate Plan.

2 PROVISIONAL OUTTURN (Revenue)

- 2.1 The provisional revenue outturn position, after allowing £360k for job evaluation and an increase of £62k to the bad debt provision, is summarised in the table below.

N o t e	2007/08 Provisional out-turn by service area	Net Operating Budget	Provisional Outturn	Variance from Budget (under (-) / over)	Variance from Budget (under (-) / over)
		£000	£000	£000	%
1	Chief Executive, Policy, Legal & Democratic, Finance & Business Dev, Customer Services	3,128	2,978	-150	-5%
2	Regeneration	2,609	2,255	-354	-13.6%
3	Leisure and Environmental Services	6,040	6,145	105	1.8%
	TOTAL	11,777	11,378	-399	-3.4%

- 2.2 The overall revenue out-turn position is anticipated to be in the region of a £399k (3.4%) under spend against the net operating budget of £11.8m. In the main the under spend relates to staffing vacancies which have been reported net of £360k set aside from the salary budget for job evaluation purposes. An explanation of the main variances is outlined below:

(N.B. - sign denotes an under spend whereas + denotes an over spend.)

- 1 Superannuation less than anticipated (-£48k)
 Net interest rates on investments higher than anticipated together with investment levels being higher due to slippage in the capital programme (-£92k)
 Computer Audit Slippage (-£10k)
 Members allowances due to vacancies (-£28k)
 Overspend on mainframe software (+£28k)

- 2 Property salaries and professional services (-£68k)
 Property income higher than anticipated (-£40k)
 Economic and Tourism salaries due to vacancies (-£105k)
 Economic and Tourism increased income (-£45k)
 Net development control income higher than anticipated
 (-£99k)

- 3 Net Environmental Health staffing costs related to job evaluation
 provision in the main (+£105k).

2.3 It is recommended that the £339k salary under spend is carried forward to address the skills gap together with the balance of £60k for other miscellaneous projects which were not delivered due to staffing vacancies. Management proposals for carry forward, totalling £399k, are outlined in the table below:

Service	£'000	Comment
TIC	6	Shop refit
Economic Dev.	11	Whitehaven and minor rural projects
Policy	6	Public consultation
Fraud	3.5	Software licences
Cultural Services	18	Sport England NW study
Equality & Diversity	10	AWAZ & Gay Cumbria
Training	2.5	Members
	3	Covalent
Specialist Staffing	139	Regeneration
	50	Computer Audit & Finance
	150	Planning / Dev. control
Total	399	

3 RESERVES STRATEGY

- 3.1 It is anticipated that the closing balance on reserves at the end of 2007/08 will be in the region of £8.3m which is £300k greater than anticipated due to staffing vacancies. It is anticipated, however, that the £300k will be utilised on staffing costs in 2008/09 bringing the reserves back to the optimal level as approved by members.
- 3.2 It is planned that reserves will fall to £3.5m by the end of 2010/11 with £1.4m held in contingency and the remaining £2.1m set aside for specified costs known to arise at some time in the future.
- 3.3 The table below outlines the planned reserve balances for the next three years.

Summary of Reserves	Provisional Outturn	<-----Planned----->		
	2007/08	2008/09	2009/10	2010/11
	£000	£000	£000	£000
General reserves (risk based)	1,434	1,434	1,434	1,434
Earmarked reserves	2,702	1,933	1,228	633
Sinking funds	1,133	1,264	1,421	1,469
Neighbourhood Management Fund	3,000	2,000	1,000	0
Closing balances	8,269	6,631	5,083	3,536

4 PROVISIONAL OUTTURN (Capital)

- 4.1 There was significant slippage totalling £2.7m in the capital programme for 2007/08. This was mainly due to the fact that the annual programme was rather ambitious in light of the level of staffing shortages and the skills gap experienced by Council in recent years.

- 4.2 The provisional outturn for spend against the 2007/08 annual capital budget is summarised in the table below:

N o t e	Provisional Out-turn	Capital Budget 2007/08	Actual Expenditure	Slippage
		£'000	£'000	£'000
1	ICT	295	63	232
2	Property	1,605	496	1,109
3	L&ES	380	303	77
4	Beacon	2,104	2,064	40
5	Community Renewal	106	69	37
6	Econ. Dev.	1,800	611	1,189
	TOTAL	6,290	3,606	2,684

- 4.3 In the main the slippage relates to the following projects:

Note 1 Delay in implementing website, regeneration software and e-marketplace ICT developments totalling (£232k);

Note 2 Delay to works on Crematorium, Cleator Moor public offices and public toilets amounting to (£54k); alterations to the reception area of the Copeland Centre (£24k); work on property at North Shore (£500k) plus survey and repairs to adoption of drains (£300k) and Crematorium (£200k);

Note 6 Coastal fringe (£1.1m.) and Former Cleator Moor Co-op (£0.1m.)

- 4.4 Members are requested to approve the carry forward of £2.684m into 2008/09 to address slippage in the capital programme.

5 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 5.1 The reported provisional outturn figures are un-audited, however, the council's reserve strategy is sufficiently robust to accommodate any significant shifts in net adverse variances to the tune of £1m. Any changes to the 2007/08 outturn position resulting in a call on reserves will be conditional upon the reserves being fully made up from future budget cuts.

6 PROJECT AND RISK MANAGEMENT

- 6.1 All budgets have been monitored monthly with exception reports, risk analysis and management action considered by Corporate Team. Management accounts are prepared by accountancy services from information recorded in the financial ledger and from information provided by managers on commitments and year end forecasts with an explanation provided on any significant variances. Manager's figures are quality assured by the accountants and a level of assurance is provided by the Head of Finance and Business Development on the robustness of the financial information.

7 IMPACT ON CORPORATE PLAN

- 7.1 Corporate team proposes that under spends in 2007/08 are carried forward to ensure that the corporate plan is delivered over the medium term timeframe.

List of Background Documents:

Detailed working papers held in accountancy.

List of Consultees:

Portfolio holders, Corporate Team, Budget Managers, Budget Holders.

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	n/a
Impact on Sustainability	n/a
Impact on Rural Proofing	n/a
Health and Safety Implications	n/a
Impact on Equality and Diversity Issues	n/a
Children and Young Persons Implications	n/a
Human Rights Act Implications	n/a
S151 CFO Comment	The CFO provides a positive assurance on the robustness of the figures reported in the provisional outturn.
Monitoring Officer Comments	No Legal Comments

Please say if this report will require the making of a Key Decision YES/NO