

MEETING OF THE CABINET - 15th June 2005

REPORT OF THE DIRECTOR OF FINANCE

REVENUE AND CAPITAL OUTTURN 2004/05**1.0 Purpose**

1.1 To report the provisional financial results for the year ended 31st March 2005.

2.0 Background

2.1 The Council's final accounts for the year ended March 2005 have been completed, subject to audit, and the various statutory statements are now being produced. The Statement of Accounts will be considered for approval by the Audit Committee in July, in accordance with the requirements of the Accounts and Audit Regulations 2003.

2.2 General Fund Revenue Summary

2.2.1 The General Fund Revenue outturn for 2004/05 was £328.6m including transfers to reserves, and the overall financial position compared to the revised budget is summarised in the following table.

	Revised Budget 2004/05 £'000	Outturn 2004/05 £'000	Variance £'000
Total Service Costs	329,014	328,600	(414)
Use of Balances	(1,639)	(1,225)	414
Net Revenue Expenditure	327,375	327,375	0

2.2.2 Details of the outturn, together with reasons for the variance from approved budget is shown at [Appendix 1](#).

2.3 General Balances

2.3.1 As a result of the outturn, the position on General Balances at 31st March 2005 is as follows:

	Estimate £m	Actual £m
Balance as at 1st April 2004	3.1	3.1
Additions during the year (net transfers from earmarked reserves & provisions)	1.8	1.8
Less: Used in 2004/05	-1.7	-1.2
General Balances at 31st March 2005	* 3.2	*3.7

* The approved budget for 2005/06 includes the use of £2.0m to support expenditure.

2.4 General Fund Earmarked Reserves

2.4.1 The actual levels of earmarked reserves at 31st March 2005 were £47.6m, a net increase of £5.4m compared to 1st April 2004. Details are shown at [Appendix 2](#).

2.4.2 In accordance with normal practice, there will be a full review of all earmarked reserves later in the year, the results of which will be reported back to the Cabinet.

2.5 Capital Spending and Financing

2.5.1 The Council's capital expenditure in the year totalled £ 69.704m, as follows. A comparison with budget is shown in [Appendix 3](#).

	£m
Housing	27.251
Urban Environment	20.430
Education and Lifelong Learning	15.101
Social Services	0.531
Finance, ICT & Procurement	2.874
Law & Property	1.759
Chief Executive's	1.758
	<hr/>
	69.704
	<hr/> <hr/>

2.5.2 This expenditure has been financed as follows.

	£m
Loan	19.039
Capital Receipts	7.265
Major Repairs Allowance (Housing)	14.547
Revenue.....	3.736
Grants / Contributions (inc. Lottery).....	25.117
	<hr/> 69.704 <hr/> <hr/>

2.6 Housing Revenue Account (HRA)

2.6.1 The HRA outturn for 2004/05 shows a deficit for the year of £0.140m in line with the budget. There was an improvement in rental income, mainly due to a slow-down in Right to Buy sales in the latter half of the year, and interest earned on balances was also better than expected. This has allowed provision to be made for capital expenditure to support delivery of the Decent Homes Standard.

2.6.2 The surplus balance remaining on the HRA at 31st March 2005 was £0.4m. Further details are shown in [Appendix 4](#).

2.7 General Fund Revenue Budget Monitoring 2005/06

Latest monitoring indicates that each Directorate's expenditure will be within approved budget levels, provided that for Dudley Council Plus the expectation of £2.2m LPSA reward monies being directed to support the costs of implementation in 2006/7 and 2007/8 is forthcoming and that budget transfers from Directorates in the year to support the operational costs of the new Centre are made to cover the committed costs of operation.

3.0 **Proposals**

3.1 That the Cabinet:

3.1.1 Notes the draft outturn results for 2004/05.

3.1.2 Notes the effect of the General Fund Revenue Outturn on General Balances at 31st March 2005.

3.1.3 Notes the position on earmarked reserves at 31st March 2005.

3.1.4 Notes the latest forecast General Fund Revenue position for 2005/06.

4.0 **Finance**

4.1 This report is financial in nature and information about the individual proposals is contained within the body of the report.

5.0 Law

- 5.1 The Council's financial transactions are governed by the Local Government Act 1972, the Local Government Finance Acts 1988 and 1992, the Local Government Finance and Housing Act 1989, and the Local Government Act 2003.

6.0 Equal Opportunities

- 6.1 This report takes into account the Council's strategies and policies relating to equal opportunities.

7.0 Recommendation

- 7.1 That the proposals in Section 3 be approved.

8.0 Background Papers

- 8.1 The Council Tax Setting report to Council on 7th March 2005.
Financial ledgers and supporting documents.



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Director of Finance

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GENERAL FUND REVENUE SUMMARY

Service	Revised Budget 2004/05 £'000	Outturn 2004/05 £'000	Variance Over(+)/ Under(-) £'000	Reasons for variance
Education & Lifelong Learning	185,672	185,672	0	
Social Services	75,817	75,809	-8	Minor overall net underspend.
Urban Environment	48,655	48,805	+150	Mainly waste issues.
Chief Executive's	8,907	8,907	0	
Finance, ICT & Procurement	2,614	2,059	-555	Mainly better than anticipated money market performance.
Law & Property	4,300	4,299	-1	
Housing General Fund	3,049	3,049	0	
TOTAL SERVICE COSTS	329,014	328,600	-414	

EARMARKED RESERVES

	Balance 1/04/04 £'000	Balance 31/03/05 £'000	Difference £'000	Reasons for Reserves
<u>Corporate Reserves</u>				
Working Capital	2,000	2,000	0	"Contingency of last resort"
Capital Funding Reserve	8,626	13,980	5,354	To fund ongoing capital commitments
Insurance Fund	7,519	7,926	407	To meet self insured claims
Pensions	613	42	-571	Balance retained to cover one-off pension costs
Corporate IT Strategy & Financial Systems	1,520	453	-1,067	Corporate ICT developments
Other	160	401	241	Including CPA preparation & support for Castle Hill
Total Corporate	20,438	24,802	4,364	
<u>Other Reserves</u>				
DGfL & Paragon Grants in Advance	5,813	6,716	903	To match expenditure in later years
School Balances	9,235	9,969	734	From Schools' Delegated Budgets
Directorate Reserves	6,758	6,160	-598	See Appendix 2.1
Total Other	21,806	22,845	1,039	
Total	42,244	47,647	5,403	

DIRECTORATE RESERVES

Appendix 2.1

	Balance 1/4/04		Balance 31/3/05		Difference Reasons for Reserves £'000
	£'000	£'000	£'000	£'000	
Education & Lifelong Learning					
- ICT Strategy	222		140		ICT Development
- SEN Strategy	633		178		Contingency for ongoing SEN Strategy activity
- Neighbourhood Learning Centre Strategy	194		319		To top-up available grants
- PFI & School Reorganisation Consultancy costs	114		80		To cover reorganisation / future PFI consultancy costs
- Catering Reserve	361		316		To fund equipment, service developments, etc.
- Special Schools	260		0		Used to increase budgets in 2004/05
- Schools Trading Accounts	-64		731		Balances from Schools' trading activities
- Other	449		520		Other Education Initiatives
Total Education & Lifelong Learning		2,169		2,284	115
Urban Environment					
- Highway Maintenance	200		0		Used to fund Highways Capital Programme
- Car Park Refurbishment	767		691		Funding of Car Park Capital Programme
- Other Capital Reserves	367		228		Funding of other Capital Projects
- ICT Strategy	100		162		ICT Developments
- Leisure Centre Refurbishment	706		402		From Rates refund
- UDP	255		200		Ongoing costs of finalising UDP Review
- Other	563		445		Various improvements & initiatives, etc.
Total Urban Environment		2,958		2,128	-830
Finance, ICT & Procurement		221		569	348 Various initiatives
Housing General Fund		136		123	-13 Various initiatives
Law and Property		437		326	-111 Various projects, including Asset Management Plan work
Chief Executive's		361		231	-130 Community Safety and other projects
Social Services		476		499	23 Including Ridge Hill relocation & Accommodation developments
Total		6,758		6,160	-598

CAPITAL BUDGET AND SPENDING 2004/05

	Approved Budget	Outturn Spend	Total Variance	Of which:	Over/Under Spend	Comments
				Slippage/ Rephasing		
Directorate	£000	£000	£000	£000	£000	
Housing	27174	27251	77	94	-17	Savings on Kickstart setup costs
Urban Environment	22531	20430	-2101	-2135	34	Extra costs on Hill St. Derelict Land scheme (funded by AWM) and extra engineering costs on Gornal Wood
Education and Lifelong Learning	14719	15101	382	382	0	
Social Services	676	531	-145	-154	9	Extra landscaping and building regulation costs on Fairhaven Replacement project
Finance, ICT & Procurement	3860	2874	-986	-982	-4	Savings on Magistrates Courts project
Law & Property	2919	1759	-1160	-1049	-111	Change in Revenue / Capital composition of Repair & Maintenance programme
Chief Executive's	2417	1758	-659	-659	0	
TOTAL	74296	69704	-4592	-4503	-89	

HOUSING REVENUE ACCOUNT 2004/05

	Latest approved budget £m	Outturn £m	Variance £m
<u>Income</u>			
Rent	-62.467	-62.801	-0.334
Other Income	-2.227	-2.369	-0.142
Total income	-64.694	-65.170	-0.476
<u>Expenditure</u>			
Contribution to Housing Repairs Account	21.398	21.398	0.000
Supervision and Management	12.445	12.470	0.025
Housing Revenue Account Negative Subsidy	12.031	12.309	0.278
Capital Charges	42.478	42.478	0.000
Other Expenditure	2.512	2.409	-0.103
Total expenditure	90.864	91.064	0.200
Net cost of services	26.170	25.894	-0.276
Net HRA income or expenditure on the asset management revenue account	-26.010	-26.149	-0.139
Amortised premia and discounts	0.248	0.248	0.000
HRA investment income (including mortgage interest)	-0.268	-0.561	-0.293
Net Operating Expenditure	0.140	-0.568	-0.708
Revenue Contribution to Capital Expenditure	0.037	0.745	0.708
Transfer from Major Repairs Reserve	-0.037	-0.037	0.000
Total (surplus) or deficit for the year	0.140	0.140	0.000
Balance brought forward	-0.560	-0.560	0.000
Balance carried forward	-0.420	-0.420	0.000