

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet

9 July 2007

**AUTHOR/S:** Chief Executive

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### EXPENDITURE OUTTURN 2006/07

#### Purpose

1. To inform Members of the actual expenditure figures for 2006/07 and how they compare, firstly, with the original estimates when the Council Tax and rents were set and, secondly, with the revised estimates.

#### Background

2. The actual outturn figures are normally compared to the original estimate as it is the original estimate which is used for setting the Council Tax and rents. However, many of the variations between the actual and original estimate will be the result of the capital financing charge (notional interest) being removed from the revised estimate and actual. Therefore, the actual figures are also compared to the revised estimate.

#### Considerations

3. Some of the underspendings in this report are due to slippage and the expenditure will be incurred in the current year instead of last year. On the General Fund, these rollovers amount to £0.126 million on revenue and £0.661 on capital. The respective figures for the Housing Revenue Account are £0.012 million and £0.029 million. The full list of budgets approved by the Resources Portfolio Holder at her meeting on 20 June for rollover from 2006/07 to 2007/08 is attached at **Appendix A**.

#### Options

4. None.

#### Implications

5. **General Fund**

The actual outturn for Net Portfolio Expenditure is £15.202 million and a summary is shown in **Appendix B**. This compares with an original estimate of £16.974 million and a revised estimate of £15.638 million, variances (underspendings) of £1.772 million and £0.436 million respectively. Of the £1.772 million variance with original estimate, approximately £0.440 million relates to the net effect of removing the capital charge for the use of fixed assets (notional interest) in accordance with recommended practice, partly offset by increased depreciation. These items are part of the overall recharges to services and the effect cannot be identified at service level. The main variations over £50,000 are:

Service	Compared to estimate		Compared to revised	
	Overspending + / Underspendings ( ) £'000	% (see note below)	Overspending + / Underspendings ( ) £'000	% (see note below)
Council Tax Benefit	(62)	(26)		
Corporate Management	(80)	(10)		
Cost of Council Tax Collection	(138)	(17)	(62)	(9)
Democratic Representation	(101)	(8)		
Integrated Waste Management and Street Cleansing Strategy	(83)	(36)		
Refuse Collection Service			(52)	(2)
Licences	(62)	(47)		
Housing Association Support	(79)	(35)		
Homelessness	(174)	(49)	(50)	(22)
Rent Rebates	(91)	(68)		
Planning Service	(378)	(13)		
Building Control	(68)	(72)		
Conservation	(56)	(23)		
Reversal of amortisation of capital grants now credited to individual services	202		202	
Precautionary Items	(75)	(100)		
Unallocated			(60)	(100)
Other Items individually less than £50,000	(527)		(414)	
Total	(1,772)		(436)	

Note: the percentages are a crude measure of the size of the variance relative to the size of the budget but they can sometimes overstate the variation. For example, for Council Tax Benefit, the underspending of £62,321 is 26% of the net cost to the General Fund of £235,530 but, compared to a gross expenditure budget of over £4 million, the per centage would be negligible.

The budget reduction/underspend of £1.772 million comparing actual to original estimate is at net portfolio level. Additional variances in the General Fund summary are a net overspend of £0.017 million, giving a total of £1.755 million.

The General Fund working balance as at 31<sup>st</sup> March 2007 is £6.546 million compared to a revised estimate of £5.991 million, an increase of £0.555 million. Compared to the original estimate of £4.144 million, the increase is £2.402 million. The original estimate of £4.144 million was made before the outturn for 2005/06 was known and the variance consists of underspendings of £0.647 million in 2005/06 and an underspending of £1.755 million in 2006/07.

### Housing Revenue Account

The actual surplus for the year is £0.885 million and a summary is shown in **Appendix C**. This compares with an original estimate of a deficit of £0.405 million and a revised estimated surplus of £0.426 million, net underspendings of £1.290 million and £0.459 million respectively. The main variations over £50,000 are:

Service	Compared to estimate		Compared to revised	
	Underspending ( ) £'000	%	Underspending ( ) £'000	%
Sheltered Housing (net)	(394)	(42)	(80)	(13)
Payment to National Pool	(301)	(3)		
Provision for Unanticipated Expenditure	(180)	(100)	(180)	(100)
Provision for Bad and Doubtful Debts	(75)	(151)	(60)	(173)
Direct Labour Organisation	(67)		(67)	
Gross Rents from dwellings	(138)	(1)	(68)	(0)
Interest Receivable	(61)	(122)		
Other Items individually less than £50,000	(74)		(4)	
Total	(1,290)		(459)	

The Housing Revenue Account working balance is £2.785 million as at 31<sup>st</sup> March 2007 compared with an original estimate of £1.000 million and a revised estimate of £2.326 million, variances of £1.785 million and £0.459 million respectively. The original estimate was made before the outturn for 2005/06 was known and £0.495 million of the variance of £1.785 million relates to 2005/06.

### Capital Programme

The actual outturn for capital expenditure adjusted for grant commitments is £12.381million and a summary is shown in **Appendix D**. This compares with an original estimate of £12.878 million and a revised estimate of £13.180 million, underspendings of £0.497 million and £0.799 million respectively. However, £0.690 million of the unused revised estimate has been rolled over to the 2007/08 capital programme. The main variations over £100,000 are:

Service	Compared to estimate		Compared to revised	
	Overspending + / Underspendings ( ) £'000	%	Overspending + / Underspending ( ) £'000	%
Acquisition of existing dwellings	133	4		
Improvement of housing stock	(245)	(3)		
Cash incentive grants	(150)	(100)		
Cambourne offices	232			
ICT development	(231)	(38)	(371)	(50)
Disabled Facilities Grants mandatory			(160)	(24)
Other housing grants	(250)	(100)		
Other Items individually less than £100,000	14		(268)	
Total	(497)		(799)	

The capital receipts balance is £15.565 million as at 31<sup>st</sup> March 2007 compared to an original estimate of £13.584 million and a revised estimate of £14.818 million,

variances of £1.981 million and £0.747 million respectively. The original estimate was made before the outturn for 2005/06 was known and £0.659 million of the variance of £1.981 million relates to 2005/06.

6.	Financial	As above.
	Legal	None.
	Staffing	
	Risk Management	
	Equal Opportunities	

### Consultations

7. None.

### Effect on Annual Priorities and Corporate Objectives

8.	Affordable Homes	This report has no direct implications for any of the Annual Priorities and Corporate Objectives but any variation in the expenditure on individual services might affect the achievement of those Objectives
	Customer Service	
	Northstowe and other growth areas	
	Quality, Accessible Services	
	Village Life	
	Sustainability	
	Partnership	

### Conclusions/Summary

9. The performance target for 2006/07 net portfolio expenditure on the General Fund was a variance of less than 3% between actual and the original estimate., The variance between actual and the original was 8.1% (after adjusting for variations which net out below the line of net portfolio expenditure in the General Fund summary) and between actual and revised was 2.8%.
10. A significant element in these underspendings is on salaries due to delays in filling posts and an unallocated reduction of 2%, £0.242 million, has been incorporated in the 2007/08 estimates.

### Recommendations

11. It is recommended that Members note the contents of this report.

**Background Papers:** the following background papers were used in the preparation of this report:

Estimate Book for year ending 31<sup>st</sup> March 2008 and working papers  
Reports from Financial Management System

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