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**REVENUE OUT-TURN 2003-04**

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**Responsible Cabinet Member(s) – Councillor Don Bristow,  
Resource Management Portfolio**

**Responsible Director(s) – Paul Wildsmith, Director of Corporate Services**

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**Purpose of the Report**

1. To present the revenue out-turn for 2003/04 and to allow Members to consider the results in light of the Council's Medium Term Financial Plan (MTFP) for the General Fund and also consider the Housing Revenue Account out-turn.

**Information**

2. The Council's 2003/04 revenue accounts have been finalised, subject to Audit. The financial results for 2003-04 are an important part of the continuous cycle of financial management that includes resource allocation, budgeting, budget management and review.
3. The overall financial results for 2003-04 are satisfactory and year-end balances are £0.4m better than the agreed MTFP.

**General Fund**

4. Table 1 summarises budgets, out-turns and variances by Department :-

**Table 1 - General Fund 2003/04 Out-turn**

	Budget	Out-turn	Variance	
(1)	(2)	(3)	(4)	(5)
	£000	£000	£000	%
<u>Departmental Resources</u>				
1 Education	50,513	50,513	0	0.0
2 Social Services	21,672	21,652	(20)	(0.1)
3 Community Services	8,986	8,868	(118)	(1.3)
4 Development & Environment	8,165	8,137	(28)	(0.3)
5 Chief Executives Office	793	795	2	0.3
6 Corporate Services	7,285	7,178	(107)	(1.5)
7 Total Departmental Resources	97,414	97,143	(271)	(0.3)
<u>Corporate Resources</u>				
8 Joint Bodies and Levies	5,114	5,137	23	0.4
9 Financing Costs	2,877	2,201	(676)	(23.5)
10 LGR Costs	0	(38)	(38)	-
11 Net Expenditure	105,405	104,443	(962)	(0.9)
14 Contribution To/(From) Balances	(1,447)	(485)	962	-
15 Total Resources	103,958	103,958	0	-

### Departmental Resources

5. It is pleasing that the out-turn figures are close to the figures from the monthly revenue budget management exercise that were reported to Cabinet in March and that changes from the previously reported projections are favourable.
6. In March 2004, Council approved carry-forward of resources from 2003-04 totaling £201,000.
7. Table 2 shows that year end departmental balances had increased from £201,000 (column 1) to £472,000 (column 2). Compared with planned departmental balances, the biggest increases are in Community Services and Corporate Services and there are no significant reductions.
8. In addition to the policy of returning 50% of non-planned departmental surpluses to corporate balances, members are requested to approve the following specific carry forward of resources to 2004-05: -

## Corporate Services

- (a) Corporate Training courses £56,000 – This is a budget held for authority wide training initiatives and the resources were earmarked for the Senior Managers Development Programme in 2003-04 which represents a key part of the Council’s Organisational Development Strategy. Due to unforeseen delays the implementation did not start until late in 2003-04 therefore the majority of the resource needs to be carried forward to meet commitments.
- (b) ICT Training – essential training for ICT staff to keep pace with rapidly evolving technology, £15,000. This expenditure was planned in 2003-04 but due to the pressure of work it was not possible to release employees to attend but it is essential that the training is carried out in 2004-05 therefore it is requested that the funding is carried forward.
9. Taking into account the established policy, MTFP and if the requests in paragraph 8 are agreed, the revised departmental carry forwards are shown in column 3 with the amount returned to corporate balances being shown in column 4

**Table 2 - Departmental Balances as at 31st March, 2004**

	MTFP Approved Carry- forward	Balance of Resources 31/3/04	Approved Carry Forward Total	Return to Corporate Balances
	(1)	(2)	(3)	(4)
	£000	£000	£000	£000
1 Education	150	150	150	0
2 Social Services	-14	6	3	3
3 Community Services	32	150	91	59
4 Development & Environment	-72	-44	-44	0
5 Chief Executives Office	-5	-7	-7	0
6 Corporate Services	110	217	199	18
7 Total	201	472	392	80

### **Corporate Balances**

10. During 2003-04, the Council received a further £1.5M of revenue resources from Durham County Council in settlement of the LGR dispute. The backdated rate refund for the Dolphin Centre added a further £0.8M to the General Fund balance.
11. Council made additional resource approvals totalling £0.7M during the year. The MTFP approved by Council on 10th March, 2004 includes provision for repayment of £0.5M to Social Services clients, £0.250M for redundancy costs and a reduction in financing costs of £1.0M
12. Underspending against corporate budgets (principally financing costs) totals £0.3M. Assuming approval of the recommendations regarding departmental balances, a further £0.1M will be transferred into corporate balances therefore improving the overall balances position by £0.4m.
13. Following Council approval on 27th May, 2004, provision has been made in 2003-04 accounts for £3.2M to be paid in settlement of equal pay claims. A further £0.8M should be earmarked from corporate balances to meet similar liabilities that relate to 2004-05.
14. The General Fund balance at 31st March 2004 is £4.5M, which is 4.3% of 2004-05 net revenue budget.

**Table 3 - General Fund Balances as at 31st March 2004**

	£000	£000
1 Opening General Fund Balance – 1st April 2003		5,142
2 Planned contribution from balances 2003-04	-42	
3 Additional Approvals during 2003-04	-727	
4 Reduction in Financing Costs (1)	1,000	
5 Social Services s117 provision (1)	-500	
6 Social Services redundancy costs (1)	-250	
6 Contribution From Balances 2003/04	<u>          </u>	-519
8 LGR Property dispute – received from DCC 2003-04	1,517	
9 Dolphin Centre rates refund	<u>812</u>	
		2,329
10 Transfers From Departmental Resources		80
11 Corporate budgets - underspends		691
12 Provision for Equal Pay claims		-3,200
13 General Fund Balances as at 31st March 2004		<u>4,523</u>

(1) approved in MTFP by Council 10th March 2004

15. Based on the draft outturn and assuming that no calls are made on the 2004/5 budget headroom projected revenue balances at 31/3/2005 will be £4.2m which is in line with Council policy on balances. Members need to be aware that this projection assumes that the total provision set a side for the Equal Pay settlement is fully utilised

### **Housing Revenue Account**

16. The closing balance on the Housing revenue Account (HRA) is £483,000 compared with a budgeted balance of £599,000. The principal reason for the over spend is the reduction in rent income as a result of increased sales.
17. The consequential increase in capital receipts is helpful in providing resources for capital investment, but there is high aspirational demand for improvement works. Revenue and capital need to be viewed together to ensure that resources continue to be managed effectively and prudently.
18. The working balance on the HRA continues to show a healthy position at 3.3% of turnover.

### **Legal Implications**

19. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members.

### **Section 17 of the Crime and Disorder Act 1998**

20. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

### **Council Policy Framework**

21. The issues contained within this report do not represent change to Council policy or the Council's policy framework

### **Outcome of Consultation**

22. No formal consultation was undertaken in the production of this report.

### **Decision Deadline**

23. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

## **Conclusions**

23. The overall revenue budget results for 2003-04 are very satisfactory. The Council's financial position is further improved by these outturn results.

## **Recommendations**

24. It is recommended that: -

- (a) The positive revenue outturn for 2003-04 and improved revenue balances at 31st March, 2004 be noted.
- (b) Approval be given to the carry forward of departmental balances as detailed in paragraph 9.

## **Reasons**

25. The recommendations are supported in order to continue the Council's financial management arrangements and to make effective use of the Council's resources.

**Paul Wildsmith**  
**Director of Corporate Services**

## **Background Papers**

2003/04 Revenue Budget and Accounting Records.

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