

DUDLEY METROPOLITAN BOROUGH COUNCIL

MEETING OF THE EXECUTIVE - 5th JULY 2004

REPORT OF THE DIRECTOR OF FINANCE

## REVENUE AND CAPITAL OUTTURN 2003/04

### 1.0 Purpose

1.1 To report the provisional financial results for the year ended 31st March 2004.

### 2.0 Background

2.1 The Council's final accounts for the year ended March 2004 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 August, 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 2003/04 was £312.103 million including transfers to reserves, and the overall financial position compared to the revised budget is summarised in the following table.

	<b>Revised Budget 2003/04 £'000</b>	<b>Outturn 2003/04 £'000</b>	<b>Variance Over(+)/ Under(-) £'000</b>
Total Service Costs	312,268	312,103	-165
Use of Balances	(1,311)	(1,146)	165

**Net Revenue Expenditure****310,957 310,957**

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 2004 is as follows:-

	<b>Estimate £m</b>	<b>Actual £m</b>
Balance as at 1st April 2003	3.7	3.7
Additions during the year (net transfers from earmarked reserves & provisions)	1.1	1.1
Less: Used in 2003/4	-1.3	-1.1
Transfer to Pensions Reserve	-0.6	-0.6
<b>General Balances at 31st March 2004</b>	<b>* 2.9</b>	<b>*3.1</b>

\* The approved budget for 2004/05 includes the use of £2.825m to support expenditure.

**2.4 General Fund Earmarked Reserves**

2.4.1 The actual levels of earmarked reserves at 31st March 2004 were £42.2m, a net increase of £6.4m compared to 1st April 2003. 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 Executive

## 2.5 Capital Spending and Financing

2.5.1 The Council's capital expenditure in the year totalled £ 64.386m, as follows. A comparison with budget is shown in [Appendix 3](#).

	<b>£m</b>
Housing .....	27.458
Urban Environment.....	17.355
Education and Lifelong Learning .....	14.936
Social Services .....	0.731
Finance, ICT & Procurement.....	1.368
Law & Property .....	1.921
Chief Executive's .....	0.617
	<hr/>
	<b><u>64.386</u></b>

2.5.2 This expenditure has been financed as follows.

	<b>£m</b>
Loan.....	18.191
Capital Receipts .....	13.583
Major Repairs Allowance (Housing) .....	17.092
Revenue .....	1.415
Grants / Contributions (inc. Lottery).....	14.105
	<hr/>
	<b><u>64.386</u></b>

## 2.6 Housing Revenue Account (HRA)

2.6.1 The HRA outturn for 2003/04 shows a surplus of £20,000 compared with a forecast deficit of £18,000 - an

improvement of £38,000. There was a beneficial technical adjustment to HRA Subsidy together with some improvement to rent and other income. This has allowed provision to be made for capital works to improve sheltered accommodation, improve stores facilities to support additional tenant choice and complete the modernisation of front-line accommodation.

2.6.2 The surplus balance remaining on the HRA at 31st March 2004 was £ 0.560m. Further details are shown in [Appendix 4](#).

### **3.0 Proposals**

3.1 That the Executive:

3.1.1 Notes the draft outturn results for 2003/04.

3.1.2 Notes the effect of the General Fund Revenue Outturn on General Balances at 31st March 2004.

3.1.3 Notes the position on earmarked reserves at 31st March 2004.

3.1.4 Receives a further report following the review of Earmarked Reserves later in the year.

### **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 1st March 2004.

Financial ledgers and supporting documents.

.....  
Mike Williams  
Director of Finance

Contact Officers: Mike Williams - Ext. 4800  
Tony Maher - Ext. 4805

## GENERAL FUND REVENUE SUMMARY

Service	Revised Budget 2003/04 £'000	Outturn 2003/04 £'000	Variance Over(+)/ Under(-) £'000	Reasons for variance
Education & Lifelong Learning	174,649	174,649	0	
Social Services	67,387	67,375	-12	Increased turnover of clients in residential & nursing homes.
Urban Environment	45,815	45,815	0	
Chief Executive's	10,194	10,173	-21	Contingency not fully required.
Finance, ICT & Procurement	9,344	9,238	-106	Better than anticipated interest receipts, plus extra income relating to Benefits administration.
Law & Property	2,973	2,973	0	
Housing General Fund	1,906	1,880	-26	Surplus grant income.

**TOTAL SERVICE  
COSTS**

---

<b>312,268</b>	<b>312,103</b>	<b>-165</b>
----------------	----------------	-------------

---

Neovia Document Converter Pro V6.5

**EARMARKED RESERVES**

	Balance 1/04/03 £'000	Balance 31/03/04 £'000	Difference £'000	Reasons for Reserves
<b>Corporate Reserves</b>				
Working Capital	2,000	2,000	0	"Contingency of last resort"
Capital Funding Reserve	3,196	8,626	5,430	To fund ongoing capital commitments
Insurance Fund	6,547	7,519	972	To meet self insured claims
Pensions	0	613	613	To cover one-off pension costs / contribution rate increases
Corporate IT Strategy	1,157	721	-436	Corporate ICT developments
Corporate Financial Systems	799	799	0	Systems replacement
Other	120	160	40	Auditing performance measures & support for Castle Hill
<b>Total Corporate</b>	<b>13,819</b>	<b>20,438</b>	<b>6,619</b>	
<b>Other Reserves</b>				
DGfL & Paragon Grants in Advance	4,843	5,813	970	To match expenditure in later years
School Balances	9,529	9,236	-293	From Schools' Delegated Budgets
Education School Trading Accounts	475	-64	-539	Trading Balances Rolled Forward
UDP	487	255	-232	Costs of UDP Enquiry
Directorate Reserves	6,717	6,566	-151	See Appendix 2.1
<b>Total Other</b>	<b>22,051</b>	<b>21,806</b>	<b>-245</b>	
<b>Total</b>	<b>35,870</b>	<b>42,244</b>	<b>6,374</b>	



<b>DIRECTORATE RESERVES</b>						Appendix 2.1
	Balance 1/4/03		Balance 31/3/04		Difference	Reasons for Reserves
	£'000	£'000	£'000	£'000	£'000	
<b>Education &amp; Lifelong Learning</b>						
- ICT Strategy	116		222			ICT Development
- Inclusion Strategy	0		633			Contingency for Inclusion Strategy
- NLC Strategy	162		194			To top-up available grants
- PFI Consultancy costs	250		114			Anticipated consultancy costs in the event of further PFI schemes
- Catering Reserve	271		360			To fund equipment, service developments, etc.
- Special Schools	0		260			To increase budgets in 2004/05
- Other	1,244		448			Other Education Initiatives
<b>Total Education &amp; Lifelong Learning</b>		2,033		2,231	198	
<b>Urban Environment</b>						
- Highway Maintenance	52		200			Funding of Highways Capital Programme
- Car Park Refurbishment	655		767			Funding of Car Park Capital Programme
- Capital Reserves	417		367			Funding of other Capital Projects
- ICT Strategy	130		100			ICT Developments
- Leisure Centre Refurbishment	915		707			From Rates refund
- Other	300		564			Various improvements & initiatives, etc.
<b>Total Urban Environment</b>		2,469		2,705	236	
<b>Finance, ICT &amp; Procurement</b>		533		221	-312	Various initiatives
<b>Housing General Fund</b>		194		136	-58	Various initiatives
<b>Law and Property</b>		564		436	-128	Various projects, including Land Charges ICT Enhancement
<b>Chief Executive's</b>		394		361	-33	Community Safety (including our Offenders Team) and other projects
<b>Social Services</b>		530		476	-54	Family support, accommodation developments, and reimbursements to clients
<b>Total</b>		<b>6,717</b>		<b>6,566</b>	<b>-151</b>	

**CAPITAL BUDGET AND SPENDING 2003/04**

Directorate	Approved Budget	Outturn Spend	Total Variance	Of which:		
				Slippage/Rephasing	Over/Under Spend	
	£000	£000	£000	£000	£000	
Housing	27472	27458	-14	18	-32	Savings on Oak Lane Electrics contract
Urban Environment	23274	17355	-5919	-5892 (*)	-27	Minor net underspend on a number of schemes
Education and Lifelong Learning	14587	14936	349	364	-15	Minor net underspend on a number of schemes
Social Services	774	731	-43	-33	-10	Mainly savings on Fairhaven Replacement project
Finance, ICT & Procurement	1559	1368	-191	-198	7	Increased costs on completed Magistrates Courts project
Law & Property	2218	1921	-297	-297	0	
Chief Executive's	1129	617	-512	-478	-34	Savings on Castlgate & Brierley Hill CCTV projects
<b>TOTAL</b>	<b>71013</b>	<b>64386</b>	<b>-6627</b>	<b>-6516</b>	<b>-111</b>	

(\*) Mainly relates to delay in payments on Waterfront II project

Neevia Document Converter Pro V6.5

## HOUSING REVENUE ACCOUNT 2003/04

	Latest approved budget £m	Outturn £m	Variance £m
<u>Income</u>			
Rent	-62.194	-62.277	-0.083
Housing Revenue Account Subsidy receivable	-25.627	-26.650	-1.023
Other income	-2.159	-2.396	-0.237
<b>Total income</b>	<b>-89.980</b>	<b>-91.323</b>	<b>-1.343</b>
<u>Expenditure</u>			
Contribution to Housing Repairs Account	20.431	20.506	0.075
Supervision and Management	12.699	12.696	-0.003
Rent Rebates	36.197	36.510	0.313
Capital Charges	39.898	39.898	0.000
Other expenditure	2.406	2.337	-0.069
<b>Total expenditure</b>	<b>111.631</b>	<b>111.947</b>	<b>0.316</b>
<b>Net cost of services</b>	<b>21.651</b>	<b>20.624</b>	<b>-1.027</b>
Net HRA income on the asset management revenue account	-22.693	-22.841	-0.148
Amortised premia and discounts	0.084	0.104	0.020
HRA investment income (including mortgage interest)	-0.335	-0.460	-0.125
<b>Net Operating Expenditure</b>	<b>-1.293</b>	<b>-2.573</b>	<b>-1.280</b>
Revenue Contribution to Capital Expenditure	0.143	1.385	1.242
HRA Contribution to Minimum Revenue Provision	1.216	1.216	0.000
Transfer from Major Repairs Reserve	-0.048	-0.048	0.000
<b>Total surplus (-) / deficit (+) for the year</b>	<b>0.018</b>	<b>-0.020</b>	<b>-0.038</b>
<b>Balance brought forward</b>	<b>-0.540</b>	<b>-0.540</b>	<b>0.000</b>
<b>Balance carried forward</b>	<b>-0.522</b>	<b>-0.560</b>	<b>-0.038</b>