

Agenda Item No: 8 **Report No: 123/07**
Report Title: Statement of Accounts 2006/2007
Report To: Audit Committee **Date: 27 June 2007**
Lead Councillor: Councillor Ann De Vecchi
Ward(s) Affected: All
Report By: Director of Finance and Community Services
Contact Officer(s): Stephen Jump, Financial Services Manager

Purpose of Report:

- 1 The Council's Constitution enables the Audit Committee to approve the Annual Statement of Accounts. Accounting regulations require the Statement of Accounts to be signed and dated by the Chair of the meeting.

Officers Recommendation(s):

- 1 To approve the allocation of reserves as set out in Appendix 2.
- 2 To approve the Statement on Internal Control and agree that it should be signed by the Leader of the Council, Chief Executive, and Director of Finance and Community Services in accordance with regulations.
- 3 To approve the Statement of Accounts for 2006/2007, subject to audit
- 4 To agree that the Chair should sign the accounts in accordance with regulations

Reasons for Recommendations

- 1 The Council's Constitution enables the Audit Committee to approve the Annual Statement of Accounts. This meets the statutory requirements set out in the Accounts and Audit Regulations 2003. These regulations also require the Statement of Accounts to be signed and dated by the person presiding at the meeting at which that approval was given.

Information

2 Approval of Accounts

- 2.1 As required by the Council's Constitution, the Accounts and Audit Regulations 2003 (the 2003 Regulations), and the Accounting Statement of Recommended Practice (the SORP), approval of the Council's Annual Statement of Accounts, including statements of its income and expenditure and balance sheet, is needed from the Audit Committee. In line with the 2003 Regulations the deadline for formal approval of the accounts is 30 June 2007.

- 2.2** Completing the formal accounts within this deadline presents a significant challenge to the Council's small Accountancy Section, particularly given that, in recent years, the annual SORP has required changes to some significant accounting practices and the content of the Statement of Accounts itself.
- 2.3** The draft Annual Statement of Accounts 2006/2007 accompanies this report and is being made available electronically on the Council's web site for wider access. At this stage, the 'Cash Flow Statement' and associated notes have yet to be prepared. This statement is considered to be for general information only and does not give any significant information about the Council's financial performance for the year. As such, it is the last part of the Statement of Accounts to be prepared. It will be circulated to members of the Audit Committee before the meeting on 27 June.
- 2.4** Following the Audit Committee meeting, the Audit Commission will start their audit work with a view to issuing their formal opinion on the Statement of Accounts by 30 September 2007. Any significant changes arising from the audit of the accounts will be reported to the next programmed Audit Committee and Cabinet meeting following receipt of the Audit Commission's findings.
- 2.5** Members of the public have the right to inspect the Council's accounts and supporting records. An Audit Commission document explaining the public's right to inspect the Council's accounts is published on the Council's website.

3 Format of the Accounts

- 3.1** All local authorities are required to prepare accounts in a uniform manner. The content and presentation is set out in a document entitled the Code of Practice on Local Authority Accounting in Great Britain 2006 (ACOP). This document has been approved as a Statement of Recommended Practice (SORP) by the Accounting Standards Board which controls standards across the whole accountancy profession. The Council's external auditors monitor compliance with the SORP.
- 3.2** ACOP is developed and updated each year. Significant changes have been made for 2006/2007 which have an impact on this Council's accounts. There are two technical changes, which are difficult to describe in general terms, but can be briefly explained as follows:
- (i)** Capital charges: service accounts are no longer charged with a notional 'cost of capital', calculated by applying a specified percentage interest rate to the value of the assets used in the delivery of the service. Service accounts continue to receive a depreciation charge in respect of these assets.
 - (ii)** Treatment of Government grants used to finance capital expenditure: in previous years, the value of these grants was included as one total within the revenue accounts, matching the depreciation of the assets which they have funded. In 2006/2007, ACOP requires the value of

these grants to be disaggregated and shown as income in the services which are using those assets alongside the depreciation charges.

Both of these changes are for presentational purposes only: they do not have any impact on the Council's overall financial performance, or affect the level of council tax or housing rents. Because the values are large, however, it has been necessary to amend the figures shown in the 2005/2006 accounts, (as if the new requirements had applied for that year) to allow a fair comparison to be made. More details about these changes can be found as a note at the end of the Statement of Accounting Policies within the Statement of Accounts.

3.3 In addition to these two accounting changes, the whole layout of the Statement of Accounts itself has been amended, in accordance with ACOP, with key elements being redefined and reordered. A summary of what can be found where is as follows:

(i) Statement of Accounting Policies

This sets out the framework and treatment of figures in the accounts. As noted above, our accounts are prepared within a framework of national accounting requirements which enable comparison of local authority accounts on a like for like basis.

(ii) Core Financial Statements

These are produced by all local authorities in England and comprise:

Income and Expenditure Account - This reports the expenditure for the year on major services for which the Council is responsible including Housing, Cultural, Environmental and Planning Services. It summarises all of the resources that the Council has generated, consumed or set aside in providing those services during the year. As such, it is intended to show the true financial position of the authority, before allowing for the income from council taxpayers.

Statement of Movement on the General Fund Balance - The General Fund Balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Statement of Total Recognised Gains and Losses - This brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

Balance Sheet - This shows the Council's balances, reserves, assets and liabilities at the year end.

Cash Flow Statement - This statement shows the receipts and payments of cash arising from the Council's transactions during the year.

The Core Financial Statements are followed by a set of notes explaining the significant items contained within them.

(iii) Supplementary Financial Statements

These statements reflect activities for which this Council is also responsible.

Housing Revenue Account (HRA) - This statutory 'ring-fenced' account reports for the year on the management of the Council's housing stock. It shows the major elements of housing running costs, maintenance, 'negative' housing subsidy, administration and capital financing costs, and how these are met by rents, service charges, and other income.

Collection Fund - This shows the transactions of the Council in relation to the collection of non-domestic rates and council tax and how they were distributed to East Sussex County Council, Sussex Police Authority, East Sussex Fire Authority, as well as Lewes District Council.

4 Main Variations in the Service spending and income – General Fund

- 4.1** A summary of the variations arising in 2006/2007, compared with the revised estimate and analysed by Lead Councillor Portfolio is given in the table below. Accounting regulations require any capital expenditure on assets which do not become the property of the Council (for example grants given to Housing Associations to develop new social housing units) to be included in the cost of services in the year with this cost being cancelled out by an entry in the Capital Accounting and Treasury Management service. Because such schemes are often delayed for reasons beyond the Council's control, this can distort high-level comparisons between the revised estimate and actual expenditure. So that a more valid comparison can be made, therefore, the figures shown in the table are adjusted to exclude capital charges. For a similar reason, the figures shown are also adjusted to exclude the entries made in respect of government grants used to fund capital expenditure as explained in paragraph 3.2 above. These adjustments are shown in columns 3 and 6.

(1)	(2)			(3)			(4)			(5)			(6)			(7)			(8)		
	Revised Budget						Actual						Variance £m								
	Base £m	Capital £m	Adj- usted £m	Base £m	Capital £m	Adj- usted £m	Base £m	Capital £m	Adj- usted £m												
Services by Lead Councillor Portfolio																					
1	Leader of the Council		-2.28	-3.15	0.87	-0.66	-1.38	0.72				-0.15									
2	Staff and Corporate Services		1.91	0.06	1.85	1.83	0.08	1.75				-0.10									
3	Environment		4.51	0.32	4.19	4.25	0.21	4.04				-0.15									
4	Planning		1.07	0.18	0.89	0.91	0.08	0.83				-0.06									
5	Housing (General Fund)		2.54	1.41	1.13	1.02	0.16	0.86				-0.27									
6	Community		4.23	0.63	3.60	3.79	0.31	3.48				-0.12									
7	Capital items added back		0.00	0.55	-0.55	0.00	0.54	-0.54				0.00									
8	Net Spending on Services		11.98	-0.00	11.98	11.14	0.00	11.14				-0.84									
9	Add budgets carried into 07/08		0.00	0.00	0.00	0.35	0.00	0.35				0.35									
10	Net use of reserves/contingency		0.44	0.00	0.44	0.47	0.00	0.47				0.03									
11	TOTAL Net Expenditure		12.42	-0.00	12.42	11.96	0.00	11.96				-0.46									
Less Funding:																					
Non-specific Government Grants																					
12	(LABGI/PSA)		0.00	0.00	0.00	0.10	0.00	0.10				0.10									
13	Council Tax		6.25	0.00	6.25	6.25	0.00	6.25				0.00									
14	Revenue Support Grant		0.94	0.00	0.94	0.94	0.00	0.94				0.00									
15	Contribution from NNDR Pool		4.85	0.00	4.85	4.85	0.00	4.85				0.00									
16	Budgeted use of GF Working Balance		0.38	0.00	0.38	0.38	0.00	0.38				0.00									
17	Total Funding		12.42	0.00	12.42	12.52	0.00	12.52				0.10									
Surplus for year																					
18			0.00	-0.00	-0.00	-0.56	0.00	-0.56				-0.56									
Surplus used to increase:																					
Housing Benefit Standards and																					
19	Improvements Reserve		0.00	0.00	0.00	0.12	0.00	0.12				0.12									
Revenue Equalisation and Asset																					
20	Maintenance Reserve		0.00	0.00	0.00	0.44	0.00	0.44				0.44									
21	Total		0.00	0.00	0.00	0.56	0.00	0.56				0.56									

4.2 The table above shows that total spending was £0.56m less than the level included within the revised estimate for the year. Of this, £117,000 arose as a result of a Government grant that the Council received because it was within the qualifying threshold for 'local authority error' housing benefit overpayments. It was not prudent to budget for the receipt of this grant because the timing of the identification of such overpayments (and, therefore, when they will score against the threshold) is outside the Council's direct control. It should be noted that, shortly after the close of the financial year, a 2007/2008 overpayment was identified which would have meant that the Council did not receive any grant had it been attributable to 2006/2007. The value of this grant has been added to the Housing Benefit Standards and Improvement Reserve at the year end, following discussion between the Director of Finance and Community Services and the Leader of the Council,

because the Housing Benefit service is an identified area arising from the last Comprehensive Performance Assessment for service improvement. It is also the subject of a major review relating to shared service provision within East Sussex.

- 4.3 The Council received non-specific Government grants of £103,000 in 2006/2007 (line 12), of which £43,000 related to a payment of Local Authority Business Growth Incentive scheme grant for 2005/2006 which was allocated after the end of that year. The remainder represents Public Service Agreement reward grant, the final allocation of which was announced recently. In accordance with Cabinet decisions, these grants have been added to the REAM and Housing Benefit Standards and Improvements reserves respectively.
- 4.4 Appendix 1 sets out, for each Lead Councillor Portfolio, a high level summary of 2006/2007 net expenditure for each service compared with the revised budget for the year. A list of the main variations within that Portfolio is also given.
- 4.5 In some cases, officers have been unable to complete their planned spending on specific projects and services before the year end. Subject to approval by the Director of Finance and Community Services and the Chief Executive, these unspent budgets have been included within a specific reserve, the 'Budget Carry Forward Reserve' so that they can be used in 2007/2008. The total contribution to this reserve in 2006/2007 is £349,430 (line 9).
- 4.6 The variations noted in Appendix 1 give rise to the overall surplus that is shown in the table above. In line with the decision of Cabinet at its meeting on 6 June 2007, the surplus has been added to the REAM, subject to the treatment of the Housing Benefit grant referred to in paragraph 4.2. This is shown in lines 19 and 20.

5 Main Variations in the Housing Revenue Account (HRA)

- 5.1 The total variation on the HRA for 2006/2007 was a £0.281m improvement on the revised net budget, which had anticipated that the HRA working balance would reduce by £0.129m to £2.700m at 31 March 2007. The actual working balance at that date is £2.981m. A summary of the main variations is shown on the following page.

	£m
Additional income	
- from investment interest	0.032
- from rents	0.015
- from insurance claims	0.166
Reduced expenditure	
- revenue contribution to capital expenditure	0.175
- HRA share of corporate costs	0.033
- Communal Heating system repairs and running costs	0.053
- Lift maintenance	0.027
- Depreciation of assets	0.018
- Rent Rebate Limitation scheme transfer to General Fund	0.024
Less increased expenditure	
- repairs and maintenance (including insurance funded)	(0.228)
- provision for or write-off of bad debts	(0.034)
Total	0.281

5.2 The table below shows the allocation of the working balance at 31 March 2007, along with the allocation anticipated when setting the 2007/2008 budget.

	Budget at 31 March 2007 £m	Actual at 31 March 2007 £m	Increase £m
Allocation of HRA Balance			
General Balance	1.913	1.994	0.081
Self insurance	0.199	0.199	0.000
Housing Options Review	0.356	0.356	0.000
Support for service delivery capacity	0.120	0.120	0.000
Contribution to capital expenditure (general)	0.000	0.030	0.030
Contribution to capital expenditure (garages)	0.112	0.071	-0.041
Contribution to capital expenditure (supporting people)	0.000	0.057	0.057
Revenue budgets carried forward	0.000	0.154	0.154
Total	2.700	2.981	0.281

6 The Collection Fund Balance

6.1 The actual balance on the Collection Fund at 31 March 2007 was a surplus of £0.614m, compared with a surplus of £0.369m, which was estimated at the time of setting the Council Tax for 2007/2008. This variance, at less than 1% of income, is well within the acceptable level of tolerance given that the total annual amount of Council Tax due exceeded £52.9m.

6.2 The earliest that the additional Collection Fund balance can be distributed is during 2008/2009. The distribution would be between Lewes District Council, East Sussex County Council, East Sussex Fire Authority and the Sussex Police Authority, based on 2007/2008 Council Tax amounts. Approximately 16% of the surplus will be returned to this Council.

7 Capital Programme

7.1 The outturn on the 2006/2007 capital programme was reported to Cabinet on 6 June 2007, with a total value in terms of the amount to be financed, of £7.002m.

7.2 The financing of the programme was provisional at the time of the previous meeting pending final closure of the accounts. No changes to the funding set out in the report to Cabinet are now required and the final position is confirmed to be:

	£		£
Government Supported Borrowing	257,737	Sub-total brought forward	4,149,530
HRA Major Repairs Allowance	2,430,431	IT Equipment Reserve	31,430
Usable Capital Receipts	744,200	Building Control Reserve	30,630
Revenue Equalisation and Asset Maintenance Reserve	74,969	DCLG Disabled Facilities Grant	242,000
Partnership Fund	59,627	DCLG Private Sector Housing Grant	237,227
Corporate Buildings Reserve	38,050	DCLG Electronic Service Delivery Grant	201,315
Denton Island Reclamation Reserve	995	DCLG Safer Communities/Drugs in Community Grant	36,167
Vehicle Replacement Reserve	262,407	DEFRA Waste Efficiency Grant	21,627
Leisure Buildings Reserve	60,182	National Lottery	2,501
Newhaven Fort Refurbishment Reserve	14,220	Landfill Tax Credits	(40,000)
WAVE Leisure Reserve	125,500	SEEDA (Denton Island Enterprise Gateway)	1,560,688
WAVE Leisure Asset Maintenance Reserve	103,156	Section 106 Planning Agreements	41,598
Planning Delivery Grant Reserve	(21,944)	Service Revenue Accounts	443,934
		Other External Contributions	43,413
Sub-total carried forward	4,149,530	TOTAL CAPITAL PROGRAMME	7,002,060

8 Reserves and Balances

8.1 A complete list of reserves and balances held at 31 March 2007 is given at Appendix 2. Cabinet has approved expenditure against a number of these reserves in 2007/2008 as part of the annual budget setting process, and there are also commitments arising from the approved capital programme for the year. The projected use of the reserves in 2007/2008 is shown in Appendix 2 in order to present the most up to date information available. The General Fund surplus noted in paragraph

4.6 has been added to the REAM Reserve in 2006/2007 (included within the 'receipts in year' total in line 9). Appendix 3 gives a detailed analysis of the REAM Reserve. The General Fund surplus has been used to increase the amount available for future Asset Maintenance, as in previous years.

9 Statement on Internal Control

- 9.1** Regulation 4 of the Accounts and Audit Regulations (2003) requires audited bodies to conduct a review at least once a year of the effectiveness of its system of internal control and to publish a Statement on Internal Control (SIC) each year with the authority's financial statements.
- 9.2** The Internal Audit function at Lewes complies with the auditing guidelines published as a Code of Practice for Internal Audit by CIPFA. The CIPFA Code requires that the annual report to the Audit Committee by the Head of Audit and Performance should include an opinion on the Council's internal control environment together with a range of specific supporting information. The Annual Report on the Council's Systems of Internal Control 2006/2007 is presented separately to this meeting of the Audit Committee.
- 9.3** The Annual Report provides much of the detailed information on which the Council's SIC for 2006/2007 is based. Because of the close correlation between the SIC and the Annual Report, which Councillors have already discussed, this report does not separately summarise the contents of the SIC.
- 9.4** The SIC document is included within the draft Statement of Accounts. The approved document will be signed by the Leader of the Council, Chief Executive and the Director of Finance and Community Services.

Financial Appraisal

- 10** There are no additional financial implications arising from this report.

Environmental Implications

- 11** I have completed the Environmental Implications questionnaire and this Report is exempt from the requirement because it is a budget monitoring report.

Risk Management Implications

- 12** I have completed the Risk Management questionnaire. The issues covered by the recommendations are not significant in terms of risk:
- The Statement of Accounts has been prepared in accordance with current accounting requirements.
 - The outturn position in respect of General Fund, Housing Revenue Account and Collection fund income and expenditure in 2006/2007 is consistent with the position expected in the Medium Term Financial Strategy.

Background Papers

13 Lewes District Council Statement of Accounts 2006/2007.

Appendices

Appendix 1 – Analysis of General Fund variances

Appendix 2 – Schedule of Useable Balances and Reserves

Appendix 3 – Analysis of Revenue Equalisation and Asset Maintenance Reserve
(REAM Reserve)

Portfolio - Leader of the Council			Variance Actual to RevB
Service Heading	Rev budget 0607	Actual 0607	
Capital Accounting & Treasury Management	-569,840.00	-553,639.85	16,200.15
Corporate Administration	926,870.00	832,891.20	-93,978.80
Economic Development	116,020.00	108,076.26	-7,943.74
Tourism	396,170.00	327,590.09	-68,579.91
	<u>869,220.00</u>	<u>714,917.70</u>	<u>-154,302.30</u>

Outturn Variation Statement - Leader of the Council Portfolio*(Figures shown as () are either reductions in expenditure or increases in income)*

Variations between 2006/2007 revised estimate and actual		
Item	£'000	£'000
1	Revised estimate 2006/2007 excluding capital accounting items	869,220
2	Employees net variation	(16,130)
3	Premises net variation	(1,820)
4	Support services net variation	(64,770)
	Variations exceeding £3,000	
	Supplies & Services	
5	Savings in Rearsrch Cost on Sussex Guide and Signage for Tourist (£28.5K Budget C/Fwd)	(32,190)
6	Lewes & Seaford TIC Stock System (£10K Budget C/Fwd)	(13,040)
7	Reduction of costs of items for resale at the TIC's	(3,350)
8	Underspend on JAG Budget code - (£7.5K Budget C/fwd)	(7,130)
9	Additional charges to Corporate for cost of running Print Unit	3,900
10	Savings on Audit Commission Fees- Increased work by Internal Audit	(12,930)
11	Saving on Printing Council Plan - used internal printers	(4,500)
12	Saving on Best Value and Quality Initiatives - includes provision from 2005/06 not required	(10,510)
13	Best Value inspectors fee - work included in Audit Comm fees and Internal costs	(3,000)
14	Interest paid to HRA on Working Balance	37,000
15	Savings on Bank Charges	(7,570)
16	Increase costs of Customer Surveys	1,650
		(51,670)
17	Treasury Management charge to General Fund	(2,700)
	Income	
18	Additional Income from Sales from TIC's	(2,540)
19	Additional Government Grant Income	(19,860)
		(22,400)
20	Sub-total	(159,490)
21	Miscellaneous variations	5,190
22	Actual 2006/2007 excluding capital accounting items	714,920
23	Service accounts overspend/(saving)	(154,300)
24	Add: Budget carry forward items for Portfolio	27,130
25	Total overspend/(saving)	(127,170)

Portfolio - Staff & Corporate			Variance
Service Heading	Rev budget 0607	Actual 0607	Actual to RevB
Councillors' Allowances & Civic Expenses	398,490.00	361,446.45	-37,043.55
Collections Costs (CTax & NNDR) & Benefits	660,610.00	669,624.90	9,014.90
Concessionary Travel	908,720.00	905,913.82	-2,806.18
District Council Elections	37,440.00	35,115.95	-2,324.05
Depots & Stores	-31,800.00	-45,821.11	-14,021.11
Environment Agency & Other Expenses	179,010.00	173,809.29	-5,200.71
Electoral Registration	168,470.00	172,556.73	4,086.73
Industrial Estates	-507,140.00	-520,442.00	-13,302.00
Land Charges	-91,450.00	-132,530.39	-41,080.39
Miscellaneous Properties	-60,160.00	-60,202.94	-42.94
Public Consultation & Press	142,960.00	145,311.09	2,351.09
Sussex Training & Enterprise YMA	47,210.00	47,177.66	-32.34
	1,852,360.00	1,751,959.45	-100,400.55

Outturn Variation Statement - Staff and Corporate Services Portfolio
(Figures shown as () are either reductions in expenditure or increases in income)

<u>Variations between 2006/2007 revised estimate and actual</u>		£'000	£'000
Item			
1	Revised estimate 2006/2007 excluding capital accounting items		1,852,360
2	Employees net variation		29,480
3	Premises net variation		(11,780)
4	Support services net variation		6,350
	Variations exceeding £3,000		
	Transport Costs		
5	Contribution to the Sussex Concessionary Bus Pass Scheme		10,750
	Suuplies & Services		
6	Savings for the cost of ESCC searches required for Land Charges	(9,190)	
7	Additional payments to D V to negotiate Rent Reviews on Industrial Estates	2,280	
8	Cost of Printing Reminders for Electoral Registration above Estimate in 05/06 and 06/07	4,900	
9	No spending for Equipment Purchase under District Elections cost centre	(5,530)	
10	Cost of Council Tax Benefit Payments	46,140	
11	Saving on Photo Equipment required for Concessionary Fares admin - £5K Budget C/Fwd	(14,300)	
12	Saving on Members Special Responsibility Allowance	(13,090)	
13	Saving on Members Carers Allowance	(3,020)	
14	General & Civic Expenses over budget	5,370	
15	Additional costs for printing and posting District Link during 2006/07	3,570	17,130
	Income		
16	Land Charges search fees income up on Revised Estimate	(27,410)	
17	Back rental on Denton Island lease excluded from Revised Estimate	(9,880)	
18	Transfer of unidentifiable receipts into General Fund	(3,000)	
19	Change in Capital Charges to North St Depot resulting in increase recharge income	(15,310)	
20	Adjustment for Insurance reserve contribution recharged to services	(25,000)	
21	Additional Council Tax Benefit Subsidy (offsets item 10)	(46,750)	
22	Increase above Revised estimate for External Bailiff fees on collection of Council Tax	(16,590)	(143,940)
23	Sub-total		(92,010)
24	Miscellaneous variations		(8,390)
25	Actual 2006/2007 excluding capital accounting items		1,751,960
26	Service accounts overspend/(saving)		(100,400)
27	Add: Budget carry forward items for Portfolio		15,580
28	Total overspend/(saving)		(84,820)

Portfolio - Environment			Variance Actual to RevB
Service Heading	Rev budget 0607	Actual 0607	
Agenda 21	48,870.00	50,184.41	1,314.41
EMAS & Urban 25	68,840.00	70,160.92	1,320.92
Licensing	127,070.00	97,226.08	-29,843.92
Other Health Services	60,860.00	47,151.83	-13,708.17
Port Health	38,590.00	35,820.95	-2,769.05
Public Health General	872,430.00	857,968.14	-14,461.86
Recycling	883,560.00	874,975.74	-8,584.26
Refuse Collection	1,086,120.00	1,019,788.03	-66,331.97
Rodent & Pest Control	112,750.00	121,101.37	8,351.37
Street Cleansing	892,140.00	865,434.53	-26,705.47
Taxi Licensing	0.00	-2,469.63	-2,469.63
	4,191,230.00	4,037,342.37	-153,887.63

General Fund Variations by Lead Councillor Portfolio

Appendix 1 - Environment

Outturn Variation Statement - Environment Portfolio

(Figures shown as () are either reductions in expenditure or increases in income)

Variations between 2006/2007 revised estimate and actual		
Item	£'000	£'000
1	Revised estimate 2006/2007 excluding capital accounting items	4,191,230
2	Employees net variation	29,380
3	Premises net variation	9,570
4	Support services net variation	7,260
	Transport Costs	
5	Recycling -upgrade of electrical vehicles	11,720
6	Recycling vehicle fuel-increase in fuel costs	5,980
7	Recycling vehicle insurance increase	5,650
8	Saving in fuel costs for the Refuse vehicles	(9,150)
9	Vehicle maintenance above the revised estimate (NB still £47k below 05/06 actual)	5,540
10	Refuse Vehicle hire not required during 2006/2007	(6,000)
	Supplies & Services	
11	Additional costs of black sacks Wheelie Bins	11,950
12	Reduction in net cost of the Clean & Green Service (£27.7k Budget C/Fwd under Community)	(37,300)
13	Waste disposal costs to ESCC above Revised Estimates	7,900
14	Saving on Agency staff for Refuse Service during 2006/07	(24,830)
15	Savings in Hired and Contracted costs under the Recycling Service	(10,420)
16	Equipment purchases-replacement hydraulic ramp for baler, signage	3,640
17	Increase in Kerbside collection scheme Waste and Recycling recharge	19,250
18	Maintenance and repairs of baler, conveyor belt etc	3,510
19	Waste Minimisation project delayed to 07/08 (Budget c/fwd item)	(36,800)
20	Waste Avoidance campaign ongoing project, included in budget carry forward	(4,510)
21	Licensing Act -underspend from ODPM money which has been carried forward from 05/06	(10,070)
22	Pollution Control-includes a b/fwd figure from 05/06 of £3,000 for equipment maintenance	(3,690)
23	Pollution includes a b/fwd figure from 05/06 of £7,310 for Consultants	(6,810)
24	Ongoing contaminated land investigation, included in budget carry forward reserve	(21,880)
25	Subscription to SAQSG-2006/07 and 2007/08	6,380
26	Flood Defence underspend for ongoing flood works. Budget includes a carry forward figure	(12,900)
	Income	
27	Anti-Smoking Legislation government grant included in Budget carry forward items	(7,870)
28	Sales of paper, plastic, glass, steel etc	(28,600)
29	Sales of sacks and bins	(12,750)
30	Licence and Criminal Records check income	(3,390)
31	Reduced income from Pest Control-actual 05/06 £12700 compared with £17070 in 06/07	7,940
32	Additional income from licences, including animal welfare and alcohol licences	(12,240)
33	Income from Clinical Waste sacks	(3,290)
34	Increase in Income from the collection of Bulkies and Fridges	(6,640)
35	Internal transfer from Street Cleansing to Refuse Collection for Vehicle costs	(6,630)
36	Increase in Street Cleansing recharges to other Authorities and Private Companies	(3,200)
		(76,670)
37	Sub-total	(133,300)
38	Miscellaneous variations	(20,590)
39	Actual 2006/2007 excluding capital accounting items	4,037,340
40	Service accounts overspend/(saving)	(153,890)
41	Add: Budget carry forward items for Portfolio	127,270
42	Total overspend/(saving)	(26,620)

Portfolio - Planning			Variance Actual to RevB
Service Heading	Rev budget 0607	Actual 0607	
Building Control	60,470.00	35,541.99	-24,928.01
Car Parking	-389,170.00	-424,904.63	-35,734.63
Coast Protection	33,580.00	17,282.02	-16,297.98
Design & Conservation	85,910.00	86,640.95	730.95
Development Control	1,057,040.00	1,115,188.97	58,148.97
Planning Delivery Grant	-400,350.00	-400,355.00	-5.00
Planning Policy	408,800.00	373,241.64	-35,558.36
Street Naming, Numbering & Closures	32,900.00	31,750.64	-1,149.36
	<u>889,180.00</u>	<u>834,386.58</u>	<u>-54,793.42</u>

Outturn Variation Statement - Planning Portfolio*(Figures shown as () are either reductions in expenditure or increases in income)*

Variations between 2006/2007 revised estimate and actual		
Item	£'000	£'000
1	Revised estimate 2006/2007 excluding capital accounting items	889,180
2	Employees net variation (part funded by Planning Delivery Grant)	52,270
3	Premises net variation	(18,880)
4	Support services net variation	(2,600)
	Variations exceeding £3,000	
	Transport Costs	
5	Staff mileage increase in Building and Development Control, Planning Policy and Conservation	4,180
	Supplies & Services	
6	Net saving on external support, mainly funded from PDG Reserve (carried over to 2007/08)	(49,700)
7	Planning Development Control advertising costs	21,620
8	Coast Protection external survey costs	(3,200)
9	GIS increased copyright fees	13,770
10	Car Parking signage study not yet carried out	(25,000)
		(42,510)
	Other Expenditure	
11	Increased training expenses due to higher staff turnover and rate of refunds increased	6,850
		6,850
	Income	
12	Increase in Building Control Fees	(24,900)
13	Income higher than expected on Planning fees	(19,000)
14	Income from Car parking PCN (Fines) down on Revised Estimate although £28K up on 05/06	19,170
15	Wayleave income includes refund of DV fees from SWA and back fee for access by S & P	(6,740)
		(31,470)
16	Sub-total	(32,160)
17	Miscellaneous variations	(22,630)
18	Actual 2006/2007 excluding capital accounting items	834,390
19	Service accounts overspend/(saving)	(54,790)
20	Add: Budget carry forward items for Portfolio	23,480
21	Total overspend/(saving)	(31,310)

Portfolio - Housing			Variance
Service Heading	Rev budget 0607	Actual 0607	Actual to RevB
Advances for Home Purchase	2,850.00	2,803.22	-46.78
Homelessness	267,560.00	213,391.08	-54,168.92
Housing Associations	14,340.00	13,771.82	-568.18
Lifeline	-4,370.00	-41,068.25	-36,698.25
Rent Rebates	147,220.00	109,603.14	-37,616.86
Renovation Grants Admin	120,830.00	120,220.79	-609.21
Rent Allowances	184,770.00	43,423.88	-141,346.12
Strategic Housing Services	395,850.00	397,917.11	2,067.11
	<u>1,129,050.00</u>	<u>860,062.79</u>	<u>-268,987.21</u>

Outturn Variation Statement - Housing Portfolio*(Figures shown as () are either reductions in expenditure or increases in income)*

Variations between 2006/2007 revised estimate and actual		£'000	£'000
Item			
1	Revised estimate 2006/2007 excluding capital accounting items		1,129,050
2	Employees net variation		(110)
3	Premises net variation		(51,670)
4	PSL Management Fee Transferred to Reserve		(31,590)
5	Support services net variation		14,130
	Transport Costs		
6	Officers Car Allowance above Revised Estimate		2,670
	Supplies & Services		
7	Cost of Bed & Breakfast Placements (£22K offset by Income contribution)	35,970	
8	Homelessness Initiatives Underspent - £7,500 Budget C/wd	(7,530)	
9	Tenants Removal Costs - offset by Income	(7,080)	
10	No expenditure on Lifeline Marketing, Promotion and advertising - included in Budget C/fwd	(3,950)	
11	No expenditure on Lifeline General Improvement Budget - included in Budget C/fwd	(2,000)	
12	Saving in the amount of Benefit Overpayments written off or Bad Debt Provision made	(8,390)	
13	Rent Allowance expenditure down on the Revised Estimate	(7,140)	
14	Cost of Rent Rebate payments underspent against the Revised Estimate	(152,900)	
			(153,020)
	Income		
15	Contribution towards Bed and Breakfast Placements - see 7 above	(22,320)	
16	Contribution to Removal Costs - see 9 above	7,270	
17	Contribution towards repairs to PSL properties - offset expenditure - see 4 above	(4,390)	
18	Rental Income from tenants in PSL properties	4,000	
19	Increase income from renting Lifeline Units	(2,690)	
20	Housing Benefit Grants and Subsidies increased on the Revised Estimate	(74,140)	
21	Benefit Overpayments invoiced down against the Revised Estimate	47,260	(45,010)
22	Sub-total		(264,600)
23	Miscellaneous variations		(4,390)
24	Actual 2006/2007 excluding capital accounting items		860,060
25	Service accounts overspend/(saving)		(268,990)
26	Add: Budget carry forward items for Portfolio		44,240
27	Total overspend/(saving)		(224,750)

Community			Variance
Service Heading	Rev budget 0607	Actual 0607	Actual to RevB
Abandoned Vehicles, Dog & Litter Bins	-2,920.00	-3,999.96	-1,079.96
Allotments	6,060.00	5,635.90	-424.10
Animal Wardens	101,690.00	103,633.68	1,943.68
Cemeteries	202,300.00	158,348.00	-43,952.00
Community Development	162,090.00	161,502.34	-587.66
Community Safety	142,430.00	134,362.31	-8,067.69
Community Sports	41,480.00	39,478.37	-2,001.63
Cultural Services & Arts Programme	85,890.00	80,656.23	-5,233.77
Leisure Trust	988,170.00	1,102,191.32	114,021.32
Newhaven Fort	188,810.00	155,192.28	-33,617.72
Newhaven Town Ctre Prop Management	-47,550.00	-48,233.07	-683.07
Other Amenity Services	69,380.00	54,094.45	-15,285.55
Public Conveniences	271,980.00	272,408.48	428.48
Parks & Open Spaces	1,175,340.00	1,088,750.14	-86,589.86
Southover Grange Public Hall	15,280.00	4,666.62	-10,613.38
Travellers (inc Southerham)	44,530.00	19,674.63	-24,855.37
Voluntary Sector Support	151,780.00	151,756.11	-23.89
	3,596,740.00	3,480,117.83	-116,622.17

Outturn Variation Statement - Community Portfolio*(Figures shown as () are either reductions in expenditure or increases in income)*

Variations between 2006/2007 revised estimate and actual		£'000	£'000
Item			
1	Revised estimate 2006/2007 excluding capital accounting items		3,596,740
2	Employees net variation		(25,970)
3	Premises net variation (£10K N/H Fort)		79,530
4	Repairs under Wave Leisure funded from Capital		(103,000)
5	Premises C/Fwd in reserve - Parks and Open Spaces re Trees		(10,290)
6	Support services net variation		(850)
	Variations exceeding £3,000		
	Supplies & Services		
7	Newhaven Fort - Savings in purchase of Goods for resale	(18,930)	
8	Community Safety - savings on Audit Fees	(5,800)	
9	Parks and Open Spaces - South Downs Conservation Board provision	(12,090)	
10	Parks and Open Spaces - Savings on Wyevale Contracts - net of Town Council payments	(15,580)	
11	Stanley Turner - Previous years adjustment re Partnership funding	(3,600)	
12	Abandoned Vehicles saving on costs	(11,400)	
13	Budget Savings originally funded by Reserves - Contribution not taken from Reserves	(42,770)	
14	Insurance Claim funded from Insurance Reserve	14,540	
			(95,630)
	Income		
15	Newhaven Fort - Income over revised estimate	(4,700)	
16	Cemeteries - Income below revised Estimate	2,060	
17	Railway Land - Reimbursement of District Valuer Fees	(3,200)	
18	Reduction in Income shown under Clean & Green - No overall effect on Council's Budget	37,820	
			31,980
19	Sub-total		(124,230)
20	Miscellaneous variations		7,610
21	Actual 2006/2007 excluding capital accounting items		3,480,120
22	Service accounts overspend/(saving)		(116,620)
23	Add: Budget carry forward items for Portfolio		111,730
24	Total overspend/(saving)		(4,890)

Reserves and Balances at 31 March 2007 and use in 2007/2008

Ref	Reserve	Description	Balance at 1 April 2006 £'000	Add Receipts In Year £'000	Less Payments In Year £'000	Balance at 31 Mar 2007 £'000	2007/08 approved (use)/ contribution £'000	Balance at 31 March 2008 £'000
Balances								
1	General Fund working balance	Provides general buffer against impact of unexpected expenditure/reductions in income. Amount of required balance calculated annually at budget setting meeting. For GF use only.	1,835	0	381	1,454	(145)	1,309
2	Housing Revenue Account working balance	Provides general buffer against impact of unexpected expenditure/reductions in income. Amount of required balance calculated annually at budget setting meeting. Also includes amounts earmarked for specific purposes eg options appraisal. For HRA use only.	2,829	152	0	2,981	74	3,055
3	Collection Fund balance	If council tax collection performance exceeds projections, the 'surplus' is retained and used to reduce future years' Council Tax amounts (LDC and major precepting authorities). Conversely, any deficit must be reimbursed via future years' taxes.	684	0	70	614	(369)	245
Total			5,348	152	451	5,049	(440)	4,609
Reserves								
4	Leisure Buildings Repairs	Funding for works to facilities, parks and open spaces managed by Community Services	93	67	60	100	0	100
5	Private Sector Leasing Repairs	Funding for repairs to properties (if required) when they are returned at the end of the lease period	62	32	15	79	(1)	78
6	Corporate Buildings Repairs	Provides source of funding for repairs to Council offices, etc	135	50	38	147	(82)	65
7	Lewes Leisure Centre Buildings Repairs	Provides source of funding for repairs to Lewes Leisure Centre	1	0	0	1	(1)	0

Reserves and Balances at 31 March 2007 and use in 2007/2008

Ref	Reserve	Description	Balance at 1 April 2006 £'000	Add Receipts In Year £'000	Less Payments In Year £'000	Balance at 31 Mar 2007 £'000	2007/08 approved (use)/ contribution £'000	Balance at 31 March 2008 £'000
8	Maintenance	Consists of amounts paid to the Council by third parties for specific purposes eg future maintenance of parks and opens spaces; repairs to properties containing leasehold flats; graves maintenance	192	18	12	198	0	198
9	Revenue Equalisation & Asset Maintenance	Held for two main purposes: - to fund items of regular expenditure which are not of an annual nature eg Local Plan enquiry and elections. - to fund backlog asset maintenance needs of non-housing property	1,089	1,042	206	1,925	(22)	1,903
10	Indoor Leisure Building Repairs	Provides source of funding for client repairs to facilities operated by Wave Leisure	81	0	0	81	(81)	0
11	Partnership Fund	Provides finance to support projects where the Council is the lead partner and working with external agencies, community organisations, etc. Projects address Council service objectives and can be revenue or capital.	148	0	99	49	7	56
12	Insurance and Risk Management	Held for two main purposes: - to fund liability arising from insolvent run-off of Municipal Mutual Insurance - to fund 'excess' element of insurance claims	226	25	21	230	(2)	228
13	Rent Deposit Guarantee Scheme	This fund helps prevent homelessness by providing selected applicants with a rent deposit that is repayable.	52	0	0	52	0	52
14	Housing Development	Funds to pay for the GF costs of a housing transfer if that is the tenants' future housing options appraisal choice	195	0	0	195	0	195
15	Financial Systems	Residue of amount earmarked to fund replacement of financial systems. Balance will be used to fund ad-hoc supplier support , etc	9	0	0	9	0	9

Reserves and Balances at 31 March 2007 and use in 2007/2008

Ref	Reserve	Description	Balance at 1 April 2006 £'000	Add Receipts In Year £'000	Less Payments In Year £'000	Balance at 31 Mar 2007 £'000	2007/08 approved (use)/ contribution £'000	Balance at 31 March 2008 £'000
16	Community Grants	Available to fund grants to community organisations (grants schemes no longer supported in base budget)	29	0	10	19	25	44
17	Building Control Charging Scheme	Regulations require defined elements of building control function to break-even over time. Trading account prepared to cover these items, with annual surplus/deficit added to/funded from this reserve	34	92	62	64	46	110
18	Vehicle Replacement	Provides source of funding for the approved vehicle replacement programme.	1,553	295	262	1,586	(306)	1,280
19	Major Repairs Allowance	For use by Housing Revenue Account re major repairs to housing stock. MRA contribution received from ODPM on annual basis calculated with reference to property numbers/types	628	2,603	2,807	424	204	628
20	Planning Delivery Grant	Balance of Grant received from Government which is available to fund specific Planning department initiatives over a number of years	486	400	445	441	(175)	266
21	Budget Carry Forward	Where a project or service which was to have been funded from a revenue budget has not been completed at the year end, the unspent budget can, if required, be carried forward to fund that project or service in the following year.	214	349	214	349	(349)	0
22	Southover Grange Improvements	Provides source of funding for future work at Southover Grange, Lewes.	41	0	0	41	0	41
23	IT replacement equipment	Provides source of funding for IT replacement programme	200	0	31	169	(84)	85
24	Wave Leisure Trust	Available to fund future obligations under the new arrangements	71	79	125	25	(22)	3
25	Wave Leisure Trust	Available to fund client maintenance	0	138	103	35	(34)	1

Reserves and Balances at 31 March 2007 and use in 2007/2008

Ref	Reserve	Description	Balance at 1 April 2006 £'000	Add Receipts In Year £'000	Less Payments In Year £'000	Balance at 31 Mar 2007 £'000	2007/08 approved (use)/ contribution £'000	Balance at 31 March 2008 £'000
	Asset Maintenance	obligations						
26	Housing Benefit Standards and Improvements	Provides resources for the Finance Department's Benefits Service.	100	178	69	209	(40)	169
27	Clean and Green	Established in 2006/2007 by Council decision to fund 'clean and green' initiatives with a value of £200,000	0	160	99	61	(61)	0
Partnership Projects:								
28	West Quay Development	Reserve to fund expenditure on the West Quay regeneration project	42	2	0	44	0	44
29	Newhaven Fort Refurbishment	Reserve to fund expenditure on the refurbishment of Newhaven Fort	33	1	14	20	0	20
30	Denton Island Reclamation	Reserve to fund expenditure on the Denton Island regeneration project	70	3	1	72	0	72
31	Total Reserves		5,784	5,534	4,693	6,625	(978)	5,647

Note – 2007/2008 approved use or contribution represents decisions taken by Cabinet both in February 2007 when setting 2007/2008 budgets and in year to date. Figures also reflect funding of 2007/2008 capital programme as approved by Cabinet in June 2007.

Revenue Equalisation and Asset Maintenance Reserve – balance at 31 March 2007 and use in 2007/2008

Expenditure Category	Balance at 31 March 2007 £	Add Contributions 2007/08 £	Less Applied 2007/08 £	31 Balance at March 2008 £
Private Sector Housing Needs Survey	30,000	10,000	0	40,000
Private Sector House Condition Survey	25,735	10,000	0	35,735
Residents Satisfaction Survey	16,000	4,000	0	20,000
Residents Priority Survey	13,620	4,000	0	17,620
LDF Examinations	56,342	0	25,000	31,342
Property Condition Survey	60,000	15,000	0	75,000
Planning Appeals and Enquiries	55,825	10,000	0	65,825
Tree Survey	27,824	7,500	0	35,324
Cemeteries Maintenance	74,861	4,000	19,020	59,481
Play Equipment Replacement	-37	19,000	0	18,963
Members Allowance Advisory Panel	5,880	1,500	2,500	4,880
District Council Elections	64,742	22,000	72,530	14,212
Asset Maintenance	718,967	31,000	41,000	708,967
Car Parks	12,200	12,000	0	24,200
Implementing Electronic Government	344,183	76,300	0	420,483
IT initiatives	200,800	0	0	200,800
Dog & Litter Bin Replacement Programme	46,772	54,000	27,000	73,772
Support for Local Economy (LABGI)	170,671	0	115,000	55,671
Total	1,924,385	280,300	302,050	1,902,635