



Report to: Cabinet

Subject: Capital and Revenue Budgets 2004/05 – Carry forwards

Date: 2 June 2005

Author: Head of Finance

1. **Purpose**

To seek approval to carry forward Capital and Revenue budgets from 2004/2005 as additions to the 2005/2006 budgets.

2. **Background**

- 2.1 The Council's financial procedures allow for the carry forward of capital and revenue budgets to the new financial year where there is an underspend against the approved budget.
- 2.2 The Head of Finance has delegated authority to approve the carry forward of amounts under £50,000 for Capital and £10,000 for Revenue subject to reporting on the source of underspend and the subsequent use of the carry forward to the Portfolio Holder. For amounts over £50,000 for Capital and £10,000 for Revenue approval of the full Council is required.

3. **Capital Out-turn 2004/2005**

- 3.1. The Council's accounts for the financial year ending on 31 March 2005 are currently being closed down. Provisional figures for capital expenditure are available and are shown against the latest approved estimate in the table on the following page.
- 3.2. The Capital carry forward requests total £3,068,100 which represents a 34% slippage in the capital programme.
- 3.3. The revised estimate in the table represents the programme approved by Cabinet on 10 February 2005.

Provisional Capital Out-turn and Proposed Carry Forwards 2004/05

Portfolio	Revised Estimate 2004/2005 £	Provisional Outturn 2004/2005 £	Variation £	Proposed Carry Forward £
Leader	311,700	183,943	(127,757)	120,700
Development & Econ Regen	28,400	28,400	0	0
Agenda 21, Crime & Community Development	0	0	0	0
E-Government, Member & Property Service	455,500	146,212	(309,288)	314,500
Direct Services	1,072,300	819,904	(252,397)	254,600
Leisure	2,339,300	1,088,665	(1,250,635)	1,178,000
Finance	92,400	64,415	(27,985)	28,000
Sub-Total	<u>4,299,600</u>	<u>2,331,538</u>	<u>(1,968,062)</u>	<u>1,895,800</u>
Housing Investment Programme	4,679,000	3,506,679	(1,172,321)	1,172,300
TOTAL	<u>8,978,600</u>	<u>5,838,218</u>	<u>(3,140,382)</u>	<u>3,068,100</u>

4. Financing of Capital Carry Forwards

- 4.1 During 2004/05 capital receipts generated were less than estimated. This is mainly due to reduced Housing Right To Buy sales resulting from changing housing market conditions and lower than anticipated general fund land sales. As a result, the 2004/05 carry forward requests are under resourced by approximately £300,000 and the 2005/06 programme is under resourced by £450,000.
- 4.2 There is currently no indication that there is any increase in Right to Buy sales in the early months of 2005/06 and therefore capital receipts are anticipated to be below estimate for the current year as well. Without generation of additional capital receipts it is anticipated that the 2005/06 capital programme, including the proposed carry forwards, will be under resourced by approximately £1million.
- 4.3 Careful consideration should be given to carry forward requests and the possibility of deleting schemes or reprogramming schemes to be completed when financing becomes available should be options considered.
- 4.4 A further report detailing the implications of the under resourcing of the 2005/06 capital programme and the possibility of reprioritising spend to match resources available will be presented to a future meeting.

5. Proposed Capital Carry Forwards

- 5.1 Schemes where works have been ordered and/or contracts entered into are identified by an 'A' reference. Carry forward requests for these schemes represent committed expenditure. Schemes with a 'B' reference are not yet committed but are considered by the spending departments to be of high priority.
- 5.2 Included at Appendix 1 are details of the schemes where the Head of Finance has agreed carry forwards totalling £408,600 in line with the delegation arrangements. Due to the capital financing issues outlined above the Head of Finance has only approved 'A' reference schemes and it is proposed that budget provision is carried forward to 2005/2006. Carry forward requests in excess of £50,000 and 'B' reference schemes below £50,000 are shown at Appendix 2 and these total £2,659,500.

6. Revenue Expenditure and Carry Forward 2004/2005

- 6.1 The Council's accounts for the financial year ending on 31 March 2005 are currently being closed down. Provisional figures for revenue expenditure specific to those areas where a carry forward has been requested are shown against the latest approved estimate in the table below. These figures are not indicative of the full revenue costs for each Portfolio.

Provisional Revenue Out-turn and Proposed Carry Forwards 2004/05

Portfolio	Revised Estimate 2004/2005	Provisional Outturn 2004/2005	Variation	Proposed Carry Forward
	£	£	£	£
Leader	274,300	217,204	(57,096)	41,300
Development & Econ Regen	23,100	14,426	(8,674)	6,100
Agenda 21, Crime &	3,100	927	(2,173)	2,100
E- Govt, Members & Property	436,500	252,147	(184,353)	183,400
Direct Services	80,300	57,622	(22,678)	22,700
Housing General Fund	52,100	1,589	(50,511)	50,100
Leisure	172,400	78,511	(93,889)	79,700
Finance	449,900	311,102	(138,798)	90,100
Sub-total	1,491,700	933,528	(558,172)	475,500
Housing Revenue Account	553,100	496,682	(56,418)	39,100
TOTAL	2,044,800	1,430,210	(614,590)	514,600

Final figures are still being completed and will be reported as part of the overall revenue outturn report to Personnel and Resources Committee.

7. **Proposed Revenue Carry Forwards**

- 7.1 Attached at Appendix 3 are details of the schemes where the Head of Finance has agreed carry forwards totalling £126,300 in line with the delegation arrangements. It is, therefore, proposed that budget provision is carried forward to 2005/2006. Carry forward requests in excess of £10,000 are shown at Appendix 4 and these total £388,300.

8. **Delegation Arrangements**

- 8.1 As detailed in paragraph 2.2 above, current delegation arrangements require that Council approve all capital carry forwards over £50,000 and revenue carry forwards over £10,000. In practice this arrangement creates difficulties in respect of those schemes which are contractually committed and which require prompt carry forward authorisation to technically enable schemes to progress.
- 8.2 As it is not practical, or desirable, to delay such schemes, it is proposed that delegation arrangements be amended for future years to allow the Head of Finance to approve capital carry forwards over £50,000 and revenue carry forwards over £10,000 in respect of schemes which are contractually committed. All uncommitted budgets over these amounts would continue to require Council approval.

9. **Recommendation**

Cabinet is recommended to:

- (i) note the agreed capital carry forwards of £408,600 included in Appendix 1 being amounts of less than £50,000 for schemes which have been committed;
- (ii) note the agreed revenue carry forwards of £126,300 shown in Appendix 3 being amounts of less than £10,000

and,

- (iii) request Council to approve the capital carry forward of £2,659,500 as shown in Appendix 2, being amounts in excess of £50,000 and schemes below £50,000 which have not yet been committed.
- (iv) request Council to approve the revenue carry forward of £388,300 as shown in Appendix 4, being amounts in excess of £10,000.

and,

- (v) Request Council to amend the delegation arrangements in respect of Treatment of Year End Balances to allow the Head of Finance to approve capital carry forwards over £50,000 and revenue carry forwards over £10,000 in respect of contractually committed schemes.

