

REPORT OF THE HEAD OF FINANCE AND ICT

GOVERNANCE COMMITTEE – 30 JUNE 2008

**FINANCIAL OUTTURN 2007/08**

**Recommendations**

*That Members receive and note this report setting out the:*

- *Significant changes to take into account when considering the accounts*
- *Reasons for the main variations between the budgets and outturn for the General Fund Revenue Account, Housing Revenue Account and Capital Programme; and*
- *Movements between reserves within the Statement of Accounts.*

Contact Officer – Helen Lamb (extension 2063).

**Purpose of the Report**

1. This report has been produced in support of the draft accounts, in order to provide Members with a more detailed explanation of the 2007/08 outturn and the financial standing of the Council and to highlight the key issues and significant changes.

**Statutory Requirements**

2. The requirements of the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment England) Regulations 2006) include :-
  - The Council's responsible officer (the Head of Finance and ICT) must certify that the accounts "present fairly" the financial position as at 31 March and the income and expenditure for the year ending 31 March. This is met through the certificate within the Statement of Responsibilities contained in the statement of accounts. This is also supported by a statement at Appendix I
  - The Council must conduct, at least annually, a review of the effectiveness of its system of internal control and publish an annual Governance Assurance Statement signed by the Leader of the Council and the Chief Executive. This statement was approved by the Governance Committee at it's meeting on 19<sup>th</sup> June 2008, and is also included in the statement of accounts.
  - The accounts must be approved by Council (or a Committee of the Council) by 30 June. Governance Committee have delegated authority to discharge this requirement.
  - Following the approval of the Statement of Accounts by Governance Committee, they will be signed by the Chairman of the Committee.

### Purpose of the Accounts

3. The accounts have a key role in assisting the Council to be accountable to stakeholders and interested parties for the stewardship and sound management of public monies. They provide a significant amount of information, including the Council's financial position as at 31 March, and a summary of the income and expenditure in the year to 31 March.
4. However, the accounts are also a long and complex document which may not be easily accessible to those Members not serving on the Governance Committee, the public and other stakeholders. Therefore, in order to further promote accountability, this Council also produces:
  - Members' Summary Accounts - this provides a little more detail than the Public Summary and will be produced and circulated following the approval of the draft accounts.
  - Appendix G – Summary of the Draft Accounts – this will be included in the Annual Report and will also be published on the web site.
  - Appendix H – Frequently Asked Questions – this will be published on the web site.
5. Finally, when considering this report and the Statement of Accounts, Members are reminded that the final accounts, budget and Medium Term Financial Plan (MTFP) should not be considered in isolation. Together they form a continuous process of financial management, and so the 2007/08 outturn will feed into the next MTFP.

### Format and Changes to the 2007/08 Accounts

6. The explanatory foreword to the accounts provides a brief explanation of the main changes to the 2007/08 accounts and a summary of the core statements. It is suggested that Members start their review with this report and the explanatory forward.
7. The main changes to the accounts are:
  - Capital Accounting  
The introduction of a revaluation reserve dealing with revaluations of fixed assets
  - The Annual Governance Statement  
Replacing the Statement of Internal Control
  - Financial Instruments  
More explicit information on instruments such as “soft loans”.
8. None of these changes make a significant impact on the financial position of the authority.

### General Fund Revenue Outturn

9. The starting point for considering the financial outturn is the 2007/08 Original budget which is shown, together with the 2007/08 Projected Outturn and the 2007/08 Outturn at Appendix A.

10. The 2007/08 Original Budget forecast a surplus of £28k. The 2007/08 Projected Outturn was a deficit of £103k. The variations leading to the 2007/08 Projected Outturn were reported to Members as they were identified, through the monthly budget monitoring reports. The main variations have been:

	<b>£000</b>
<b>Original Budget</b>	<b>(28)</b>
Approved carry forward items from 2006/07	203
Additional payments to Vista Leisure	290
Savings from staff vacancies and salary changes, allowing for the additional costs of recruitment and temporary cover, (£413k) total against (£300k) budgeted vacancy allowance.	(113)
Savings against NNDR budgets across DDC properties	(22)
Savings on Treasury Management Services due to bringing investments back in-house	(15)
Additional costs of new Traffic Management Act	36
One-off Deal Pier insurance saving	(37)
Revised calculation of central support recharges – reduced impact on General Fund	(78)
Income from regeneration properties allowable to offset internal costs	(17)
Government grant funding to offset cost of Smoke-Free Enforcement	(40)
Prior year depot income received	(33)
Increased recycling income	(43)
Reduced car parking income	60
Other minor savings	(60)
<b>Projected Outturn</b>	<b>103</b>

11. The 2007/08 Outturn was a surplus of £151k. This is a variance of £254k against the projected outturn. The variances are analysed in Appendix B with explanations in Appendix C.
12. Members will be aware that the Councils financial processes are designed to encourage responsible financial management. This includes positive measures to avoid managers adopting a “use it or lose it” approach to their budgets at year end. As a result, where managers have a planned underspend at the year end they are able to carry it forward, providing that it is for a specific purpose and is sustainable (ie – generally not to be used for salaries).
13. The 2007/08 Outturn includes £240k of carry forwards and so the underlying reduction in general fund balances is £89k.

#### General Fund Reserves and Balances

14. General Fund reserves are “cash backed” reserves and are available for the Council to use. For management and planning purposes they split into “General Balances” and “Earmarked General Reserves”.
15. General Balances are usually applied to cope with unanticipated variations in spend. Earmarked General Reserves are funds set aside for planned purposes.

16. The Medium Term Financial Plan (MTFP – approved by Council March 2008) recommended an absolute minimum level of General Reserves to be maintained at 10% of the net revenue budget (i.e. around £1.5m) with a preferred minimum level of £2M.
17. As reported above, the 2007/08 Outturn is a surplus of £151k. However budget carry forwards to 2008/09 of £240k have been approved. Therefore there will be a small “underlying” reduction in General Fund balances.

<b>Table 2 – Movement in General Fund Balances</b>	
	£000
Balance at start of the year	(2,546)
Surplus from 2007/08	(151)
Balance at the end of the year	(2,697)
Less amounts carried forward	240
Underlying General Fund Balances	(2,457)

18. The Opening Balance of £2,546k and the year end balance of £2,697k can also be found within the Statement of Accounts in the “Statement on Movement of the General Fund Balance” and the “Breakdown of Reconciling Items in the Statement of Movement on the General Fund Balances”.
19. Contributions to and from the Earmarked Reserves have been managed in order to ensure there are sufficient reserves to meet anticipated commitments. The main adjustments are :-
- Training Reserve - £33k of this reserve was applied in year to cover the additional costs of the management training program. The balance has been transferred to the Corporate Review Reserve.
  - Cluster Preparation – the costs of consultancy studies for the joint Waste Management project are mainly being met by other partners, but the potential for some initial investment from DDC is increasing as the joint working agenda gathers pace and so additional provision has been made.
  - Projects Reserve – £606k has been drawn from the reserve during the year to finance approved projects. £242k has been added to the reserve to provide increased capacity for future years and to assist in offsetting any shortfall in capital receipts.
  - Corporate Review Reserve – the reserve has been mainly applied to meet the General Fund costs of Private Medical Insurance in 2007/08 pending the review of options (ultimately a change to Benenden was approved). The balance will be used to mitigate administration costs of Job Evaluation.
  - Benefits Overpayments – Recovery of benefits overpayments can be unpredictable. This reserve has been set up to smooth the impact upon the General Fund of variations in performance.
  - Local Development Framework – Contributions of £150k from the General Fund balances and £100k from PDG have been made in order to maintain the reserve and to ensure that any additional consultancy required to deliver the LDF can be financed. Any residual balances at the end of the LDF process can either be used to start financing the next cycle, transferred to PDG or written back to General Fund balances.
  - Planning Development Grant - £257k of PDG has been received from Government. A further £150k has been transferred from General Fund balances to finance a possible planning enquiry (£100k) and the initial year of a s106 Officer (£50k) until the post becomes self financing. The likely awards

under Housing PDG (the successor scheme to PDG) cannot be predicted with any reliability and the reserve may therefore move into deficit if it faces other significant demands. In these circumstances any shortfall is likely to come from General Fund balances.

20. Note 42 to the Core Financial Statements in the draft Statement of Accounts provides a complete breakdown of the Earmarked Reserves and Note 43 includes the General Fund Balances.
21. In considering the earmarked reserves and general balances Members are reminded that there is an "opportunity cost" of maintaining these reserves and balances when the resources could be applied to meet service or capital investment requirements. At the same time, maintaining cash backed reserves generates additional income from interest on cash balances, which is used as an additional income stream. However, the key judgement is to ensure that the reserves are set at levels that facilitate the prudent financial management of the authority, provide sufficient resources to meet anticipated future demands, and provide for a margin for unanticipated variation. The General Fund balances should be sufficient to maintain the preferred level after allowing some scope for annual variations in outturn.
22. It is the view of the Head of Finance and ICT that overall the reserves and balances are sufficient for the Councils current plans.

#### Housing Revenue Account Outturn

23. The Housing Revenue Account shows an increase in the HRA balance of £913k, which is a favourable variance of £1,679k against the original budgeted decrease of £766k, but a variance of just £42k against the Projected Outturn previously reported.
24. The variance is mainly attributable to the £1,434k of 'Capital Expenditure Funded by the HRA' not being required due to refurbishment works on Sheltered properties not being undertaken pending review of the HRA Business Plan. A schedule of the other main variances is contained in Appendix D of this report.
25. The overall HRA surplus has increased to £6.6m. The additional surplus on the Housing Revenue Account as at 31 March 2008 can be utilised in future years to meet the Government's Decent Homes targets.
26. The Financial Model of the HRA Business Plan has recently been revised and recommendations have been made to Council in order facilitate the long term viability of the HRA. The outturn does not indicate that any significant additional adjustments are presently required to the Financial Model, but it will be kept under review and updated based on future actions.

#### Collection Fund Outturn

27. The Collection Fund income and expenditure account, which is a separate statutory account to record the transactions for the collection of Council Tax, National Non-Domestic Rates (NNDR) and residual Community Charge, shows a surplus of £1.3m at 31 March 2008. The balance on the fund is distributed to the precepting authorities (Kent County Council, Kent Police Authority, Kent and Medway Towns Fire Authority and Dover District Council) in proportion to their respective precept amounts (Dover District Council's 2008/09 budget already includes a contribution based on the estimated 2007/08 surplus and any remaining surplus will be included in the forecasts for the 2009/10 distribution).

### Capital Programme Outturn

28. The Medium Term Capital Programme (MTCP) is set out at Appendix E (i).
29. For each project "in progress" and each project awaiting capital appraisal the MTCP includes, under the heading "Approved Budget" :-
  - The cumulative expenditure from previous years;
  - The estimated expenditure for 2007/08
  - The remainder of the approved project budgets
30. Under the heading "Proposed Budget" the MTCP includes :-
  - The cumulative expenditure from previous years
  - The actual expenditure from 2007/08
  - The rephasing of the capital programme
  - The revised project budgets.
31. The budgeted expenditure for 2007/08 was £9.113m (this is based on the latest budget monitoring report sent to members and includes changes to the original budget as reported throughout the year). The actual expenditure was £9.050m, a favourable variance of £63k. This is due to a large number of minor variances. However, these mainly arose from project slippage rather than savings in the costs of the projects. For all projects the expected total costs remain within the approved budget.
32. The overall MTCP budget shows a minor decrease of £23k from £44.116m to £44.093m. A more detailed breakdown of this figure is given in Appendix E(ii).
33. The Housing Revenue Account capital works programme at Appendix E (iii) gives a breakdown of the amounts in the Medium Term Capital Plan allocated to housing projects for 2007/08 and 2008/09.
34. Appendix E(i) also provides an analysis of the sources of financing for the MTCP. For 2007/08 the main sources of capital financing have been :-
  - Capital receipts – these are receipts from the sales of assets. The main source of capital receipts is from Council House sales. These have shown a declining trend in recent years.
  - Major Repairs Allowance – this is a government grant used to finance major repairs to Council Houses
  - SEEDA and English Partnerships for DTIZ – these are grants to assist the Council in purchasing sites to progress the Dover Town Investment Zone project.
35. In summary, the outturn for projects completed in 2007/08 was on budget and the current MTCP is fully financed for future years. However, there are likely to be pressures from new projects whilst capital receipts from Council House sales, which are a major source of funding, are falling. The capital programme and its financing are regularly monitored and project variations are reported to Members. The capital programme is developed as part of the process to produce the Medium Term Financial Programme.

### Special Projects Outturn

36. The Special Projects reserve is mainly used to finance major one-off revenue projects because they cannot be financed from the various capital financing sources listed in the section above. It is also used to provide a source of additional financing for a small number of capital projects.
37. The bulk of the Special Projects (see Appendix F) are shown as “projects in progress” and these have a revised budget total of £3.194. The Special Projects programme is dynamic. It is adjusted as new projects are approved, and these changes are reported to Members during the year. However, “in year” variations in spend against approved budget for individual projects are mainly due to timing changes. There are no material variations to individual projects total budget, and the whole programme is fully financed.
38. In the 2007/08 accounts a sum of £242k has been transferred from General Fund balances and £66k from the Historic Buildings Reserve to provide additional financing for the programme in 2008/09 and future financial years.
39. In addition to the projects in progress, several projects have been approved in principle subject to capital appraisals. This leaves the Special Projects reserve with an uncommitted balance of £269k.

### Treasury Management

40. The Council is pro-active in its cash management and in September 2002 it adopted the CIPFA Code of Practice on Treasury Management. Management of the Council's cash is divided between in-house management and the Councils' fund manager Investec.
41. The Council employs Investec because they are able to invest in financial instruments such as Gilts and Certificates of Deposit which offer the potential of higher returns. However, returns have been disappointing.
42. As a result, during 2007/08 the council withdrew over £8m from the Council's fund manager, Investec, to manage in-house. This decision was taken to provide opportunities to increase returns by fixing funds into high interest rate deposits.
43. As at 31 March 2008 the Council had some £14m managed by the Council's fund manager, Investec. The Council also has day-to-day cash balances which it manages in-house, and these averaged over £8.6m in 2007/08. The Council also has just over £4m of borrowing from the Public Works Loans Board (PWLB) and a £3m LOBO (Lender's Option, Borrower's Option) with Dresdner Bank.
44. The significant interest rates, over the year, were :-
  - Investment :-
    - Investec - interest of £1,112k, a return of 5.79%
    - In-house cash management – interest of £669k, a return of 5.85%
  - Borrowing
    - PWLB (25 years and over) £4m - 6.56% interest charged
    - Dresdner Bank LOBO £3m - 4.75% interest charged

45. The Council has borrowing with the PWLB and Dresdner Bank. The PWLB debt appears expensive in comparison with the returns on investments, however there are redemption penalties which have made it uneconomical to pay back the loan. This is being monitored and if interest rates increase the penalties may change, making redemption a viable option.
46. The Council retains the services of Sector as Treasury Management advisers and they provide market intelligence, economic forecasts, fund managers performance, debt re-scheduling, opportunities for borrowing and ad-hoc enquiries.

#### Summary of Assets and Liabilities

47. At the year end the balance sheet is drawn up. This shows the value of Dover District Councils land and buildings and assets and liabilities. The full balance sheet is provided in the Statement of Accounts together with comprehensive explanatory notes. A summary balance sheet has been produced (see below). This is also included in the Summarised Accounts that are to be incorporated into the Best Value Performance Report.

As at 31 March	2007 £000	2008 £000
Value of land and property	320,546	331,134
Investments and cash in bank	26,769	30,233
Money owed to the Council	5,852	5,068
Money owed by the Council	(13,531)	(15,591)
Loans outstanding	(4,004)	(4,087)
Long-term liabilities	(59,200)	(57,711)
<b>Total assets less total liabilities</b>	<b>276,432</b>	<b>289,046</b>
Financed by:		
Revenue balances	(8,510)	(9,401)
Reserves and revaluation account	36,712	22,429
Financial instruments adjustments	(0)	174
Deferred premiums and grants	(7)	(5)
Capital financing	(304,627)	(302,243)
<b>Total equity</b>	<b>(276,432)</b>	<b>(289,046)</b>

48. The main points to note, and main variances against the prior year comparator, are explained below.
- Value of Land and Property – council dwellings are revalued each year and other land and property are revalued on a five year rolling programme. The main changes in the values are due to :-
    - Property price increases
    - Acquisitions – mainly in relation to the DTIZ scheme
    - Disposals – Council House and other sales
    - Impairments – for example Roly Eckhoff House, Roosevelt Road, Dover, has been revalued to reflect the transfer to the Private Finance Initiative to be redeveloped as Sheltered Housing.
  - Investments and Cash at Bank – The Council is currently in receipt of grants from English Partnerships and SEEDA in relation to the DTIZ scheme and also grants for the regeneration of private sector housing stock. These have recently increased the level of cash held by the Council.



- Reserves and Revaluation Account – As mentioned above, changes to the accounts include the introduction of a Revaluation Reserve. This new reserve, with a value of £9.6m for 2007/08, has been incorporated into this heading in 2007/08.

#### Background Papers

- Accounts and Audit Regulations 2003 & 2006.
- CIPFA Code of Practice on Local Authority Accounting.
- Final Account papers held by the Accountancy Division.
- SORP 2007.
- Draft Statement of Accounts 2006/07

#### Consultation Statement

49. The statutory process of making the accounts available for inspection by the public under Accounts and Audit Regulations has been observed. Adverts were placed in local papers and the public will be able to inspect the accounts on working days from 9<sup>th</sup> July 2008 to 6<sup>th</sup> August 2008 and will be able to raise questions with the external auditor who will be available on 7<sup>th</sup> August 2008.
50. A summary of the accounts will be included in the Best Value Performance Plan and the Council's web site and the views of stakeholders as to the format and content of the summary will be sought.

#### Attachments

- Appendix A – General Fund Budget Summary
- Appendix B - Schedule of General Fund variances
- Appendix C - Explanation of General Fund variances
- Appendix D – Housing Revenue Account summary D(i) and variances D(ii)
- Appendix E – Capital Projects as follows :-
  - E(i) – Medium Term Capital Programme incorporating 2006/07 Actual and future year proposed budgets.
  - E(ii) – Capital variations statement to show the overall differences between approved and proposed Medium Term Capital Programme budgets.
  - E(iii) – A detailed breakdown of the HRA Capital Programmes for 2006/07 and 2007/08
- Appendix F – Special Projects Programme and analysis of Special Projects Reserve.
- Appendix G – Public Summary Accounts
- Appendix H – Frequently Asked Questions
- Appendix I – Statement by the Head of Finance & ICT

(See also on the agenda - Draft Statement of Accounts 2007/08).

**MIKE DAVIS**  
Head of Finance and ICT.

The Officer to whom reference should be made concerning inspection of the background papers is Helen Lamb, Principal Accountant (Revenue), White Cliffs Business Park, Dover, Kent CT16 3PJ. Telephone: (01304 821199). Extension: 2306  
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**BUDGET SUMMARY**

<u>2006/07 Actual</u>		<u>2007/08</u> <u>Original Budget</u>	<u>2007/08</u> <u>Projected</u> <u>Outturn</u>	<u>2007/08</u> <u>Outturn</u>
£'000		£'000	£'000	£'000
	<b>Head of Service</b>			
1,241	Chief Executive	1,333	1,227	1,282
1,063	Head of Governance	1,433	1,323	1,272
1,921	Head of Housing and Community	2,235	2,122	2,003
2,542	Head of Finance & ICT	1,968	1,783	724
1,797	Head of Development & Public Protection	2,519	2,562	2,811
5,170	Head of Property and Procurement	5,082	5,289	5,696
2,574	Head of Revenues and Benefits	3,284	2,289	2,368
0	Special Revenue Projects	0	700	606
0	Salary Vacancy Provision	-300	0	0
-89	Council Tax Second Homes	-84	-84	-84
0	Contingency	100	0	0
0	Undistributed Corporate Costs	310	0	0
0	Exceptional Item (BCCI Monies)	0	-22	-21
<b>16,219</b>	<b>Net Service Expenditure</b>	<b>17,880</b>	<b>17,189</b>	<b>16,658</b>
-1,383	Depreciation	-1,217	-1,056	-1,739
683	Pension Adjustments	1,113	1,113	1,086
	Contribution to/(from) Reserves			
56	- Local Development Framework Reserve	-148	-100	14
-1,403	- Special Projects Reserve	-439	-658	-364
-51	- Planning Delivery Grant	-217	-245	-133
0	- Training Reserve	0	-27	-32
0	- Cluster Working	0	0	50
0	- Terms & Conditions	-310	-109	-121
0	- Benefits Overpayment Recovery	0	170	170
<b>14,120</b>	<b>Net Service Expenditure</b>	<b>16,663</b>	<b>16,277</b>	<b>15,589</b>
	<b>Financing Adjustments</b>			
-736	Interest Receivable	-814	-814	-802
405	Interest Payable	405	405	410
-301	Deferred Charges	-720	-502	-336
345	Grant Applied	0	298	550
<b>13,833</b>	<b>Total Budget Requirement</b>	<b>15,534</b>	<b>15,665</b>	<b>15,411</b>
	<b>Financed by:</b>			
1,581	Revenue Support Grant	1,431	1,431	1,431
8,189	NNDR	8,526	8,526	8,526
119	Collection Fund Surplus	46	46	46
5,237	Council Tax	5,559	5,559	5,559
<b>15,126</b>	<b>Total Financing</b>	<b>15,562</b>	<b>15,562</b>	<b>15,562</b>
<b>-1,293</b>	<b>General Fund (Surplus)/Deficit for the Year</b>	<b>-28</b>	<b>103</b>	<b>-151</b>
<b>-2,594</b>	<b>General Fund Balance at Start of Year</b>	<b>-2,024</b>	<b>-2,546</b>	<b>-2,546</b>
1,342	Transfer to Earmarked General Reserves	0	0	0
<b>-2,546</b>	<b>Leaving Year End Balances of</b>	<b>-2,053</b>	<b>-2,443</b>	<b>-2,697</b>
248	Approved carry forward items	0	0	240
<b>-2,298</b>	<b>Underlying General Fund Balances</b>	<b>-2,053</b>	<b>-2,443</b>	<b>-2,457</b>

**SUMMARY OF GENERAL FUND VARIANCES FOR 2007/08**

	Total Variance	Transfers to and From Reserves				Technical Adjustments				Other Variations				Carry Forwards
		Planning Delivery Grant	Local Development Framework	Special Projects	Other Reserves	FRS17	Capital Charges	Deferred Charges	Government Grants Deferred	Significant One-Off Items	Central Support	Interest	Direct Variance	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Head of Service</b>														
Chief Executive	55				12	55	4	0	0			13	2	
Head of Governance	-50				6	125	2	0	0		-129	-54	15	
Head of Housing and Community	-119				0	90	-2	41	0		-95	-153	115	
Head of Finance & ICT	-1,060				0	-728	0	-206	0		-59	-66	0	
Head of Development & Public Protection	249	38	-15		0	142	0	0	0		64	20	49	
Head of Property and Procurement	407				0	178	672	0	-251		10	-202	51	
Head of Revenues and Benefits	79				0	165	6	0	-1		-3	-88	8	
Special Revenue Projects	-94			-94	0							0		
Salary Vacancy Provision	0											0		
Council Tax Second Homes	0											0		
Contingency	0											0		
Undistributed Corporate Costs	0											0		
Exceptional Item (BCCI Monies)	1											1		
	<b>-531</b>	38	-15	-94	18	27	682	-165	-252	0	-241	0	<b>-529</b>	240
Depreciation	-682						-682					0		
Pension Adjustments	-27					-27						0		
Contribution to/(from) Reserves														
- Local Development Framework Reserve	115		115									0		
- Special Projects Reserve	294			294								0		
- Planning Delivery Grant	112	112										0		
- Training Reserve	-6											-6		
- Cluster Working	50											50		
- Terms & Conditions	-12											-12		
- Benefits Overpayment Recovery	0											0		
<b>Net Service Expenditure Variance</b>	<b>-688</b>											<b>-529</b>	<b>240</b>	
<b>Financing Adjustments</b>														
Interest Receivable	12										12	0		
Interest Payable	5										5	0		
Deferred Charges	165						165					0		
Grant Applied	252							252				0		
<b>Total Variance</b>	<b>-253</b>	150	100	200	50	0	0	0	0	0	-241	17	<b>-529</b>	<b>240</b>

## **Explanation of Main General Fund Variations**

Appendix B provides a schedule of variances and should be read in conjunction with this Appendix.

There is a total variance of £254k (favourable) between the Projected Outturn and the Outturn.

This falls into three main sections :-

- Transfers to and from reserves;
- Technical adjustments; and
- Other variations

### **Transfers to and From Reserves**

Transfers from reserves have no net effect on the total variance, since any expenditure at Head of Service which is intended to be financed from reserves is offset by an adjustment in the amount transferred from reserves.

Transfers to reserves do affect the total for the year, and so variance in transfers to and from reserves reflects any overall increased contribution to reserves.

A summary of the key movements on earmarked reserves can be found at paragraph 19 of the main report.

### **Technical Adjustments**

The significant technical variations arise from FRS17, Capital Charges and Government Grants Deferred. Although these variations impact on the net cost of services, they have no impact on the overall outturn. They are explained below.

#### **FRS17**

The SORP, and FRS17, require local authorities to include, in the costs of services, the cost to the authority of the additional pension earned in the year. This then has to be reversed out of the accounts and replaced by the actual pension payments made to the pension fund.

Adjustments in the value of the FRS17 figures therefore have no net effect on the overall outturn.

#### **Capital Charges**

Like FRS 17, capital charges are shown in the costs of services but are reversed out of the accounts "below the line". As a result any variations in capital charges (resulting, generally, from the acquisition, revaluation or disposal of assets) are also reversed out below the line and have no net effect on the overall outturn.

### Government Grants Deferred

Where an asset is financed from government grant, the grant is released to the revenue account over the life of the asset to offset the depreciation charge. This adjustment therefore also has no net impact upon the overall outturn.

### Other Variations

The "Other Variations" all have a direct effect on the overall outturn, since they are not reversed out below the line.

### Central Support

Variations in central support arise from changes in the amount charged by the General Fund to capital projects and the HRA. Central support charged and the basis of the level of support provided to each service area is updated annually to reflect changes in support provided.

### Interest

There is a minor adverse variation of £17k on the net of interest receivable and interest payable over the year.

### Direct Variance

This is a summary of the other variances in outturn against the budgets managed by the various Heads of Service. There are a large number of minor variations which it is not practical to detail in this report. However, the main / significant items are summarised in the table below:

<b>Description</b>	<b>£000</b>
<b>Chief Executive</b>	
Carry forward requirement	(2.0)
<b>Head of Governance</b>	
Higher insurance commission received	(20.9)
Savings on temporary legal staff (excluding carry forward requirement)	(7.2)
Carry forward requirement	(15.0)
<b>Head of Housing and Community</b>	
Housing strategy consultants fees (excluding carry forward requirement)	(32.8)
Carry forward requirement	(115.0)
<b>Head of Finance and ICT</b>	
Computer software maintenance savings (revised accrual treatment)	(38.4)
Revised pension fund contributions	(42.3)
Write-off of unrecoverable rechargeable works	53.6
Reduced sundry debtors bad debt provision	(29.2)

<b>Description</b>	<b>£000</b>
<b>Head of Development and Public Protection</b>	
Pollution control savings	(11.6)
Carry forward requirement	(48.9)
<b>Head of Property and Procurement</b>	
Public conveniences cleaning and water charges	(19.1)
Recycling – increased promotion and contract charges	28.2
Recycling income – sales, donations and KCC credits	(138.3)
Refuse collection – increased contract costs	14.0
Street cleansing – increased contract costs	28.0
Bleriot consultants	20.0
Car parking – grounds maintenance and equipment savings	(24.4)
Dover and Deal leisure centre and tennis centre - grounds maintenance, equipment and insurance savings (excluding carry forward requirement)	(19.7)
Carry forward requirement	(50.9)
<b>Head of Benefits, Revenues and Customer Services</b>	
Council Tax & NNDR penalties and fines	(32.0)
Net credit from the recovery of overpayments	(96.1)
Increase in bad debt provision re above	69.3
Concessionary fares (estimated outturn – subject to judicial appeal)	(36.0)
Carry forward requirement	(8.0)
Various other minor variations across service areas	45.7
<b>Total</b>	<b>(529.0)</b>

After allowing for carry forwards of £240k, the underlying direct expenditure variance is £289k. This is 1.6 % of budgeted net service expenditure, or 0.5% of gross expenditure (excluding HRA).

<b>Carry Forward requests from 2007/08 budgets</b>	<b>£000s</b>
<b>Chief Executive</b>	
Arts Council funding approved from 2007/08 Contingency	2.0
<b>Head of Governance</b>	
Secure Destruction of records	5.0
On-going requirement for additional legal support	10.0
<b>Head of Community &amp; Housing</b>	
Housing Market Survey	25.0
Stock Condition Survey	90.0
<b>Head of Development &amp; Public Protection</b>	
Environmental Health procedure project work approved from 2007/08 vacancy savings	10.5
Food hygiene inspections	3.5
Stray dogs kennel contribution approved from 2007/08 contingency (subject to confirmation of agreement with kennel)	6.5
Conservation consultants fees approved from 2007/08 vacancy savings	9.4
Forward Planning consultants fees approved from 2007/08 vacancy savings	7.0
Economic Development consultant fees	12.0
<b>Head of Property &amp; Procurement</b>	
Dover Town Hall feasibility study	10.0
Acoustic assessment report for Skate Park	1.8
Tides plant equipment (mushroom pump)	3.5
Sports promotion marketing	2.5
E-Procurement	7.1
Corporate Maintenance	15.5
Traffic Management Act	10.4
<b>Head of Revenues, Benefits &amp; Customer Services</b>	
Transformation Strategy approved from 2007/08 contingency	5.0
Equality standard assessment approved from 2007/08 contingency	3.0
<b>Total Carry Forward Requested</b>	<b>239.7</b>

**Housing Revenue Account - Income and Expenditure Account for the Year  
Ended 31/03/08**

	<b>Original</b>	<b>Actual</b>	
	<b>2007/08</b>	<b>2007/08</b>	<b>Variance</b>
<b>INCOME</b>			
Dwelling Rents	(15,493)	(15,422)	71
Non Dwelling Rents	(326)	(338)	(12)
Charges for Services and Facilities	(992)	(1,043)	(51)
<b>TOTAL INCOME</b>	<b>(16,811)</b>	<b>(16,803)</b>	<b>8</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	4413	4,880	467
Supervision and Management	4105	3,644	(461)
Negative Subsidy Entitlement (Incl MRA)	4720	4,602	(118)
Capital	4339	2,764	(1,575)
<b>TOTAL EXPENDITURE</b>	<b>17,577</b>	<b>15,890</b>	<b>(1,687)</b>
<b>Total Increase for the year</b>	<b>766</b>	<b>(913)</b>	<b>(1,679)</b>



**Housing Revenue Account 2007/08 Variations Statement - Original to Outturn**

<b>Original Budget 2007/08 - Deficit</b>	<b>766</b>
<u>Major Variations</u>	
A number of savings have been made on consultants fees, to be carried forward into 2008/09; £12k in respect of the legal fees for the transfer of the Gateway freehold, £70k for the Housing Improvement Board landlord measurement, and £50k for the HRA Stock Condition Survey	(132)
Reduction in the Capital Programme until the completion of the review of the HRA business plan	(1,434)
Increase in internal support service recharges	433
Increased costs due to additional void properties, and the higher void standard	238
Increased interest rate & increased Cashflow from estimates to final figures	(216)
Saving on tenants removal expenses due to William Muge not being decanted as originally anticipated	(125)
Decreased negative subsidy paid to Department of Communities and Local Government	(118)
Leaseholder income was underestimated for 2006/2007 leading to an increase in income received in 2007/2008	(86)
Savings in grounds maintenance	(67)
Various savings have been possible during the year due to a number of unfilled vacancies and savings on consultants fees	(133)
Income from liquidated damages not budgeted for at the start of the year	(23)
Other minor variations	(16)
<b>Outturn 2007/08 - surplus</b>	<b><u><u>(913)</u></u></b>

**MEDIUM TERM CAPITAL PROGRAMME - OUTTURN 2007/08**

Projects included in the programme	APPROVED BUDGET						PROPOSED BUDGET						
	Previous years	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total	Previous years	Estimate 2007/08	Actual 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Work in Progress</b>													
<b>Regeneration projects</b>													
Aylesham Regeneration Project	680,085	184,698	226,130	120,000	100,000	1,310,913	680,085	184,698	175,366	235,462	120,000	100,000	1,310,913
Dover Pride - Dover Town Investment Zone	584,087	271,923	223,990	250,000	150,000	1,480,000	584,087	271,923	276,008	219,905	250,000	150,000	1,480,000
DTIZ - SEEDA funded projects	4,699,989	1,520,171	1,140,000	0	0	7,360,160	4,699,989	1,520,171	1,508,037	1,152,134	0	0	7,360,160
DTIZ - SEEDA funding of Dover Sea Sports Centre (see grants appx)	0	50,000	50,000	0	0	100,000	0	50,000	32,831	67,169	0	0	100,000
DTIZ - English Partnership funded projects	148	1,863,724	600,000	0	0	2,463,872	148	1,863,724	1,857,566	606,158	0	0	2,463,872
DTIZ - English Partnership funding Dover Sea Sp Cre (see grants appx)	0	100,000	100,000	0	0	200,000	0	100,000	65,664	134,336	0	0	200,000
Dover Pride - Dover Priory Ph 1 & 2 (see grants & contributions appx)	42,455	0	77,545	0	0	120,000	42,455	0	0	77,545	0	0	120,000
Dover Pride - Dover Sea Sport Centre (see grants & contributions appx)	0	125,000	125,000	0	0	250,000	0	125,000	82,082	167,918	0	0	250,000
Aylesham Leisure Project (ASWS) (see grants & contributions appx)	0	48,000	0	0	0	48,000	0	48,000	46,575	1,425	0	0	48,000
Deal Pier	2,305,481	130,000	1,272,274	0	0	3,707,755	2,305,481	130,000	128,053	1,274,221	0	0	3,707,755
<b>Other projects</b>													
Capital grants and contributions - voluntary organisations (see appx)	65,891	9,821	20,650	0	0	96,362	65,891	9,821	9,821	20,650	0	0	96,362
North Deal Pre-school Building	33,041	11,020	0	0	0	44,061	33,041	11,020	11,000	0	0	0	44,041
Kingsdown Beach Nourishment Coast Protection Scheme	1,445,026	196,983	46,639	0	0	1,688,648	1,445,026	196,983	234,214	0	0	0	1,679,240
Major redevelopment of skate parks - Victoria Park	0	10,000	254,000	0	0	264,000	0	10,000	18,384	245,616	0	0	264,000
Pencester Gardens Play Area	0	16,000	152,901	0	0	168,901	0	16,000	19,994	148,907	0	0	168,901
Markewood Play Area	0	10,000	59,533	0	0	69,533	0	10,000	6,054	63,479	0	0	69,533
Housing Revenue Account Property Projects	n/a	3,371,500	4,065,000	0	0	7,436,500	n/a	3,371,500	3,362,107	4,065,000	0	0	7,427,107
Mandatory Disabled Facilities Grants	n/a	430,000	670,000	680,000	752,000	2,532,000	n/a	430,000	439,336	660,664	680,000	752,000	2,532,000
Renovation Grants	n/a	(3,300)	123,720	80,000	90,000	290,420	n/a	(3,300)	(3,237)	123,657	80,000	90,000	290,420
Dover Urban Scheme - private sector renewals - loans and grants	100,018	192,166	147,736	0	0	439,920	100,018	192,166	218,026	121,876	0	0	439,920
Private Sector housing schemes - loans	0	64,000	1,957,327	0	0	2,021,327	0	64,000	84,407	1,936,920	0	0	2,021,327
Private Sector housing schemes - grants	304,021	151,000	995,979	0	0	1,451,000	304,021	151,000	149,319	997,660	0	0	1,451,000
Air quality assessments	11,484	12,000	1,186	0	0	24,670	11,484	12,000	12,000	1,186	0	0	24,670
CRM project costs - inventories etc	66,230	29,300	7,000	0	0	102,530	66,230	29,300	17,850	18,450	0	0	102,530
CRM project costs - computer	0	41,630	83,750	0	0	125,380	0	41,630	30,633	94,747	0	0	125,380
Dover Area Office, Conversion of Castle Street Premises	211,172	2,500	0	0	0	213,672	211,172	2,500	(947)	0	0	0	210,225
Waste Management Confirm Computer System	0	36,900	0	0	0	36,900	0	36,900	36,900	0	0	0	36,900
St Margarets car park	22,495	102,005	0	0	0	124,500	22,495	102,005	95,809	6,196	0	0	124,500
Local Land and Property Gazetteer software purchase	17,003	4,190	0	0	0	21,193	17,003	4,190	4,191	0	0	0	21,194
Business continuity - generator at Whitfield offices	0	0	67,000	0	0	67,000	0	0	0	67,000	0	0	67,000
Deal seafront - environmental enhancements	99,476	55,024	0	0	0	154,500	99,476	55,024	54,948	0	0	0	154,424
Expansion of CCTV	0	1,000	89,000	0	0	90,000	0	1,000	0	90,000	0	0	90,000
Wind Turbine at Whitfield	0	87,000	5,500	0	0	92,500	0	87,000	89,123	3,377	0	0	92,500
North Deal Community Centre - transferred to special revenue	11,740	(11,740)	0	0	0	0	11,740	(11,740)	(11,740)	0	0	0	0
Replace cash receipting and income system	0	0	60,000	0	0	60,000	0	0	0	60,000	0	0	60,000
<b>Sub total</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>12,621,860</b>	<b>1,130,000</b>	<b>1,092,000</b>	<b>34,656,217</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>9,050,374</b>	<b>12,661,658</b>	<b>1,130,000</b>	<b>1,092,000</b>	<b>34,633,874</b>
<b>Projects approved subject to capital appraisal</b>													
Leisure Centres equipment (financed by specific reserve)	0	0	4,036	0	0	4,036	0	0	0	4,036	0	0	4,036
Leisure Centres - fitness equipment (part financed by specific reserve)	0	0	8,436	0	0	8,436	0	0	0	8,436	0	0	8,436
Dover Town Hall - new booking system	0	0	10,000	0	0	10,000	0	0	0	10,000	0	0	10,000
Provision for additional costs on major projects	0	0	9,924	25,000	50,000	84,924	0	0	0	9,924	25,000	50,000	84,924
Provision for possible DITZ CPO (Cabinet 7 January 2008 refers)	0	0	25,000	0	0	25,000	0	0	0	25,000	0	0	25,000
Kingsdown Beach Nourishment Coast Protection Scheme (100% grant)	0	0	121,000	0	121,000	242,000	0	0	0	121,000	0	121,000	242,000
MoD Rifle Range - Managed Realignment Feasibility (100% grant)	0	0	100,000	0	0	100,000	0	0	0	100,000	0	0	100,000
MoD Rifle Range - Managed Realignment (100% grant)	0	0	0	0	4,779,000	4,779,000	0	0	0	0	0	4,779,000	4,779,000
Deal Tennis Centre - DDC contribution	0	0	40,000	0	0	40,000	0	0	0	40,000	0	0	40,000
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub total</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>12,940,256</b>	<b>1,155,000</b>	<b>6,042,000</b>	<b>39,949,613</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>9,050,374</b>	<b>12,980,054</b>	<b>1,155,000</b>	<b>6,042,000</b>	<b>39,927,270</b>

**MEDIUM TERM CAPITAL PROGRAMME - OUTTURN 2007/08**

Projects included in the programme	APPROVED BUDGET						PROPOSED BUDGET							
	Previous years	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total	Previous years	Estimate 2007/08	Actual 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	
<b>HRA projects to be approved as part of budget setting process</b>														
HRA Projects financed by Major Repairs Reserve	n/a	0	0	3,332,000	PER BUS PLAN	3,332,000	n/a	n/a	n/a	n/a	3,332,000	PER BUS PLAN	3,332,000	
HRA Property Projects financed by capital receipts	n/a	0	0	123,000	130,000	253,000	n/a	n/a	n/a	n/a	123,000	130,000	253,000	
HRA Property Projects financed by the HRA	n/a	0	0	380,000	PER BUS PLAN	380,000	n/a	n/a	n/a	n/a	380,000	PER BUS PLAN	380,000	
HRA Property Projects financed by Supported Borrowing	n/a	0	0	201,000	PER BUS PLAN	201,000	n/a	n/a	n/a	n/a	201,000	PER BUS PLAN	201,000	
<b>Sub total of projects approved</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>12,940,256</b>	<b>5,191,000</b>	<b>6,172,000</b>	<b>44,115,613</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>9,050,374</b>	<b>12,980,054</b>	<b>5,191,000</b>	<b>6,172,000</b>	<b>44,093,270</b>	
<b>New bids for approval to carry out appraisal</b>														
<b>Bids for consideration subject to funding be available - at earliest possible time - not in priority order</b>														
See revised table below for "Other Bids for Consideration"														
Aylesham leisure projects						0								
Unallocated Compulsory purchase orders						0								
Dover Museum improved displays						0								
Integrated visiting efficiency project - gross of £40k grant						0								
<b>Total</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>12,940,256</b>	<b>5,191,000</b>	<b>6,172,000</b>	<b>44,115,613</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>9,050,374</b>	<b>12,980,054</b>	<b>5,191,000</b>	<b>6,172,000</b>	<b>44,093,270</b>	
<b>Financed by:</b>														
Capital projects financed in previous financial years	10,699,842	0	0	0	0	10,700,481	10,699,842	0	0	0	0	0	10,699,842	
Capital receipts	n/a	1,406,823	2,349,889	720,000	611,000	5,087,712	n/a	1,406,823	1,370,453	2,424,535	720,000	611,000	5,125,988	
Major Repairs Allowance	n/a	2,952,500	3,278,000	3,332,000	n/a	9,562,500	n/a	2,952,500	2,943,107	3,266,000	3,332,000	n/a	9,541,107	
Direct Revenue Financing - HRA	n/a	0	455,000	380,000	n/a	835,000	n/a	0	0	455,000	380,000	n/a	835,000	
Direct Revenue Financing - General Fund	n/a	37,000	0	0	n/a	37,000	n/a	37,000	37,000	0	0	n/a	37,000	
Grants														
- SEEDA for DTIZ	n/a	1,570,171	1,190,000	0	0	2,760,171	n/a	1,570,171	1,540,868	1,219,303	0	0	2,760,171	
- English Partnerships for DTIZ/mid-town centre	n/a	1,963,872	700,000	0	0	2,663,872	n/a	1,963,872	1,923,378	740,494	0	0	2,663,872	
- KCC for skate parks	n/a	0	158,545	0	0	158,545	n/a	0	0	158,545	0	0	158,545	
- Air quality assessments	n/a	12,000	0	0	0	12,000	n/a	12,000	12,000	182	0	0	12,182	
- Mandatory Disabled Facilities Grants	n/a	258,000	402,000	408,000	420,000	1,488,000	n/a	258,000	263,602	396,398	408,000	420,000	1,488,000	
- Coast Protection grants	n/a	196,983	267,639	0	4,900,000	5,364,622	n/a	196,983	234,214	221,000	0	4,900,000	5,355,214	
- Private Sector Renewals Grant	n/a	215,000	2,953,306	0	0	3,168,306	n/a	215,000	233,726	2,934,580	0	0	3,168,306	
- Pension Agency Partnership Delivery grant (Integrated Visiting)	n/a	0	0	0	0	0	n/a	0	0	0	0	0	0	
- SEEDA ( Wind turbine)	n/a	25,000	2,000	0	0	27,000	n/a	25,000	27,000	0	0	0	27,000	
- EDF Green Fund (Wind turbine)	n/a	30,000	0	0	0	30,000	n/a	30,000	30,000	0	0	0	30,000	
- Low Carbon Building Programme (Wind turbine)	n/a	30,000	0	0	0	30,000	n/a	30,000	30,000	0	0	0	30,000	
- Big Lottery Grant (Pencester play area)	n/a	16,000	134,000	0	0	150,000	n/a	16,000	0	150,000	0	0	150,000	
- Big Lottery Grant (Markewood play area)	n/a	10,000	47,702	0	0	57,702	n/a	10,000	0	57,702	0	0	57,702	
- Big Lottery Grant (Victoria Park)	n/a	10,000	40,000	0	0	50,000	n/a	10,000	0	10,000	0	0	10,000	
- Youth Task Force (Victoria Park)	n/a	0	10,000	0	0	10,000	n/a	10,000	0	50,000	0	0	50,000	
Supported borrowing - HRA	n/a	187,000	196,000	201,000	0	584,000	n/a	187,000	187,000	196,000	201,000	0	584,000	
Supported borrowing - General Fund	n/a	192,166	87,736	0	0	279,902	n/a	192,166	218,026	61,876	0	0	279,902	
Unsupported borrowing	n/a	0	0	0	0	0	n/a	0	0	0	0	0	0	
Other reserves														
- Special projects reserve	n/a	0	664,403	150,000	241,000	1,055,403	n/a	0	0	634,403	150,000	241,000	1,025,403	
- Historic buildings reserve (£66k available)	n/a	0	0	0	0	0	n/a	0	0	0	0	0	0	
- Leisure centres equipment reserve	n/a	0	4,036	0	0	4,036	n/a	0	0	4,036	0	0	4,036	
<b>Total</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>12,940,256</b>	<b>5,191,000</b>	<b>6,172,000</b>	<b>44,116,252</b>	<b>10,699,842</b>	<b>9,112,515</b>	<b>9,050,374</b>	<b>12,980,054</b>	<b>5,191,000</b>	<b>6,172,000</b>	<b>44,093,270</b>	

Other bids for consideration - subject to funding availability	£
Deal seafront - environmental enhancements	150,000
Aylesham leisure projects (previously requested £352k)	200,000
Unallocated Compulsory Purchase Orders	58,820
Integrated visiting efficiency project (previously DDC contribution of £70k - project will not now proceed)	0

0

**Medium Term Capital Plan variations statement for total programme as at 31/3/08**

	£000
<b>Approved budget - February 2008 budget monitoring</b>	<b>44,090</b>
Cabinet approvals 7 April 2008	
- Income and cash receipting system - additional funding	10
- Victoria Park play area (also urgency decision)	16
<b>Approved budget after Cabinet approvals</b>	<b>44,116</b>
Outturn variations	
- Underspend on Kingsdown Coast Protection project (100% grant funded in year)	-10
- HRA capital works programme underspend (request to be made to roll forward)	-9
- Other minor variations	-4
<b>Revised Medium Term Capital Plan</b>	<b>44,093</b>

<b>Variations between approved budget and outturn for 2007/08</b>	£000
<b>Latest approved budget 2007/08</b>	<b>9,113</b>
Dover Sea Sports Grant - budget slippage into 2008/09. Latest budget prepared on the advice of anticipated spend by the Dover Sea Sports Project Manager	-95
Kingsdown Coast Protection scheme previously anticipated completion during April. Was able to complete project by 31 March 2008	37
Private sector housing loans and grants - impossible to predict how successful applicants will submit claims	44
CRM project budget has been pushed forward to 2008/09 and will be completed during that year	-22
SEEDA and EP grant support for DTIZ projects to be pushed forward into 2008/09	-18
Other minor budget slippages and variations	-9
<b>Total variations between approved budget and outturn 2007/08</b>	<b>9,050</b>

<b>CAPITAL WORKS PROGRAMME</b>	Approved Budget 2007/08	Actual 2007/08	Variance	Approved Budget 2008/09
<b>IMPROVEMENTS</b>	£000	£000	£000	£000
Reroofing	180,000.00	176,357.14	(3,642.86)	300,000.00
Replacement Doors and Windows	55,000.00	49,934.10	(5,065.90)	153,000.00
Renewal Heating/Heating Programme	800,000.00	786,809.22	(13,190.78)	860,000.00
Thermal insulation	10,000.00	10,072.10	72.10	10,000.00
Environmental Improvements (Tenants Compact)				
Dover	11,000.00	10,816.24	(183.76)	20,000.00
Deal	4,000.00	4,245.07	245.07	11,000.00
Sandwich	500.00	590.24	90.24	12,000.00
Rural	3,000.00	2,963.18	(36.82)	7,000.00
Asbestos Programme	22,000.00	21,664.83	(335.17)	50,000.00
Structural Repairs	110,010.00	113,301.07	3,291.07	220,000.00
Kitchen Programme	1,048,000.00	1,048,842.74	842.74	1,050,000.00
Rewiring	500,000.00	501,203.67	1,203.67	627,000.00
<b>OTHER SCHEMES</b>				
Adaptations for Disabled Persons	550,000.00	563,451.74	13,451.74	550.00
Sheltered Reurbishments	78,000.00	71,856.11	(6,143.89)	160,000.00
<b>TOTAL CAPITAL WORKS PROGRAMME</b>	<b>3,371,510.00</b>	<b>3,362,107.45</b>	<b>(9,402.55)</b>	<b>3,480,550.00</b>

**SUMMARISED DRAFT ACCOUNTS 2007/08****Held to Account**

The Council's accounts are the main way in which we demonstrate how public money is used by the Council. The full set of draft accounts, for the year ended 31<sup>st</sup> March 2008, was presented to the Council's Governance Committee on 30<sup>th</sup> June 2008 (the report can be accessed via the Council's web site, or you can request a printed copy - please see contacts at the end of this summary).

This summary has been produced to provide a quick, straightforward overview of the full accounts.

**Income and Expenditure Account**

The Income and Expenditure account shows how much the Council spent in the year on providing its services.

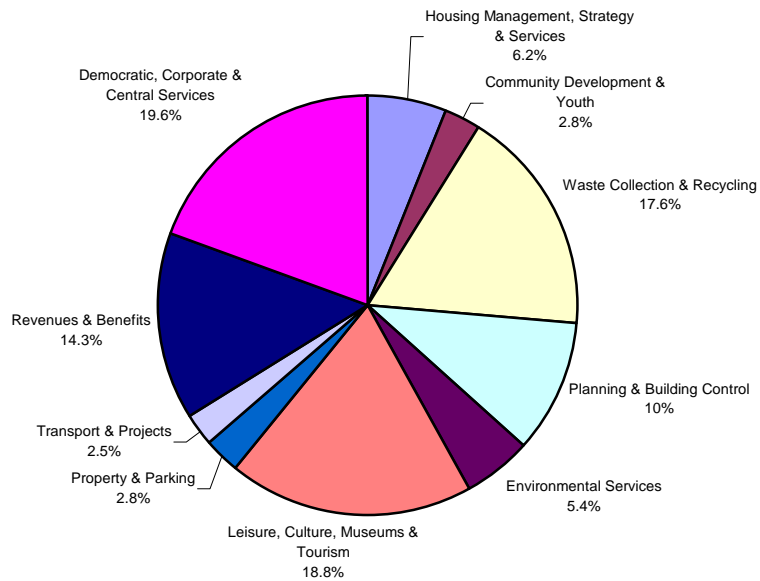
For 2007/08 there was an overall surplus of £151k, compared to a planned deficit of £103k. The increased surplus was mainly due to savings on Housing & Council Tax Benefits, a reduction in pension costs and some expenditure that was delayed until 2008/09.

The summarised Income and Expenditure account is shown below:

	2007/08 Gross Expenditure £000	2007/08 Gross Income £000	2007/08 Net Expenditure £000
Housing Management, Strategy & Services	18,866	(17,836)	1030
Community Development & Youth	705	(245)	460
Waste Collection & Recycling	3,899	(1,002)	2,897
Planning & Building Control	2,838	(1,178)	1,660
Environmental Services	1,017	(116)	901
Leisure, Culture, Museums & Tourism	3,704	(589)	3,115
Property & Parking	3,081	(2,615)	466
Transport & Projects	438	(23)	415
Revenues & Benefits	36,949	(34,580)	2,369
Democratic, Corporate & central Services	4,293	(1,053)	3,240
<b>Total</b>	<b>75,790</b>	<b>(59,237)</b>	<b>16,553</b>
Financing Adjustment			344
<u>Local Taxation &amp; Government Grant:</u>			
Council Tax Income			(7,045)
Collection Fund Surplus			(46)
Non Domestic Rates			(8,526)
Government Grants			(1,431)
Total			(17,048)
<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>			<b>(151)</b>

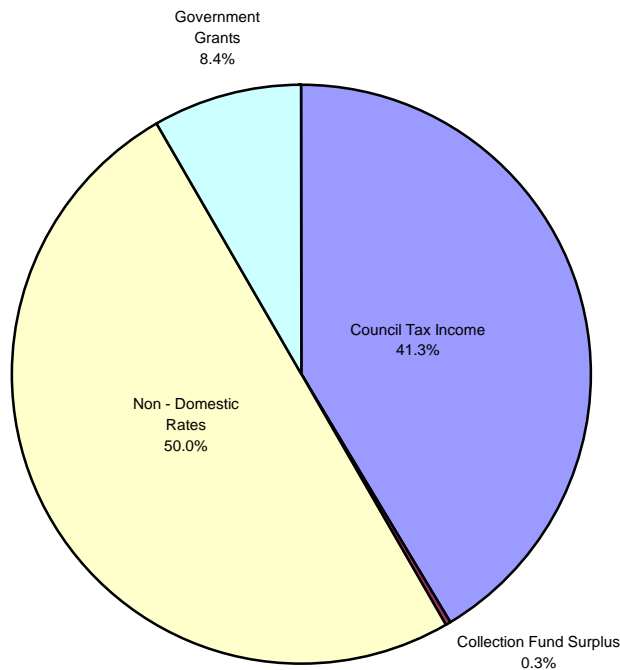
The surplus will be held in earmarked and general reserves to fund activities in later years and to maintain the financial health of the authority.

**Expenditure**



The pie chart above shows where the Council's expenditure of £16.55m was spent.

**Income**



The pie chart above shows the main sources of income for the year.

Notes: -

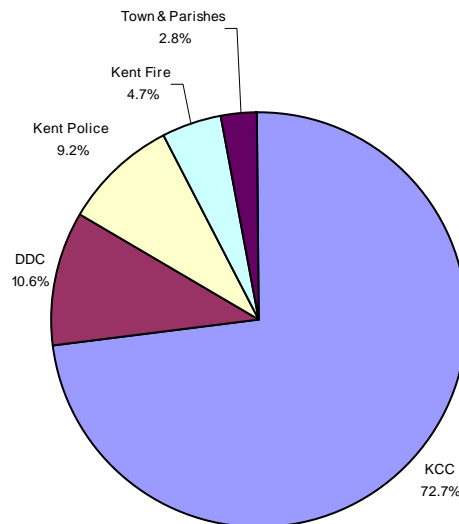
“Non Domestic Rates” are collected by the Council from businesses in the district. However, the amounts collected are then paid into a national pool maintained by government who then re-distribute them.

Revenue Support Grant is received directly from Government.

The Council Tax income is paid to the Council by the residents of the district. However, the amount shown is the amount of Council Tax retained by the district for its own use, and to meet the precepts of the various town and parish councils. Most of the Council Tax collected is paid to other authorities.

### **Where Your Council Tax Goes**

The pie chart below shows where your Council Tax goes. Dover District Council keeps 10.6% of the Council Tax for its own use. Over 70% goes to Kent County Council and is used to fund the range of services that the County provides.



### **Housing Services**

The Council maintains a housing stock of around 4,640 houses and flats. Income and expenditure is maintained in a separate account called the “Housing Revenue Account” (HRA). The HRA is mainly financed from council house rents and service charges. A summary of the account is provided below.



**Housing Revenue Account – Income and Expenditure Account for the Year Ended  
31/03/08**

<b>HOUSING REVENUE ACCOUNT</b>	<b>Original Budget 2007/08</b>	<b>Actual 2007/08</b>	<b>Variance</b>
<b>INCOME</b>			
Dwelling Rents	(15,493)	(15,422)	71
Non-dwelling Rents	(326)	(338)	(12)
Charges for Services and Facilities	(992)	(1,043)	(51)
<b>TOTAL INCOME</b>	<b>(16,811)</b>	<b>(16,803)</b>	<b>8</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	4,413	4,880	467
Supervision and Management	4,105	3,644	(461)
Negative Subsidy Entitlement (Incl MRA)	4,720	4,602	(118)
Capital	4,339	2,764	(1,575)
<b>TOTAL EXPENDITURE</b>	<b>17,577</b>	<b>15,890</b>	<b>(1,687)</b>
<b>Total Increase for the Year</b>	<b>766</b>	<b>(913)</b>	<b>(1,679)</b>

**The Balance Sheet**

The Income and Expenditure account shown above reflects income and expenditure through the financial year. In contrast, the Balance Sheet is a “snapshot” of the financial position as at 31<sup>st</sup> March 2008.

The balance sheet shows the value of land and property, cash, money owed to the Council and money owed by the Council, loans and long-term borrowing.

<b>As at 31 March</b>	<b>2007 £000</b>	<b>2008 £000</b>
Value of land and property	320,546	331,134
Investments and cash in bank	26,769	30,233
Money owed to Dover District Council	5,852	5,068
Money owed by Dover District Council	(13,531)	(15,591)
Loans outstanding	(4,004)	(4,087)
Long term liabilities	(59,200)	(57,711)
<b>Total assets less total liabilities</b>	<b>276,432</b>	<b>289,046</b>
<b>Financed by:</b>		
Revenue balances	(8,510)	(9,401)
Reserves and revaluation account	36,712	22,429
Financial instruments adjustments	(0)	174
Deferred premiums and grants	(7)	(5)
Capital financing	(304,627)	(302,243)
<b>Total equity</b>	<b>(276,432)</b>	<b>(289,046)</b>

## **Audit of the Accounts**

The draft accounts are audited by an independent auditor each year to ensure that they present fairly the financial position of the Council. The Council's auditor is the Audit Commission.

## **Comments and Further Information**

The Statement of Accounts is a large document and is compiled using the appropriate accounting practices. In order to provide this simpler summary it has been necessary to amend or aggregate some of the information.

We hope that this summary is useful and easily understood. Your comments about the summary, its format and content are welcome. You can let us know your views, or ask for further information by writing to: -

The Leadership Support Unit  
Dover District Council  
White Cliffs Business Park  
Dover District Council  
Kent, CT16 3PJ

Or e-mail [mandyweir@dover.gov.uk](mailto:mandyweir@dover.gov.uk) or [michelletraylor@dover.gov.uk](mailto:michelletraylor@dover.gov.uk)

## **10 Most Frequently Asked Questions**

These Frequently Asked Questions have been assembled to provide the reader of Dover District Council's Accounts with further explanation and guidance.

### **1. Why are the accounts produced?**

The main purpose of a local authority's accounts is to provide electors, residents, those who use the Council's services, Councillors, employees and other interested parties with information about the authority's finances. They should provide information on issues such as:

- What did services cost in the year of the accounts?
- Where did the money come from?
- What were the authority's assets and liabilities at the year end?

### **2. The accounts appear to be very complex. Can't they be simplified?**

Every effort is made to use plain language, and the explanatory forward to the accounts is intended to give the reader a simple explanation of the more significant features of the accounts.

However, the accounts have to comply with local government legislation and regulations, general accounting practice and the "Statement of Recommended Practice" which ensures consistency between local authorities.

Compliance with all these requirements can make the accounts complex. Therefore the Council also produces:

- An "Outturn Report" – this is produced at the same time as the accounts and provides an easy to read narrative of the more significant issues.
- Summarised Accounts – these provide a simple, short summary of the accounts. They are included in the Council's Annual Report and also the Council's web site.

### **3. Why is there a separate "Housing Revenue Account"**

All local authorities that manage their own housing have to set up a Housing Revenue Account (or "HRA").

The HRA is a "ringfenced" account. The purpose is to ensure that the income from housing rents, and the expenditure required to maintain the housing, and the subsidy that the Council has to pay the government from the housing rents, are all kept completely separate from the income and expenditure on other services which are financed from the Council Tax and Revenue Support Grant from government.

### **4. What is the connection between the accounts and the budget?**

Although they may appear to be completely separate, the accounts and the budget complement each other and are both parts of a continuous process of financial management and control.

These links are demonstrated by the fact that the accounts include a brief comparison with performance against the budget, and they are also taken into account when the Council begins to prepare the next budget.

## **5. Who prepares the accounts?**

The accounts are prepared by the Council's own staff working in the Finance and ICT Division.

## **6. When are the accounts prepared?**

Accounts are produced annually. The financial year (for all local authorities) runs from April to March. The draft accounts are then published by the end of June, and the final, audited accounts are published by the end of September.

## **7. What checks are made to ensure the accounts are correct?**

The draft accounts presented to Governance Committee at the end of June are prepared by trained, qualified staff. However, at this point they will not have been subject to independent checks to assure the reader of their accuracy.

The checks and challenges to the draft accounts are:

- Governance Committee – The Governance Committee comprises Councillors who are not members of the Cabinet. The Governance Committee's role includes approval of the accounts. It acts independently to assure itself that the accounts have been produced on a proper basis.
- Audit Commission – The Audit Commission appoint independent qualified auditors to audit the accounts. They review the accounts themselves and also the Council's procedures and systems for producing the accounts and controlling its finances. If they are satisfied they issue an "unqualified opinion" of the accounts.

In addition, the Council's Internal Audit team operate throughout the year checking and testing the systems and processes upon which the Council relies in order to produce the accounts. The Internal Audit team are Council employees, but their task is to act independently of the rest of the Council and their work provides part of the assurance required by the Governance Committee.

## **8. How do I know if the audit of the accounts found any problems?**

In September the Governance Committee receive:

- The final accounts, including the auditors certificate and an explanation of any changes made since the draft accounts were published in June.
- An "Annual Governance Report" from the auditors setting out any matters of concern.

An advert is also placed in local newspapers advising the public of the conclusion of the audit.

#### **9. Do I have the opportunity to look at the accounts?**

Yes. Every year an advert is placed in local papers notifying people of the period during which they can inspect the accounts. This year the period is from 9<sup>th</sup> July 2008 to 6<sup>th</sup> August 2008. At the end of that period there is a day when the auditor will be available in case members of the public wish to ask questions or raise an issue. This year that day is 7<sup>th</sup> August 2008.

#### **10. What happens if I think there is something wrong with the accounts?**

Members of the public can object to the accounts. This is explained in more detail in a booklet published in July 2006 by the Audit Commission called "Councils' Accounts Your rights : England". Copies can be obtained from the Audit Commission – their website is [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

Were these notes helpful?

If you have any comments on the accounts, the summary of accounts, these FAQs, or some questions of your own please write to :

Helen Lamb,  
Finance and ICT Division,  
Dover District Council,  
White Cliffs Business Park,  
Dover,  
Kent, CT16 3PJ

Or e-mail [Helen.lamb@dover.gov.uk](mailto:Helen.lamb@dover.gov.uk)

**Statement in Respect of the Statement of Accounts 2007/08 in Support of the  
Certification by the Head of Finance and ICT**

The Statement of Accounts contains a certificate by the Head of Finance and ICT that the accounts present fairly the financial position of the Council.

As Head of Finance and ICT I am responsible for the preparation of the Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, A Statement of Recommended Practice (the SORP) 2007.

Production of the accounts in accordance with the SORP requires a large number of tasks to be undertaken. These include :

- A detailed closedown plan was prepared, communicated to budget managers as appropriate and used to monitor progress.
- Training and briefing sessions and guidance notes were provided to all budget managers and to the auditors.
- Staff preparing the accounts have attended seminars / briefings with CIPFA and with the auditors.
- Staff preparing the accounts have access to the SORP Practitioners Guidance Notes.
- The Council's financial feeder systems have been reconciled to the General Ledger.
- The General Ledger has been balanced.
- The value of fixed assets in the accounts has been reconciled to the asset register.
- The cash balance in the General Ledger has been reconciled to the Council's bank accounts.
- All significant variances have been explained in the Outturn Report.
- Service expenditure in the Outturn report has been reconciled to the Income and Expenditure Account.
- The entries on the Collection Fund have been reconciled to the Council Tax set by the Council and the other precepting authorities.
- The cash movement on the balance sheet is reconciled.
- The Statement of Total Recognised Gains and Losses has been reconciled to the equity on the balance sheet.

- An analytical review has been undertaken and major variances have been explained.
- The Audit Commission's Final Accounts Protocol has been adopted.

A handwritten signature in black ink, appearing to read 'M. J. Davis'.

Mike Davis  
Head of Finance and ICT

23 June 2008.