

Agenda Item

Executive Board

02 December 2009

MW/LG



Financial Monitoring Report 2009/10 – Month 7

Summary

This report gives a summary of the Council's overall financial position for 2009/10 at the end of month seven (31 October 2009).

Within the year, revised or supplementary estimates are agreed. These are shown in Appendix A to this report.

In compiling this report we have looked at all large, high risk and volatile budget areas. Predicted spending patterns have been linked to operational activity and all material budgets have been subject to thorough risk assessments by operational managers and finance staff. Any continuing variances in spending patterns will then be considered as part of the medium term financial strategy.

The report details all budget variances for the period to the 31 October 2009.

Recommendation:

- the variances identified as part of the Revenue and Capital Monitoring process up to month seven be noted
- that future updates are given on the amount of HPDG to be awarded and on car park income levels

a) **Reasons for Recommendation**

The report updates Members on the overall financial position of the Authority following the end of each month and includes recommendations where corrective action is required for the remainder of the financial year.

b) **Alternative Options**

To disagree with the recommended action proposed.

c) **Risk Considerations**

Current monitoring indicates that the Council's balances and reserves are not being maintained at the adopted levels.

d) **Policy and Budgetary Considerations**

This report highlights all budgetary variances and then comments on the level and adequacy of Reserves.

e) **Date for Review of Decision**

Not applicable.

Financial Monitoring Report 2009/10 – To Month Seven

1. Introduction

- 1.1 The purpose of this monitoring report is to update members of the Executive Board on the overall financial position of the Authority following the end of month seven and to report on areas that may require corrective action during the remainder of the financial year.

2. General Fund Position up to Month Seven.

2.1

	£	£
Budget Requirement (set 18/02/09)		14,660,620
Less:		
Month 7 predicted net underspend to Year End	(616,000)	
Add:		
Revised estimates approved during 2009/10	<u>41,000</u>	<u>(575,000)</u>
Predicted Budget Requirement		<u>14,085,620</u>

A summary of the predicted over and under spends to the year-end are shown below:

	Variation at Month 7 £000's	Predicted Outturn £000's
Environment Portfolio		
Local Land Charges		
Proportion of fees payable to DCC	10	10
Land Charges fee income	(28)	(30)
Strategic Planning & Regeneration Portfolio		
Development Management		
Legal/Consultants fees for advice on supermarkets	34	30
Planning Application fees	(78)	(50)
Variances reported in Month 6	(427)	(576)
Total	(489)	(616)

It should be noted that a sum of £0.120m was included in the 2009/10 budget for receipt of Housing and Planning Delivery Grant. An announcement is anticipated in November of the actual level of grant to be awarded but officers are warning that it is unlikely to be the full sum. The award will be reported in next month's monitoring report.

2.2 These variations will have the following overall effect on the Council's General Fund Balance.

	£	£
Available General Fund Balance (01/04/09)		(4,304,000)
Less:		
Use of earmarked revenue reserves	1,810,000	
Add:		
Items identified in para. 2.1	<u>(575,000)</u>	
Predicted G.F. Balance (31/03/09)		<u>(3,069,000)</u>

2.3 Officers have been requested to continually consider where additional savings might be achieved in the current financial year as £1.8m has already been taken from reserves to balance the 2009/10 budget.

2.4 An analysis of the main income streams is shown below:

	Annual Budget £000's	Variation at Month 7 £000's	Predicted Outturn £000's
Car Park charges	(2,350)	(98)	(2,350)
Planning Deposit fees	(600)	(78)	(650)
Building Control fees	(486)	(4)	(486)
Local Land Charges	(250)	(28)	(280)

Although car park income appears to be up at this stage, the service manager's prediction for income for the remainder of the year indicates that there will be very little variance from the budget by the year end. It will, however, continue to be closely monitored.

3. Housing Revenue Account Position up to Month 7.

	£	£
Budget Requirement (set 18/02/09)		395,600
Month 7 predicted net underspend to year end	(166,000)	
Supplementary estimates approved	<u>Nil</u>	<u>(166,000)</u>
Predicted Budget Requirement		<u>£229,600</u>

A summary of the predicted over and under spends to the year end is shown below:

	Variation at Month 7 £000's	Predicted Outturn £000's
Supporting People income	(62)	(50)
Variances reported in month 6	(52)	(116)
Total	(114)	(166)

3.1 These variations will have the following effect on the Housing Revenue Account Balance.

	£	£
Housing Revenue Account Balance (01/04/09)		(1,295,503)
Predicted budget requirement as above		<u>229,600</u>
Predicted HRA Balance (31/03/10)		(£1,065,903)

The recommended level for the HRA balance, at £245 per dwelling, is currently £1.050m.

4. Capital Programme Position up to Month 7

4.1 The following table currently estimates the total required from the Capital Reserve as £3.172m, an increase of £0.423m compared to the original requirement of £2.749m (set 18/02/09).

4.1.1 This will reduce the Capital Reserve balance from £6.784m to £3.612m.

Net Capital Budget (Exec Board 18/02/09)	£	£
		3,937,000
Previous Revisions	893,800	
Month 7 Revisions (a)	17,660	
Predicted Budget Requirement		4,848,460
Financed by	£	£
In Year Usable Capital Receipts	(335,767)	
Capital Receipts brought forward	(248,000)	
HRA Contribution	(274,000)	
Use of Reserve for refuse bins purchase	(403,000)	
GF contributions to various projects	(120,960)	
S.106 contributions	(82,990)	
HPDG Funding	(12,000)	
PWLB Loans	(200,000)	
Predicted Capital Reserve requirement (see below)	(3,171,743)	
Total Funding		4,848,460
Summary of changes:	£	£
Capital Reserve Requirement (set 18/02/09)		2,749,000
Previous Revisions		460,405
Capital Programme variation (note a)	17,660	
Increased capital receipts (note b)	(97,462)	
Funding variations (note c)	42,140	
		(37,662)
Predicted Capital Reserve Requirement		3,171,743

Note (a) Month 7 Programme Variations:

	£
Additional Costs AIM (income system) Upgrade	2,000
Reduce budget for Intranet redesign	(2,000)
Homesafeguard project - Additional capital costs	14,300
SITA routing system – Additional costs	5,360
Dowell St Car Park drainage savings	(2,000)
Total increase in Programme	17,660

Note (b) Month 7 Receipts Variations:

	£
Additional proceeds from council house sale Exmouth	(84,000)
Homestay Grant repayment	(13,4620)
Total increase in Programme	(97,462)

Note (c) Month 7 Funding Revisions:

	£
REMOVE Loan or Housing savings funded for Homesafeguard project as none yet identified	66,000
Homesafeguard project – Revenue contribution (Supp Estimate £41k Less £22.5k revenue costs)	(18,500)
SITA routing project - GF contribution from LAPS2	(5,360)
Total Decrease in Funding	42,140

Legal Implications

No legal implications have been identified.

Financial Implications

The financial implications are detailed in this report.

Consultation on Reports to the Executive

Nil.

Background Papers

Financial Services - Accountancy Section Working Papers.

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Executive Board
02 December 2009