

Agenda Item

Executive Board

03 March 2010

MW/LG



Financial Monitoring Report 2009/10 – Month 10

Summary

This report gives a summary of the Council's overall financial position for 2009/10 at the end of month ten (31 January 2010).

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 January 2010.

Recommendation:

- the variances identified as part of the Revenue and Capital Monitoring process up to month ten be noted,
- to meet the redundancy/pension strain costs of £165,854 associated with sharing a joint Chief Executive with South Somerset District Council from the Transformation Reserve.

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 Ten

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 ten and to report on areas that may require corrective action during the remainder of the financial year.

2. General Fund Position up to Month Ten.

2.1

	£	£
Budget Requirement (set 18/02/09)		14,660,620
Less:		
Month 10 predicted net underspend to Year End	(272,000)	
Add:		
Revised estimates approved during 2009/10	<u>41,000</u>	<u>(231,000)</u>
Predicted Budget Requirement		<u>14,429,620</u>

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

	Variation at Month 10 £000's	Predicted Outturn £000's
StreetScene Portfolio		
Security lighting electricity overspend due to price increases & bill backdated to 2005 re The Glen	20	20
Street Cleansing – vacancy in React Team	(15)	(15)
Refuse & Recycling – Sita contract & recycling income ¹	427	190
Strategic Planning & Regeneration Portfolio		
Further increase in Planning Application fees income	(190)	(30)
Policy Team – additional cost of agency staff	28	28
Policy Team – underspend on consultants	(8)	(10)
Environment Portfolio		
Building Control – underspend on supplies & services	(15)	(10)
Interest deficit – additional to previously reported		96
Variances reported in Month 9	(660)	(541)
Total	(413)	(272)

For information, Appendix B gives a breakdown of all the variations reported to date.

- ¹ The overspend on refuse & recycling is a result of several factors including:
- the grant from Devon County Council was less than expected by £0.020m,
 - additional dog bin collections were agreed by the Council at a cost of £0.023m,
 - 4 additional recycling collections were agreed by the Council at a cost of £0.070m,
 - a major vehicle accident costing £0.060m,
 - an increase in the contract haulage price for paper and glass of £0.010m,

It must be remembered that the refuse & recycling budget for the current year was set on a best estimate basis as there was little historical information to use and negotiations were in progress to move to the 'cost plus' method of contract payment.

- 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>(231,000)</u>	
Predicted G.F. Balance (31/03/10)		<u>(2,725,000)</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 10 £000's	Predicted Outturn £000's
Car Park charges	(2,350)	(75)	(2,400)
Planning Deposit fees	(600)	(190)	(750)
Building Control fees	(486)	(13)	(486)
Local Land Charges	(250)	(37)	(280)

3. In line with the Executive Board recommendation on 10 February 2010 relating to the associated costs of appointing a joint Chief Executive with South Somerset District Council, East Devon District Council's agreed contribution would be 40% of the redundancy/pension strain costs of South Somerset's existing Chief Executive equating to £165,854. This sum to be met from the Transformation Reserve (currently £2.517m).

4. **Housing Revenue Account Position up to Month 10.**

	£	£
Budget Requirement (set 18/02/09)		395,600
Month 10 predicted net underspend to year end	(161,000)	
Supplementary estimates approved	<u>Nil</u>	<u>(161,000)</u>
Predicted Budget Requirement		<u>£234,600</u>

Following the reduction of the rent increase from 6.2% to 3.1% in line with the government's revised subsidy determination, the rent income in 2009/10 will be approximately £0.4m less than budgetted. The Housing Subsidy payable will be reduced by the same amount.

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

	Variation at Month 10 £000's	Predicted Outturn £000's
Community Centres furniture - variation to outturn	(15)	2
St Paul's Play area - £7k to slip to 2010/11	0	(7)
Flood Prevention consultancy – Tipton St John	10	10
Variances reported in month 9	(114)	(166)
Total	(119)	(161)

4.1 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>234,600</u>
Predicted HRA Balance (31/03/10)		<u>(£1,060,903)</u>

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

5. Capital Programme Position up to Month 10.

5.1 The following table currently estimates the total required from the Capital Reserve as £2.817m, an increase of £0.068m compared to the original requirement of £2.749m (set 18/02/09).

5.1.1 This will reduce the Capital Reserve balance from £6.784m to £3.967m.

Net Capital Programme Budget (Exec Board 18/02/09)	£	£ 3,937,000
Previous Revisions	371,480	
Month 10 Revisions (a)	(32,000)	
Predicted Budget Requirement		4,276,480
<u>Financed by</u>	£	£
In Year Usable Capital Receipts	(158,770)	
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	(242,990)	
PDG Funding	(12,000)	
Predicted Capital Reserve requirement (see below)	(2,816,760)	
Total Funding		4,276,480

	£	£
Summary of changes:		
Capital Reserve Requirement (set 18/02/09)		2,749,000
Previous Revisions		111,670
Capital Programme variation (note a)	(32,000)	
Increased capital receipts (note b)	(12,000)	
Funding variations - none	0	
		(44,000)
Predicted Capital Reserve Requirement		2,816,670

Note (a) Month 10 Programme Variations:

	£
ICT AUDDIS Paperless DD increased consultancy costs	2,000
ICT AIM increased project management costs	1,500
ICT PC Replacements vired to AIMS and AUDDIS above	(3,500)
ICT CAPS Public Access slippage to 10/11	(5,000)
ICT Legal Case Management System slippage to 10/11	(25,000)
ICT Info Security COCO vire to Service continuity below	(2,000)
ICT Service Continuity additional costs funded from COCO above	2,000
ICT SAN Data Storage slippage to 10/11	(30,000)
ICT Virtual Servers slippage to 10/11	(10,000)
Woodbury Cemetery Wall Slippage to 10/11	(25,000)
Thelma Hulbert Gallery gross up for Arts Council funded expenditure	35,000
Thelma Hulbert Gallery Arts Council funding	(35,000)
External property advice savings	(15,000)
New Scarab Minor street cleansing slippage to 10/11	(82,000)
2 Bungalows Manstone gross up S.106 funded expenditure(See Exec 2/12/09)	160,000
Roadworks savings vired to Remodelling Sheltered Schemes	(31,000)
Off Street Car Parking savings to fund Remodelling as above	(30,000)
Social Services adaptations savings vired to Remodelling as above	(6,000)
Remodelling Sheltered Schemes additional costs funded as above	67,000
Total Decrease in Programme	(32,000)

Note (b) Month 10 Receipts Variations:

	£
Restricted covenant Broadclyst	(12,000)
Total increase in Capital Receipts	(12,000)

Legal Implications

No legal implications have been identified.

Financial Implications

The financial implications are detailed in this report.

As is noted at paragraph 3 of the report the contribution to the redundancy payment/pension strain costs of South Somerset's existing Chief Executive is part of the joint sharing arrangements which were recommended by Executive Board on 10 February 2010, subject to Council approval and a formal agreement under section 113 of the Local Government Act.

It is understood these costs were factored into the structure savings and costs in terms of the financial case for the South Somerset proposals previously reported to Executive Board.

Consultation on Reports to the Executive

Nil.

Background Papers

Financial Services - Accountancy Section Working Papers.

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Senior Accountants

Executive Board
03 March 2010