

# Agenda Item

**Executive Board**

**04 November 2009**

**MW/LG**



## Financial Monitoring Report 2009/10 – Month 6

### Summary

This report gives a summary of the Council's overall financial position for 2009/10 at the end of month six (30 September 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 30 September 2009.

### Recommendation:

- the variances identified as part of the Revenue and Capital Monitoring process up to month six be noted
- the shortfall in interest will be met from the set aside reserve
- the Property Services Manager be requested to investigate whether the overspend on electricity at the Knowle is a result of an inadequate budget or as a result of increased usage/charges
- that the predicted overspend on the HRA is offset by rescheduling within the Modernisations programme

#### 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 Six

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

### 2. General Fund Position up to Month Six.

#### 2.1

	£	£
<b>Budget Requirement (set 18/02/09)</b>		<b>14,660,620</b>
Less:		
Month 6 predicted net underspend to Year End	(576,000)	
Add:		
Revised estimates approved during 2009/10	<u>22,500</u>	<u>(553,500)</u>
<b>Predicted Budget Requirement</b>		<b><u>14,107,120</u></b>

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

	Variation at Month 6 £000's	Predicted Outturn £000's
<b>Economy &amp; Regeneration Portfolio</b>		
Knowle electricity	11	40
External Audit fees	36	32
<b>Communications Portfolio</b>		
<b>IT Section</b>		
Employees - vacancies	(28)	(55)
<b>Communities Portfolio</b>		
<b>Home Safeguard</b>		
Software upgrade etc now included as revised estimate		(41)
<b>Net interest deficit*</b>		27
<b>Variances reported in Month 5</b>	(446)	(579)
<b>Total</b>	<b>(427)</b>	<b>(576)</b>

\*A shortfall in interest was anticipated, due to the fall in interest rates, and a sum of £0.673m is held in reserves to mitigate the effect. However, the shortfall is likely to be worse than expected; in the region of £0.700m by the year end. Please see the Treasury Management report elsewhere in this agenda for more details.

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.

	£	£
<b>Available General Fund Balance (01/04/09)</b>		<b>(4,304,000)</b>
Less:		
Use of earmarked revenue reserves	1,810,000	
Add:		
Items identified in para. 2.1	<u>(553,500)</u>	
<b>Predicted G.F. Balance (31/03/09)</b>		<b><u>(3,047,500)</u></b>

- 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 6 £000's	Predicted Outturn £000's
Car Park charges	(2,350)	(71)	(2,350)
Planning Deposit fees	(600)	(28)	(600)
Building Control fees	(486)	(11)	(486)
Local Land Charges	(250)	(21)	(250)

These income streams are very variable and can be affected by the weather and the economic climate. There are some large planning applications in the pipeline but the timing of the receipt of these is unknown. Car park income is very volatile and no variance from budget has been predicted so far. A clearer indication is anticipated next month.

- 2.5 We have been notified that LABGI of £0.061m will be received for 2009/10. This was not allowed for in the budget and will be transferred to the LABGI Reserve which is set aside to promote and deliver economic development. The reserve currently stands at £0.683m of which £0.250m is committed to the Science Park.

3. **Housing Revenue Account Position up to Month 6.**

	£	£
<b>Budget Requirement (set 18/02/09)</b>		<b>395,600</b>
Month 6 predicted net underspend to year end	(116,000)	
Supplementary estimates approved	<u>Nil</u>	<u>(116,000)</u>
<b>Predicted Budget Requirement</b>		<b><u>£279,600</u></b>

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

	Variation at Month 6 £000's	Predicted Outturn £000's
Advantage SW Procurement consortium fee*	0	17
Improvements to St Paul's Heathpark*	0	10
Reinstatement of play areas*	0	30
<b>Variiances reported in month 5</b>	<b>(52)</b>	<b>(173)</b>
<b>Total</b>	<b>(52)</b>	<b>(116)</b>

\*All agreed by Executive Board on 07 October 2009

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

	£	£
<b>Housing Revenue Account Balance (01/04/09)</b>		<b>(1,295,503)</b>
Predicted budget requirement as above		<b><u>279,600</u></b>
<b>Predicted HRA Balance (31/03/10)</b>		<b><u>(£1,015,903)</u></b>

The recommended level for the HRA balance, at £245 per dwelling, is currently £1.050m. The predicted HRA balance is below the recommended level by £0.034m however it is likely that savings can be found by rescheduling within the modernisations programme without adversely affecting the stock condition.

#### 4. Capital Programme Position up to Month 6

4.1 The following table currently estimates the total required from the Capital Reserve as £3.215m, an increase of **£0.466m** 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 **£3.569m**.

<b>Net Capital Budget (Exec Board 18/02/09)</b>	<b>£</b>	<b>£</b> <b>3,937,000</b>
Previous Revisions	514,800	
Month 6 Revisions (a)	379,000	
<b>Predicted Budget Requirement</b>		<b>£</b> <b>4,830,800</b>
<u>Financed by</u>	<b>£</b>	<b>£</b>
In Year Usable Capital Receipts	(238,305)	
Capital Receipts brought forward	(248,000)	
HRA Contribution	(274,000)	
Use of Reserve for refuse bins purchase	(403,000)	
S.106 contributions	(82,990)	
GF contributions to various projects	(91,800)	
HPDG Funding	(12,000)	
PWLB Loans	(266,000)	
Predicted Capital Reserve requirement (see below)	(3,214,705)	
<b>Total Funding</b>		<b>£</b> <b>4,830,800</b>
<b>Summary of changes:</b>	<b>£</b>	<b>£</b>
<b>Capital Reserve Requirement (set 18/02/09)</b>		<b>2,749,000</b>
Previous Revisions		503,760
Capital Programme variation (note a)	379,000	
Increased capital receipts (note b)	(21,055)	
Increase in S106 funding and GF contribution (note c)	(396,000)	
		38,055
<b>Predicted Capital Reserve Requirement</b>		<b>£</b> <b>3,214,705</b>

#### Note (a) Month 6 Programme Variations:

	<b>£</b>
Build of 17 social homes - Loan funded	200,000
Document Centre print equipment - In year revenue savings	55,000
Homesafeguard project - Loan or Housing savings funded	66,000
The Glenn Flood Wall - from reserves	27,000
EH CAPS migration increased costs - HPDG	2,000
Public conveniences slippage	(14,000)
Honiton Community Centre slippage	(25,000)
Dowell St Car Park drainage savings	(15,000)
Maer play trail – S 106 funded	73,000
Park equipment - S 106 funded	10,000
<b>Total increase in Programme</b>	<b>379,000</b>

**Note (b) Month 6 Receipts Variations:**

	£
Additional proceeds council house Luppitt	(10,000)
Housing land	(2,700)
Water safety equipment	(3,115)
Sale non-housing land	(12,740)
Less additional Pooling payments	7,500
<b>Total increase in Programme</b>	<b>(21,055)</b>

**Note (c) Month 6 Funding Revisions:**

	£
Loan for build of 17 social homes	(200,000)
Loan or Housing savings funded for Homesafeguard project	(66,000)
Section 106 for Maer play trail	(73,000)
GF contribution for savings for Document Centre equipment	(55,000)
HPDG for EH Caps project	(2,000)
<b>Total Increase in Funding</b>	<b>(396,000)</b>

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**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  
07 October 2009