

Agenda Item

Executive Board

07 October 2009

MW/LG



Financial Monitoring Report 2009/10 – Month 5

Summary

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

Recommendation(1):

the variances identified as part of the Revenue and Capital Monitoring process up to month five be noted and that the following corrective action taken by managers be endorsed:

- that the savings identified by the Head of Housing of £173,000 be agreed.

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 Five

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

2. General Fund Position up to Month Five.

2.1

	£	£
Budget Requirement (set 18/02/09)		14,660,620
Less:		
Month 5 predicted net underspend to Year End	(579,000)	
Add:		
Revised estimates approved during 2009/10	<u>22,500</u>	<u>(556,500)</u>
Predicted Budget Requirement		<u>14,104,120</u>

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

	Variation at Month 5 £000's	Predicted Outturn £000's
Environment Portfolio		
Beaches & Foreshore		
Income from beach huts and concessions	(21)	(50)
Strategic Planning & Regeneration Portfolio		
Development Management		
Compensation payment (50% to Planning)	0	33
Communications Portfolio		
Legal Section		
Compensation payment (50% to Legal)	0	33
Human Resources		
Corporate Training – Leadership Grant	0	(20)
Pay award saving	0	(189)
Variances reported in Month 4	(425)	(386)
Total	(446)	(579)

- 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>(556,500)</u>	
Predicted G.F. Balance (31/03/09)		<u>(3,050,500)</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. Further to this the 2010/11 budget will encompass recommendations from the Leader's Service Transformation Group (LSTG) in order to address the funding gap.

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

	Annual Budget £000's	Variation at Month 5 £000's	Predicted Outturn £000's
Car Park charges	(2,350)	(51)	(2,350)
Planning Deposit fees	(600)	(44)	(600)
Building Control fees	(486)	(13)	(486)
Local Land Charges	(250)	(13)	(250)

The budgets for these areas were significantly reduced for 2009/10 and although the actual position currently indicates higher than expected income, it must be remembered that the Spring and Summer months are the 'good' months and income will reduce towards the end of the year. For that reason no variances from the budgets have been predicted for the year end at this stage.

- 2.5 We have been notified that LABGI of £0.049m 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 5.

	£	£
Budget Requirement (set 18/02/09)		395,600
Month 5 predicted net underspend to year end	(172,500)	
Supplementary estimates approved	<u>Nil</u>	<u>(172,500)</u>
Predicted Budget Requirement		<u>£223,100</u>

A summary of the areas where savings can be achieved to bring the HRA balance into line with the recommended level is shown below:

	Variation at Month 5 £000's	Predicted Outturn £000's
Employees - vacancies	(15)	(50)
Systems Thinking	0	(6)
Community Centres - furniture	(8)	(20)
Tenant Inspectors	(2)	(5)
Stock Condition Survey	(22)	(54)
Digital TV Switchover	(4)	(10)
Pay award saving	0	(28)
Total	(52)	(173)

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>223,100</u>
Predicted HRA Balance (31/03/10)		<u>(£1,072,403)</u>

The recommended level for the HRA balance, at £245 per dwelling, is currently £1.050m. The savings identified above will bring the HRA balance back to just above the recommended level. However there are also requests for additional expenditure within the HRA which, if approved by the Housing Review Board and Executive Board, will increase the budget requirement by approximately £0.057m necessitating further savings to be identified.

4. Capital Programme Position up to Month 5

Due to staff resources being diverted to other work no capital monitoring has taken place this month although no significant variances from month 4 were anticipated. Monitoring will resume next month.

The estimated balance on the Capital Reserve at the year end remains at £3.521m; an estimated £3.263m being required to meet the funding gap in the current year.

Work is currently being undertaken to determine the financial implications of the successful bids to the Homes and Communities Agency for match-funding of £1.2m to build 17 homes for social rent in the district.

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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