

Agenda Item

Executive Board

10 February 2010

MW/LG



Financial Monitoring Report 2009/10 – Month 9

Summary

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

Recommendation:

- the variances identified as part of the Revenue and Capital Monitoring process up to month nine be noted

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 Nine

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

2. General Fund Position up to Month Nine.

2.1

	£	£
Budget Requirement (set 18/02/09)		14,660,620
Less:		
Month 9 predicted net underspend to Year End	(541,000)	
Add:		
Revised estimates approved during 2009/10	<u>41,000</u>	<u>(500,000)</u>
Predicted Budget Requirement		<u>14,160,620</u>

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

	Variation at Month 9 £000's	Predicted Outturn £000's
StreetScene Portfolio		
Grounds Maintenance – limited spend on tree works	(17)	(25)
Environment Portfolio		
Flood Prevention – works necessary due to very wet weather in November & December	17	20
Strategic Planning & Regeneration		
Employees – additional saving on vacancies & maternity leave	(41)	(10)
Planning fees income additional to previously reported	(151)	(70)
Further compensation payments	47	17
Communities Portfolio		
Neighbourhood Enforcement Team - vacancy	(24)	(32)
Communications Portfolio		
Reduction on IT vacancies due to agency & training	(31)	30
Additional saving on vacancies in Legal Section	(42)	(19)
Vacancies in HR and Local Apprenticeships	(21)	(28)
Economy Portfolio		
Industrial Sites - reduction in insurance premium	(13)	(13)
Variances reported in Month 8	(384)	(411)
Total	(660)	(541)

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

The legal costs relating to a noise appeal at Dunkeswell are estimated to be in the region of £35,000 but the majority of these are likely to fall in 2010/11.

- 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>(500,000)</u>	
Predicted G.F. Balance (31/03/10)		<u>(2,994,000)</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 9 £000's	Predicted Outturn £000's
Car Park charges	(2,350)	(112)	(2,400)
Planning Deposit fees	(600)	(151)	(720)
Building Control fees	(486)	(21)	(486)
Local Land Charges	(250)	(36)	(280)

3. Members should be aware that, in January 2010, £6.0m was withdrawn from the externally managed investments held by Investec in order to keep within the Prudential Indicator boundaries.

4. **Housing Revenue Account Position up to Month 9.**

	£	£
Budget Requirement (set 18/02/09)		395,600
Month 9 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>

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 9 £000's	Predicted Outturn £000's
No new variations identified		
Variances reported in month 8	(114)	(166)
Total	(114)	(166)

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>229,600</u>
Predicted HRA Balance (31/03/10)		<u>(£1,065,903)</u>

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

5. Capital Programme Position up to Month 9.

5.1 The following table currently estimates the total required from the Capital Reserve as £2.861m, an increase of £0.112m 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 £3.923m.

	£	£
Net Capital Budget (Exec Board 18/02/09)		3,937,000
Previous Revisions	901,460	
Month 9 Revisions (a)	(529,980)	
Predicted Budget Requirement		4,308,480
<u>Financed by</u>	£	£
In Year Usable Capital Receipts	(146,770)	
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)	
HPDG Funding	(12,000)	
Predicted Capital Reserve requirement (see below)	(2,860,760)	
Total Funding		4,308,480

	£	£
Summary of changes:		
Capital Reserve Requirement (set 18/02/09)		2,749,000
Previous Revisions		602,742
Capital Programme variation (note a)	(529,980)	
Increased capital receipts (note b)	(1,000)	
Funding variations (note c)	40,000	
		(490,980)
Predicted Capital Reserve Requirement		2,860,762

Note (a) Month 9 Programme Variations:

	£
ICT Auddis Paperless DD overspend	1,120
ICT Customer Access Strategy vire to Auddis	(200)
ICT Intra-Net Redesign vire to Auddis	(900)
ICT CAPS Public Access slippage to 10/11	(5,000)
ICT OBTree replacement slippage to 10/11	(20,000)
ICT PC replacements Savings	(5,000)
Exmouth - Valley parks slippage to 10/11	(10,000)
Sidbury - St Giles Church Wall slippage to 10/11	(53,000)
Sidbury Cemetery Extension savings	(1,000)
Axmouth Hbr Low Water Corrosion savings £10k, slippage £10k	(20,000)
Beer Pier savings	(3,000)
Budleigh Salterton Steamer Steps savings	(5,000)
Dowell St Car park drainage revised savings	2,000
Individual Protection Rockbeare slippage to 10/11	(96,000)
The Glen Flood Wall savings	(1,000)
Honiton Heathpark Sewer Adoption slippage	(67,000)
Replacement of Plant/Equipment GM slippage to 11/12	(92,000)
Containers for kitchen Waste slippage to 10/11	(95,000)
Refuse Contract pulled back from 10/11	30,000
Replacement Street Cleansing Plant/Equipment slippage to 11/12	(23,000)
Road Repairs savings fund Homesafeguard project	(33,000)
Off Street Car Parking savings to fund Homesafeguard project	(33,000)
Total Decrease in Programme	(529,980)

Note (b) Month 9 Receipts Variations:

	£
Waterpipe easement Salterton workshops	(1,000)
Total increase in Capital Receipts	(1,000)

Note (c) Month 9 Funding Variations:

PWLB loan for Affordable housing slip to 10/11 S.106 Wain Homes for 2 Bungalows Manstone	£ 200,000 (160,000)
Total Decrease in Funding	40,000

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
10 February 2010