

## Agenda Item

**Executive Board**

**12 April 2006**

**AJ**



## Revenue & Capital Monitoring Report 2005/06 – Month Eleven

### Summary

This report summarises the Council's overall financial position as at month eleven. Members attention is drawn to Appendix A which details identified budget variations within the month, together with an assessment on how these variations will continue to the end of the financial year, and importantly states the effect on the Council's overall Reserves and Balances.

Members' attention is also drawn to remedial measures that have been suggested by officers to counteract many of the material variances.

The report details all budgets for the period 1 February 2006 to 28 February 2006.

### Recommendation that

**the variances identified as part of the Revenue and Capital Monitoring process for month eleven of 2005/06 be noted, including the effect on the Councils Reserves and Balances.**

#### 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 not agree with the recommended action proposed.

To propose alternative action.

#### c) **Risk Considerations**

The overall general fund position shows an underspend of £656,270. However, this situation will continue to be monitored on a monthly basis.

#### 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.

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## **Revenue & Capital Monitoring Report 2005/06 – Month Eleven**

### **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 eleven and to report on areas that may require corrective action during the remainder of the financial year.
- 1.2 Attached to this report is Appendix A, which shows the variations to budgets identified for month eleven and any remedial action that has been proposed. It should be noted that this monitoring process has not high lighted any material budget variances which require corrective action.

### **2. Month Eleven Position.**

- 2.1 Below is the overall financial position as determined at the end of month eleven for the General Fund, Housing Revenue Account and for Capital:

2.2 General Fund

	£	£
<b>Budget Requirement (set 23/2/05)</b>		<b>12,565,850</b>
Month 11 predicted Net underspend to Year End	(656,270)	
Supplementary estimates	Nil	<u>(656,270)</u>
<b>Predicted Budget Requirement</b>		<b><u>£11,909,580</u></b>

(A summary of the predicted net over and underspends to year end are shown in Appendix A).

- 2.3 The overall position at the end of month eleven has improved by £158,600 from the surplus of £497,670 predicted at month ten (reported to Executive Board 15 March 2006). In the main this can be explained by the first annual payment of Local Authority Business Growth Incentive (£121,100).
- 2.4 These variations will have the following overall effect on the Council's General Fund Balance.

	£
General Fund Balance (1/4/05)	(1,415,610)
Less items already committed <sup>(1)</sup>	407,000
Variations identified above	<u>(656,270)</u>
<b>Predicted G.F. Balance (31/3/06)</b>	<b><u>£1,664,880</u></b>

Note (1) – items agreed in Executive Board report 15 June 2005.

- 2.4 Due to the growing reliance the Council now has to place on revenue from fees and charges and the volatility in their receipt over the past few years, a table is included below which gives a quick summary of the position on our major income sources.

Table 1 – Estimated Outturn Position on Major Income Sources

<b>Fees &amp; Charges</b>	<b>Annual Budget for 2005/06</b>	<b>Income received at Month 11</b>	<b>Predicted Outturn Position</b>	<b>Predicted (deficit) or surplus for year</b>
Car Park Charges	£2,250,000	£2,273,630	£2,270,000	£20,000
Land Charges	£475,000	£400,080	£435,000	(£40,000)
Building Control Fees	£544,000	£498,670	£544,000	Nil
Planning Application Fees	£637,650	£736,400	£787,650	£150,000
Sport Centre Charges (*)	£1,640,520	£1,607,870	£1,640,520	Nil
Investment Income	£950,000	£1,070,760	£1,175,000	£225,000
<b>Total</b>	<b>£6,497,170</b>		<b>£6,852,170</b>	<b>£355,000</b>

(\*) Sport centre fees and charges were estimated at £2,187,360 for the whole of 2005/06. This has been apportioned based on a year ending 31 December 2005.

3. Housing Revenue Account

	£	£
<b>Budget Requirement (set 23/2/05)</b>		<b>72,300</b>
Month 11 predicted net overspend to year end	55,000	
Supplementary estimates approved <sup>(1)</sup>	<u>319,000</u>	374,000
<b>Predicted Budget Requirement</b>		<b><u>£446,300</u></b>

Note 1 – revised budgets approved at 15 June 2005 Executive Board

(A summary of the predicted Net overspends to Year End is shown in Appendix B).

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

	£
Housing Revenue Account Balance (1/4/05)	(1,618,620)
Transfer from reserves (set 23/2/05)	72,300
Variations identified above	374,000
Less items already committed <sup>(2)</sup>	179,000
<b>Predicted HRA Balance (31/3/06)</b>	<b><u>(£993,320)</u></b>

Note 2 – items agreed in outturn report to Executive Board report 15 June 2005.

4. Capital Budget

	£	£
<b>Net Capital Budget (set 23/2/05)</b>		<b>4,424,000</b>
Revisions Agreed (Exec Board 15/6/05) <sup>(1)</sup>	1,483,000	
Month 11 Revisions to Budget <sup>(2)</sup>	(2,492,020)	(1,009,020)
<b>Predicted Budget Requirement</b>		<b><u>£3,414,980</u></b>

Note <sup>(1)</sup> – The revisions agreed where due to scheme slippage from the 2004/05 capital programme.

Note <sup>(2)</sup> – The revised budget has been effected by a number of schemes “slipping” into 2006/07. The most material contracts being slipped into 2006/07 are: planned maintenance (non housing) £97k, Honiton community centre £333k and a number of housing schemes totalling £593k (e.g. sheltered accommodation and sewage disposal). On top of this slippage the new sports centre at Colyton and the resurfacing of synthetic pitches at Exmouth and Colyton were finished £153k under budget.

	£	£
<u>Financing Capital Budget</u>		3,414,980
In Year Usable Capital Receipts	(1,236,750)	
Capital Receipts Brought Forward	(2,841,370)	
Transitional Receipts from Pooling	(400,810)	
HRA Contribution	(234,000)	
Capital receipts carried forward to Support future year programme(s)	1,297,950	(3,414,980)

4.1 These variations will have the following overall effect on the Council’s Reserves.

**General Reserve**

	£
General Reserve (1/4/05)	(12,191,480)
Month 11 predicted transfer to reserves	Nil
<b>Predicted General Reserve Balance</b>	<b><u>(£12,191,480)</u></b>

4.1.2 The sum of £1,297,950, which in the main relates to unspent capital receipts will be used to support the 2006/07 capital programme. This programme will be increased by the projects which have now been slipped from the 2005/06 to the 2006/07 programme.

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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  
12 April 2006