

## Agenda Item

**Executive Board**

**15 November 2006**

**AJ**



## Revenue & Capital Monitoring Report 2006/07 – Month Six

### Summary

This report gives a summary of the Council's overall financial position for 2006/07. 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.

Within the year, revised or supplementary estimates are agreed. These revisions are shown in appendix C to this report.

In compiling this report we have looked at all large, high risk and volatile budgets 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.

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 September 2006 to 30 September 2006.

### Recommendation that

**the variances identified as part of the Revenue and Capital Monitoring process for month six of 2006/07 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 £418,310. 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 2006/07 – 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.
- 1.2 Attached to this report is Appendix A, which shows the variations to budgets identified for month six 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 Six Position.

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

2.2 General Fund

	£	£
<b>Budget Requirement (set 22/2/06)</b>		<b>13,616,670</b>
Month 6 predicted Net underspend to Year End	(506,680)	
Supplementary estimates	88,370	<u>(418,310)</u>
<b>Predicted Budget Requirement</b>		<b><u>£13,198,360</u></b>

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

- 2.2.1 This position is virtually unchanged since that reported at month five to the Executive Board (18/10/06). However, two material budget variances have occurred, which effectively cancel one another out. A £60,000 anticipated overspend relating to the new Concessionary Fares Scheme (this is mentioned in more detail in paragraph 2.5) and a £63,000 improvement in the anticipated performance by our external cash fund manager.

- 2.3 These variations will have the following overall effect on the Council's General Fund Balance.

£	
General Fund Balance (1/4/06)	(1,821,890)
Less items already committed	720,000
Variations identified above	<u>(421,310)</u>
<b>Predicted G.F. Balance (31/3/07)</b>	<b><u>(£1,523,200)</u></b>

- 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 2006/07</b>	<b>Income received at Month 6</b>	<b>Predicted Outturn Position</b>	<b>Predicted (deficit) or surplus for year</b>
Car Park Charges	£2,414,410	£2,073,990	£2,714,410	£300,000
Land Charges	£345,000	£273,250	£395,000	£50,000
Building Control Fees	£571,200	£321,630	£596,200	£25,000
Planning Application Fees	£803,000	£365,830	£768,000	(£35,000)
Investment Income	£1,060,000	£501,470	£1,060,000	Nil
<b>Total</b>	<b>£5,193,610</b>		<b>£5,533,610</b>	<b>£340,000</b>

- 2.5 Concessionary Fares Budget Update

- 2.5.1 Included in Appendix A is current overspend against budget of £46,000 for the reimbursement of operators relating to the concessionary fares scheme. It is anticipated that the year end position will not be double this figure as the number of trips it is envisaged will fall in the second half of the year compared with the first half year. We are therefore predicting a total overspend for the year of £60,000 on the total £947,000 budget. September figures are indicating this to be the case. Members will be updated if the situation alters.

The number of trips reimbursed for the first 6 months are shown below for information:

	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>
<b>Total Trips</b>	61,870	75,250	80,840	85,890	93,580	86,650

We have seen a 25% increase in those joining the scheme since the 1 April as indicated below;

	<b>Pass Numbers</b>	<b>Increase</b>
<b>1 April 2006</b>	19,051	
<b>30 June 2006</b>	21,915	2,864
<b>30 September 2006</b>	23,809	1,894

The increase in pass holders and usage is inline with that of other areas.

For information and comparative purposes statistics produced at a recent regional meeting indicated that the Devonwide Scheme is projecting a possible overspend for the current year on operators reimbursement of £2.3m, this equates to a 41% increase over the original estimate.

Members may recall that the contribution we were required to pay if we remained within the Devonwide Scheme was originally £1.354m, of which £1.316m was a contribution for operator reimbursements. Assuming the 41% overspend would have been applied to our contribution this would have resulted in us having to pay an additional £0.540m into the Devonwide Scheme had we remained.

Taking the above figures, this would have increased our total contribution to £1.894m, had we remained with Devonwide. This is £0.887m above the current expected expenditure associated with the East Devon Scheme, which equates to a Council Tax increase of £15.86 or an additional 14.49% (band D equivalent).

### 3. Housing Revenue Account

	£	£
<b>Budget Requirement (set 22/2/06)</b>		<b>(165,020)</b>
Month 6 predicted net overspend to year end	179,000	
Supplementary estimates approved	<u>0</u>	179,000
<b>Predicted Budget Requirement</b>		<b><u>£13,980</u></b>

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

3.1 This position has deteriorated by £194,000 since that reported to Executive Board (18/10/06). This is due to rental income figures including an extra week in month 5 and a number of old debts being written off as irrecoverable.

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

	£
Housing Revenue Account Balance (1/4/06)	(1,575,180)
Transfer to reserves (set 22/2/06)	(165,020)
Variations identified above	179,000
<b>Predicted HRA Balance (31/3/07)</b>	<b><u>(£1,561,200)</u></b>

4. Capital Budget

4.1 The position on the Council's capital programme remains unaltered since the position reported to the Executive Board on the 18 October 2006.

4.2 This will leave the General Reserve Balance unchanged at £12.191m.

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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**

SMT report 17 October 2006

Financial Services - Accountancy Section Working Papers.

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Andrew Jarrett

Financial Services Manager

Executive Board  
15 November 2006