

Agenda Item

Executive Board

18 October 2006

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Revenue & Capital Monitoring Report 2006/07 – Month Five

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 August 2006 to 31 August 2006.

Recommendation that

the variances identified as part of the Revenue and Capital Monitoring process for month five 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 £418,430. 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.

Revenue & Capital Monitoring Report 2006/07 – 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.
- 1.2 Attached to this report is Appendix A, which shows the variations to budgets identified for month five 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 Five Position.

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

2.2 General Fund

	£	£
Budget Requirement (set 22/2/06)		13,616,670
Month 5 predicted Net underspend to Year End	(490,200)	
Supplementary estimates	71,770	<u>(418,430)</u>
Predicted Budget Requirement		<u>£13,198,240</u>

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

- 2.2.1 This position has improved by £338,680 since the position reported to the Executive Board (13/9/06). In the main, this is due to a more accurate assessment of the refuse and recycling contract position, relating to the timing of “rolling out” some new elements of the contract and we can now declare, after all the summer months, that car parking revenue is significantly higher than that budgeted.

- 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 ⁽¹⁾	720,000
Variances identified above	<u>(418,430)</u>
Predicted G.F. Balance (31/3/07)	<u>(£1,520,320)</u>

Note (1) – items agreed in Executive Board report 21 June 2006. This figure has been reduced by £224,000 since the Executive Board report on the 13 September 2006, as this amount is held in a separate “ring fenced” reserve relating to the Planning Delivery Grant.

- 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

Fees & Charges	Annual Budget for 2006/07	Income received at Month 5	Predicted Outturn Position	Predicted (deficit) or surplus for year
Car Park Charges	£2,414,410	£1,736,970	£2,664,410	£250,000
Land Charges	£345,000	£225,350	£360,000	£15,000
Building Control Fees	£571,200	£260,560	£571,200	Nil
Planning Application Fees	£803,000	£317,840	£803,000	Nil
Investment Income	£1,060,000	£416,470	£997,000	(£63,000)
Total	£5,193,610		£5,395,610	£202,000

3. Housing Revenue Account

	£	£
Budget Requirement (set 22/2/06)		(165,020)
Month 5 predicted net overspend to year end	(15,000)	
Supplementary estimates approved	<u>0</u>	(15,000)
Predicted Budget Requirement		<u>(£180,020)</u>

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

- 3.1 This position has improved by £200,000 since that reported to Executive Board (13/9/06). This is due to low void levels during the year and a fairly prudent assumption for rent collection.
- 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)
Variances identified above	(15,000)
Predicted HRA Balance (31/3/07)	<u>(£1,755,200)</u>

4. Capital Budget

	£	£
Net Capital Budget (Exec Board 21/6/06)		5,935,000
Month 6 Revisions to Budget	(1,709,000)	
Predicted Budget Requirement		<u>£4,226,000</u>

	£	£
<u>Financing Capital Budget</u>		4,226,000
In Year Usable Capital Receipts	(1,626,000)	
Capital Receipts Brought Forward	(1,487,000)	
Transitional Receipts from Pooling	(300,000)	
HRA Contribution	(238,000)	
Loan – Recycling & Refuse Containers	(400,000)	
General Fund contribution agreed at Executive Board 21/6/06	(661,000)	
Surplus in excess of Funding⁽¹⁾		486,000

Note (1) – This surplus will be used to support the 2007/08 capital programme, which due to the slippage in the 2006/07 programme, will increase the 2007/08 requirement by £1,091,000.

- 4.1 The main variations against the 2006/07 programme of £1,709,000 is due to slippage on the new recycling & refuse equipment (£1,182,000) and the pollution prevention scheme at Warren View (£327,000).
- 4.2 These variations will have the following overall effect on the Council's Reserves.

General Reserve

	£
General Reserve (1/4/06)	(12,191,480)
Month 6 predicted transfer to/from reserves	Nil
Predicted General Reserve Balance	<u>(£12,191,480)</u>

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 19 September 2006

Financial Services - Accountancy Section Working Papers.

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Executive Board

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