

# Agenda Item

**Executive Board**

**19 July 2006**

**AJ**



## **Revenue & Capital Monitoring Report 2006/07 – Month Three**

### **Summary**

This report gives the first 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 April 2006 to 30 June 2006.

### **Recommendation that**

**the variances identified as part of the Revenue and Capital Monitoring process for month three 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 £20,940. 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 Three

### 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 three 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 three and any remedial action that has been proposed. It should be noted that this monitoring process has not highlighted any material budget variances which require corrective action.

### 2. Month Three Position.

2.1 Below is the overall financial position as determined at the end of month three 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 3 predicted Net underspend to Year End | (92,710) |                           |
| Supplementary estimates                      | 71,770   | <u>(20,940)</u>           |
| <b>Predicted Budget Requirement</b>          |          | <b><u>£13,595,730</u></b> |

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

NB – A number of accounts relating to recurring billing (rentals for industrial units, home safeguard alarms, reserved car park spaces, etc) have not been dispatched at the time of this report due to some ICT delays. These accounts will be dispatched by the end of the week. Obviously this has had an adverse effect on the level of income received in a number of areas, but in overall terms these services will still be credited with all of the income due to them. However, additional resources in terms recovery work will be required in order to deal with cases on a individual basis where late accounts may cause difficulties in payment and to be more proactive in arrears collection to offset an increase in arrears recorded at year end.

- 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 <sup>(1)</sup> | 944,000                  |
| Variiances identified above                 | <u>(20,940)</u>          |
| <b>Predicted G.F. Balance (31/3/07)</b>     | <b><u>(£898,830)</u></b> |

Note (1) – items agreed in Executive Board report 21 June 2006.

- 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 3 | Predicted Outturn Position | Predicted (deficit) or surplus for year |
|---------------------------|---------------------------|----------------------------|----------------------------|---|
| Car Park Charges          | £2,414,410                | £1,004,310                 | £2,414,410                 | Nil                                     |
| Land Charges              | £345,000                  | £132,090                   | £345,000                   | Nil                                     |
| Building Control Fees     | £571,200                  | £143,560                   | £571,200                   | Nil                                     |
| Planning Application Fees | £803,000                  | £193,330                   | £803,000                   | Nil                                     |
| Investment Income         | £1,060,000                | £248,250                   | £993,000                   | (£67,000)                               |
| <b>Total</b>              | <b>£5,193,610</b>         |                            | <b>£5,126,610</b>          | <b>(£67,000)</b>                        |

3. Housing Revenue Account

|   | £        | £                        |
|---|----------|--------------------------|
| <b>Budget Requirement (set 22/2/06)</b>     |          | <b>(165,020)</b>         |
| Month 3 predicted net overspend to year end | 20,000   |                          |
| Supplementary estimates approved            | <u>0</u> | 20,000                   |
| <b>Predicted Budget Requirement</b>         |          | <b><u>(£145,020)</u></b> |

(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 (1/4/06) | (1,575,180) |
| Transfer to reserves (set 22/2/06)       | (165,020)   |
| Variiances identified above              | 20,000      |

**Predicted HRA Balance (31/3/07) (£1,720,200)**

4. Capital Budget

|   | £           | £                        |
|---|-------------|--------------------------|
| <b>Net Capital Budget (Exec Board 21/6/06)</b>              |             | <b>5,935,000</b>         |
| Month 3 Revisions to Budget                                 | 0           | (0)                      |
| <b>Predicted Budget Requirement</b>                         |             | <b><u>£5,935,000</u></b> |
|   | £           | £                        |
| <u>Financing Capital Budget</u>                             |             | 5,935,000                |
| In Year Usable Capital Receipts                             | (1,006,000) |                          |
| Capital Receipts Brought Forward                            | (1,487,000) |                          |
| Transitional Receipts from Pooling                          | (188,000)   |                          |
| HRA Contribution  | (238,000)   |                          |
| General Fund contribution agreed at Executive Board 21/6/06 | 661,000     | (5,162,000)              |
| <b>Shortfall in Funding<sup>(1)</sup></b>                   |             | <b>773,000</b>           |

Note (1) – This shortfall will need to be met from additional capital receipts and/or a reduction in the capital programme. If neither of these options are achieved then the General Reserve will have to be used.

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

**General Reserve**

|   | £                           |
|---|-----------------------------|
| General Reserve (1/4/06)                    | (12,191,480)                |
| Month 3 predicted transfer to/from reserves | Nil                         |
| <b>Predicted General Reserve Balance</b>    | <b><u>(£12,191,480)</u></b> |

---

**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.

---

Andrew Jarrett  
Financial Services Manager

Executive Board  
19 July 2006