

## Agenda Item

**Executive Board**

**26 March 2008**

**AJ**



## Revenue & Capital Monitoring Report 2007/08 – Month 11

### Summary

This report gives a summary of the Council's overall financial position for 2007/08. 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 February 2008 to 29 February 2008.

### Recommendation that

**the variances identified as part of the Revenue and Capital Monitoring process for month eleven of 2007/08 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.

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

Current monitoring indicates that the Council's balances and reserves are being maintained at the adopted levels.

The General Fund position shows a predicted surplus at year end of £714,110. This position should now be fairly close to the position that will be reported to Members at year end.

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 2007/08 – 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 the period up to month eleven and any remedial action that has been proposed.

### 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 21/2/07)</b>		<b>14,005,620</b>
Less:		
Month 10 predicted net underspend to Year End	(714,110)	
Additional LABGI payment 05/06 & 06/07	<u>(186,150)</u>	
	(900,260)	
Add:		
Item approved by Prog. Board in 2007/08 and contribution to Exeter Nightstop (£5k)	<u>41,000</u>	<u>(859,260)</u>
<b>Predicted Budget Requirement</b>		<b><u>£13,146,360</u></b>

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

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

	£	£
<b>General Fund Balance (1/4/07)</b>		<b>(2,266,960)</b>
Less:	175,000	
Items ear marked from 2006/07 savings		
Special Items agreed to be funded from Balances during 2007/08 <sup>(1)</sup>	325,000	
Earmarked contribution to Science Park	<u>250,000</u>	
	750,000	<u>(1,516,960)</u>
Add:		
Items identified in para. 2.2	<u>(859,260)</u>	
<b>Predicted G.F. Balance (31/3/08)</b>		<b><u>(£2,376,220)</u></b>

Note <sup>(1)</sup> The special items funded from balances were the costs of District elections, the increased costs of concessionary fares and a provision for job evaluation appeals.

- 2.3.1 The General Fund balance at the beginning of the year was £0.442m above the minimum level adopted and was deemed as savings available to spend. The estimated budget savings during 2007/08 are currently predicted to be £0.859m which results in an estimated further £0.846m being available to spend in future years. The difference between £0.859m and £0.846m represents a £0.013m increase required in the adopted reserve level to be maintained in 2008/09. The available sum of £0.846m comprises; £0.186m LABGI and £0.660m other savings.
- 2.3.2 Although this indicates a healthy general fund balance, future concerns around the delay in rolling out the new recycling and refuse contract and the likely reduction in interest receipts which the Council will achieve in 2008/09 due to the continued prediction of falling interest rates will undoubtedly place an extra financial burden over the next few years. The Council may also wish to "ear mark" some of these estimated savings to help finance the growing deficit predicted on the capital programme in future years.

- 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 2007/08</b>	<b>Income received at Month 11</b>	<b>Predicted Outturn Position</b>	<b>Predicted (deficit) or surplus for year</b>
	£	£	£	£
Car Park Charges	2,691,480	2,630,560	2,841,480	150,000
Land Charges	425,000	410,800	445,000	20,000
Building Control Fees	572,000	570,240	632,000	60,000
Planning Application Fees	803,000	708,540	773,000	(30,000)
Investment Income	1,305,740	1,725,480	1,610,740	305,000
<b>Total</b>	<b>£5,797,220</b>		<b>£6,302,220</b>	<b>£505,000</b>

3. Housing Revenue Account

<b>Budget Requirement (set 21/2/07)</b>	£	£
		<b>273,140</b>
Month 11 predicted net underspend to year end	(175,000)	
Supplementary estimates approved	<u>0</u>	<u>(175,000)</u>
<b>Predicted Budget Requirement</b>		<b><u>£98,140</u></b>

A summary of the predicted Net underspend to Year End is shown in Appendix B.

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

Housing Revenue Account Balance (1/4/07)	£	£
		(1,682,680)
Transfer from reserves (set 21/2/07)	273,140	
Subsidy limitation payment from previous year	256,280	
Variances identified above	<u>(175,000)</u>	<u>354,420</u>
<b>Predicted HRA Balance (31/3/08)</b>		<b><u>£1,328,260</u></b>

#### 4. Capital Budget

4.1

	£	£
<b>Net Capital Budget (Exec Board 21/2/07)</b>		<b>3,675,000</b>
Variations reported in Outturn report 6/6/07	1,429,000	
Month 11 revisions to Budget <sup>(1)</sup>	<u>(2,478,000)</u>	<u>(1,049,000)</u>
<b>Predicted Budget Requirement</b>		<b>2,626,000</b>
<u>Financing Capital Budget</u>		
In Year Usable Capital Receipts	(944,000)	
Capital Receipts Brought Forward	(1,997,000)	
HRA Contribution	(244,000)	
Loan for Recycling & Refuse contract <sup>(1)</sup>	(300,000)	
Section 106 agreement – affordable housing	(80,000)	
GF contributions to various ICT projects	(114,000)	
General Fund contribution required <sup>(2)</sup>	<u>0</u>	
<b>Total funding</b>		<b><u>3,679,000</u></b>
<b>Excess funding <sup>(2)</sup></b>		<b><u>£1,053,000</u></b>

Note (1) – The effects of a timing delay in the roll out of the new recycling and refuse contract has further reduced the 2007/08 capital programme.

Note (2) – The in year surplus on the capital programme will be used to support future years programmes, which as yet, are not fully funded.

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**

Financial Services - Accountancy Section Working Papers.

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Executive Board  
26 March 2008