

Agenda Item

Executive Board

26 September 2007

AJ



Revenue & Capital Monitoring Report 2007/08 – Month 5

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 August 2007 to 31 August 2007.

Recommendation that

the variances identified as part of the Revenue and Capital Monitoring process for month five 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.

To propose alternative action.

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 deficit at year end of £104,480. Monitoring of the situation will continue 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 2007/08 – 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 the period up to month five and any remedial action that has been proposed.

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 21/2/07)		14,005,620
Month 5 predicted net overspend to Year End	104,480	
Supplementary estimates	427,922	
Additional LABGI payment	(186,147)	346,255
Predicted Budget Requirement		<u>£14,351,875</u>

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

- 2.2.1 Most Councils have received additional LABGI payments after a successful appeal was lodged by Corby and Slough Borough Councils questioning the original allocation of funding. £66,143 relates to a year 1 correction and £120,003 relates to year 2. In the 2007/08 budget we have only estimated to receive £130,000, which in light of recent payments, it is likely that this amount will be exceeded.
- 2.3 These variations will have the following overall effect on the Council's General Fund Balance.

£	
General Fund Balance (1/4/07)	(2,266,960)
Items identified in para. 2.2	346,255
Predicted G.F. Balance (31/3/08)	<u>(£1,920,705)</u>

- 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 2007/08	Income received at Month 5	Predicted Outturn Position	Predicted (deficit) or surplus for year
Car Park Charges	£2,691,480	£1,485,000	£2,691,480	Nil
Land Charges	£425,000	£217,790	£465,000	£40,000
Building Control Fees	£572,000	£255,840	£612,000	£40,000
Planning Application Fees	£803,000	£305,640	£743,000	(£60,000)
Investment Income	£1,305,740	£544,060	£1,305,740	Nil
Total	£5,797,220		£5,817,220	£20,000

3. Housing Revenue Account

	£	£
Budget Requirement (set 21/2/07)		273,140
Month 5 predicted net underspend to year end	(200,000)	
Supplementary estimates approved	<u>0</u>	(200,000)
Predicted Budget Requirement		<u>£73,140</u>

(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
Variances identified above	(200,000)
Predicted HRA Balance (31/3/08)	<u>(£1,609,540)</u>

4. Capital Budget

4.1

	£	£
Net Capital Budget (Exec Board 21/2/07)		3,675,000
Variations reported in Outturn report 6/6/06	1,429,000	
Month 5 revisions to Budget	(347,500)	
Predicted Budget Requirement		<u>£4,756,500</u>

	£	£
<u>Financing Capital Budget</u>		4,756,500
In Year Usable Capital Receipts	(988,000)	
Capital Receipts Brought Forward	(1,997,000)	
HRA Contribution	(244,000)	
Loan for Recycling & Refuse contract ⁽¹⁾	(1,150,000)	
Section 106 agreement – affordable housing	(80,000)	
GF contribution for SAPS project	(5,500)	
GF contribution from planning fees for CAPS	(36,000)	
General Fund contribution required to balance The programme ⁽²⁾	(256,000)	
Total		4,756,500

Note (1) – The effects of roll out of the recycling trial is currently being financially modelled and will impact on the capital spend required for the purchase of new bins. The re-phasing of the scheme will significantly reduce any borrowing requirement in 2007/08.

Note (2) – It is currently anticipated that the shortfall of funding on the programme will need to be met from the General reserve. However, it is more likely that additional income from sales or scheme slippage will result in this figure not being required.

4.1.1 The main savings which have materialised since month 3 are the removal of the flood prevention scheme at Whimple and reduced costs required to complete the pollution prevention scheme at Warren View, Exmouth.

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

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
26 September 2007