

Agenda Item

Executive Board

30 January 2008

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Revenue & Capital Monitoring Report 2007/08 – Month 9

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 November 2007 to 31 December 2007 as the Executive Board did not receive a monitoring report for month 8.

Recommendation that

the variances identified as part of the Revenue and Capital Monitoring process for month nine 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 £228,540. 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 Nine

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 nine 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 nine and any remedial action that has been proposed.

2. Month Nine Position.

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

2.2 General Fund

	£	£
Budget Requirement (set 21/2/07)		14,005,620
Less:		
Month 9 predicted net underspend to Year End	(228,540)	
Additional LABGI payment 05/06 & 06/07	<u>(186,150)</u>	
	(414,690)	
Add:		
Item approved by Prog. Board in 2007/08 and contribution to Exeter Nightstop (£5k)	<u>41,000</u>	<u>(373,690)</u>
Predicted Budget Requirement		<u>£13,631,930</u>

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.

	£	£
General Fund Balance (1/4/07)		(2,266,960)
Less:	175,000	
Items earmarked from 2006/07 savings		
Special Items agreed to be funded from Balances during 2007/08 ⁽¹⁾	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>(373,690)</u>	
Predicted G.F. Balance (31/3/08)		<u>(£1,890,650)</u>

Note ⁽¹⁾ The special items funded from balances were the costs of District elections, the increased costs of concessionary fares and job evaluation.

- 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 £0.374m which results in an estimated further £0.361m being available to spend in future years. The difference between £0.374m and £0.361m represents a £0.013m increase required in the adopted reserve level to be maintained in 2008/09. The available sum of £0.361m comprises; £0.186m LABGI and £0.175m other savings.
- 2.3.2 Although this appears to be a healthy financial position it should be considered against the recent Comprehensive Spending Reviews settlement which will undoubtedly place significant strain on service delivery over 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

Fees & Charges	Annual Budget for 2007/08	Income received at Month 9	Predicted Outturn Position	Predicted (deficit) or surplus for year
	£	£	£	£
Car Park Charges	2,691,480	2,343,240	2,841,480	150,000
Land Charges	425,000	296,660	425,000	Nil
Building Control Fees	572,000	383,790	612,000	40,000
Planning Application Fees	803,000	464,340	773,000	(30,000)
Investment Income	1,305,740	1,216,800	1,525,740	220,000
Total	£5,797,220		£6,177,220	£380,000

3. Housing Revenue Account

	£	£
Budget Requirement (set 21/2/07)		273,140
Month 9 predicted net underspend to year end	(218,500)	
Supplementary estimates approved	<u>0</u>	<u>(218,500)</u>
Predicted Budget Requirement		<u>£54,640</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	
Subsidy limitation payment from previous year	256,280	
Variances identified above	<u>(218,500)</u>	<u>310,920</u>
Predicted HRA Balance (31/3/08)		<u>£1,371,760</u>

4. Capital Budget

4.1

	£	£
Net Capital Budget (Exec Board 21/2/07)		3,675,000
Variations reported in Outturn report 6/6/07	1,429,000	
Month 9 revisions to Budget ⁽¹⁾	<u>(2,275,000)</u>	<u>(846,000)</u>
Predicted Budget Requirement		2,829,000

Financing Capital Budget

In Year Usable Capital Receipts	(763,000)	
Capital Receipts Brought Forward	(1,997,000)	
HRA Contribution	(244,000)	
Loan for Recycling & Refuse contract ⁽¹⁾	(300,000)	
Section 106 agreement – affordable housing	(80,000)	
GF contribution for SAPS project	(6,000)	
GF contribution from planning fees for CAPS	(36,000)	
GF contribution from Street Cleansing budget for Navman	(4,000)	
General Fund contribution required ⁽²⁾	<u>0</u>	
Total funding		<u>3,430,000</u>
Excess funding ⁽²⁾		<u>£601,000</u>

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.

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
30 January 2008