

## Agenda Item

**Executive Board**

**31 October 2007**

**AJ**



## Revenue & Capital Monitoring Report 2007/08 – Month 6

### 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 September 2007 to 30 September 2007.

### Recommendation that

**the variances identified as part of the Revenue and Capital Monitoring process for month six 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 surplus at year end of £82,670. 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.

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## **Revenue & Capital Monitoring Report 2007/08 – Month Six**

### **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 six 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 six and any remedial action that has been proposed.

### **2. Month Six Position.**

- 2.1 Below is the overall financial position as determined at the end of month six 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>
Month 5 predicted net overspend to Year End	(82,670)	
Items ear marked from 2006/07 savings	175,000	
Item approved by Prog. Board in 2007/08	36,000	
Ear marked contribution to Science Park	250,000	
Additional LABGI payment 05/06 & 06/07	<u>(186,150)</u>	192,180
<b>Predicted Budget Requirement</b>		<b><u>£14,197,800</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.

	£
General Fund Balance (1/4/07)	(2,266,960)
Items identified in para. 2.2	192,180
<b>Predicted G.F. Balance (31/3/08)</b>	<b><u>(£2,074,780)</u></b>

- 2.3.1 This still leaves the available General Fund balance £0.974m above the minimum level of £1.1m agreed as part of the 2007/08 budget setting report which went to Exec in February.
- 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. It had also previously been suggested that some of this balance may well be used for "invest to save" projects, which would require initial investment to deliver future year savings.
- 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 6</b>	<b>Predicted Outturn Position</b>	<b>Predicted (deficit) or surplus for year</b>
Car Park Charges	£2,691,480	£1,847,170	£2,866,480	£175,000
Land Charges	£425,000	£257,340	£425,000	Nil
Building Control Fees	£572,000	£299,140	£612,000	£40,000
Planning Application Fees	£803,000	£401,430	£773,000	(£30,000)
Investment Income	£1,305,740	£790,310	£1,505,740	£200,000
<b>Total</b>	<b>£5,797,220</b>		<b>£6,182,220</b>	<b>£385,000</b>

3. Housing Revenue Account

	£	£
<b>Budget Requirement (set 21/2/07)</b>		<b>273,140</b>
Month 6 predicted net underspend to year end	(200,000)	
Supplementary estimates approved	<u>0</u>	(200,000)
<b>Predicted Budget Requirement</b>		<b><u>£73,140</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
Variances identified above	(200,000)
<b>Predicted HRA Balance (31/3/08)</b>	<b><u>(£1,609,540)</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 6 revisions to Budget <sup>(1)</sup>	(1,540,500)	
<b>Predicted Budget Requirement</b>		<b><u>£3,563,500</u></b>

	£	£
<u>Financing Capital Budget</u>		
In Year Usable Capital Receipts	(991,400)	
Capital Receipts Brought Forward	(1,997,000)	
HRA Contribution	(244,000)	
Loan for Recycling & Refuse contract <sup>(1)</sup>	(400,000)	
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 <sup>(2)</sup>	Nil	
<b>Total funding</b>		<b>3,753,900</b>
<b>Excess funding <sup>(2)</sup></b>		<b>190,400</b>

Note (1) – The effects of a timing delay in the roll out of the new recycling and refuse contract has 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.

4.1.1 The main savings which have materialised since month 5 is the re-phasing of the recycling and refuse contract. Which has pushed £0.7m of the current programme into 2008/09.

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  
31 October 2007