

# Agenda Item

**Executive Board**

**4 April 2007**

**AJ**



## **Revenue & Capital Monitoring Report 2006/07 – Month 11**

### **Summary**

This report gives a 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 February 2007 to 28 February 2007.

### **Recommendation that**

**the variances identified as part of the Revenue and Capital Monitoring process for month eleven 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**

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 £57,620 after ensuring the General Fund balance is maintained at the agreed level and allowing for commitments made by Council against the 2006/07 savings. This remaining surplus, currently estimated at £57,620, will be used to create an Invest to Save Fund. 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 2006/07 – 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 month eleven and any remedial action that has been proposed. It should be noted that this monitoring process has not high lighted any material budget variances which require corrective action.

**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 22/2/06)</b>		<b>13,616,670</b>
Month 11 predicted Net underspend to Year End	(620,100)	
Supplementary estimates	88,370	<u>(531,730)</u>
<b>Predicted Budget Requirement</b>		<b><u>£13,084,940</u></b>

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

2.2.1 This position has deteriorated by £100,610 since that reported at month ten to the Executive Board (14/3/07). In the main this is due to a more accurate position on the year end printing overspend (£149,570) and an additional start up costs associated with the new customer service centre (£55,000). This has been offset by a reduced requirement for short term borrowing at year end saving the Council £52,000.

NB It should be noted that the Council may receive an additional sum under the Local Authority Business Growth Incentive scheme as two Councils are challenging the level of payments distributed in 2006/07.

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	720,000
Variances identified above	(531,730)
VAT error (2005/06)	<u>61,000</u>
<b>Predicted G.F. Balance (31/3/07)</b>	<b><u>(£1,572,620)</u></b>

2.4 The Council has agreed that the savings made on the 2006/07 General Fund budget will be used in 2007/08 on the following items of one off expenditure included in the 2007/08 budget;

- £ 95,000 one off costs of District Election.
- £130,000 to fund increasing cost of the existing concessionary fare scheme.
- £100,000 contingency for job evaluation appeals and any possible equal pay claims.

2.5 If any further savings are made on the 2006/07 General Fund budget it was agreed they would be used to fund the following items, under the condition the Council maintains its adopted General Fund Balance of £1,067,000.

- Training of Parish Council Clerks (£5,000), Local Democracy Week (£2,000), an increase in the community fund (£2,000) and funding of Community Safety officer if external funds not provided (£38,000 a year, to set aside a 3 year fund).
- To create an Invest to Save Fund.

Based on the above monitoring position and the costs of these commitments this leaves a predicted General Fund surplus of £57,620 which could be used to create an Invest to Save Fund.

The details and sums will be presented to the Executive Board in the Revenue and Capital Outturn Report in June 2007 once the final year end position is known

- 2.6 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 2006/07</b>	<b>Income received at Month 11</b>	<b>Predicted Outturn Position</b>	<b>Predicted (deficit) or surplus for year</b>
Car Park Charges	£2,414,410	£2,499,600	£2,594,410	£180,000
Land Charges	£345,000	£459,080	£485,000	£140,000
Building Control Fees	£571,200	£482,170	£541,200	(£30,000)
Planning Application Fees	£803,000	£684,630	£743,000	(£60,000)
Investment Income	£1,060,000	£1,019,330	£1,112,000	£52,000
<b>Total</b>	<b>£5,193,610</b>		<b>£5,475,610</b>	<b>£282,000</b>

3. Housing Revenue Account

	£	£
<b>Budget Requirement (set 22/2/06)</b>		<b>(165,020)</b>
Month 11 predicted net overspend to year end	168,000	
Supplementary estimates approved	<u>0</u>	168,000
<b>Predicted Budget Requirement</b>		<b><u>£2,980</u></b>

(A summary of the predicted Net overspends to Year End is shown in Appendix B).

- 3.1 This position has deteriorated by £145,530 since month ten, which has been generated by a revised position on rental income and an increased spend on responsive maintenance and mobile support officers.
- 3.2 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)
Variances identified above	168,000
<b>Predicted HRA Balance (31/3/07)</b>	<b><u>(£1,572,200)</u></b>

#### 4. Capital Budget

##### 4.1

	£	£
<b>Net Capital Budget (Exec Board 21/6/06)</b>		<b>5,935,000</b>
Month 11 Revisions to Budget	(2,694,000)	
<b>Predicted Budget Requirement</b>		<b><u>£3,241,000</u></b>

	£	£
<u>Financing Capital Budget</u>		3,241,000
In Year Usable Capital Receipts	(1,499,000)	
Capital Receipts Brought Forward	(1,487,000)	
Transitional Receipts from Pooling	(300,000)	
HRA Contribution	(238,000)	
General Fund contribution agreed at Executive Board 21/6/06	(661,000)	
<b>Surplus in excess of Funding<sup>(1)</sup></b>		<b>944,000</b>

Note (1) – This surplus will be used to support the 2007/08 capital programme, which has increased due to the slippage in the 2006/07 programme.

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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Andrew Jarrett  
Financial Services Manager

Executive Board  
4 April 2007