

# Agenda Item

**Executive Board**

**16 November 2005**

**AJ**



## Revenue & Capital Monitoring Report 2005/06 – Month Six

### Summary

This report summarises the Council's overall financial position as at month six. 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.

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 2005 to 30 September 2005.

### Recommendation that

**the variances identified as part of the Revenue and Capital Monitoring process for month six of 2005/06 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**

The overall general fund position shows a relatively small underspend (£204k). However, this situation will continue to be monitored 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 2005/06 – 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 month six 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 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 23/2/05)</b>		<b>12,565,850</b>
Month 6 predicted Net underspend to Year End	(203,670)	
Supplementary estimates	Nil	<u>(203,670)</u>
<b>Predicted Budget Requirement</b>		<b><u>£12,362,180</u></b>

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

- 2.3 The overall position at the end of month six has declined by £101,050 from the surplus of £304,720 predicted at month five (reported to Executive Board 19 October 2005). In the main this can be explained by the revised saving estimated on public conveniences and the anticipated fall in local land charges.

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

	£
General Fund Balance (1/4/05)	(1,415,610)
Less items already committed <sup>(1)</sup>	407,000
Variances identified above	<u>(203,670)</u>
<b>Predicted G.F. Balance (31/3/06)</b>	<b><u>£1,212,280</u></b>

Note (1) – items agreed in Executive Board report 15 June 2005.

- 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 2005/06</b>	<b>Income received at Month 6</b>	<b>Predicted Outturn Position</b>	<b>Predicted (deficit) or surplus for year</b>
Car Park Charges	£2,250,000	£1,543,380	£2,250,000	Nil
Land Charges	£475,000	£235,290	£375,000	(£100,000)
Building Control Fees	£544,000	£290,430	£544,000	Nil
Planning Application Fees	£637,650	£439,630	£837,650	£200,000
Sport Centre Charges	£2,187,360	£1,069,690	£2,187,360	Nil
Investment Income	£950,000	£475,000	£950,000	Nil
<b>Total</b>	<b>£7,044,010</b>		<b>£7,144,010</b>	<b>£100,000</b>

3. Housing Revenue Account

	£	£
<b>Budget Requirement (set 23/2/05)</b>		<b>72,300</b>
Month 6 predicted net overspend to year end	23,000	
Supplementary estimates approved <sup>(1)</sup>	<u>319,000</u>	342,000
<b>Predicted Budget Requirement</b>		<b><u>£414,300</u></b>

Note 1 – revised budgets approved at 15 June 2005 Executive Board

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

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

	£
Housing Revenue Account Balance (1/4/05)	(1,618,620)
Transfer from reserves (set 23/2/05)	72,300
Variances identified above	342,000
Less items already committed <sup>(2)</sup>	179,000
<b>Predicted HRA Balance (31/3/05)</b>	<b><u>(£1,025,320)</u></b>

Note 2 – items agreed in outturn report to Executive Board report 15 June 2005.

#### 4. Capital Budget

	£	£
<b>Net Capital Budget (set 23/2/05)</b>		<b>4,424,000</b>
Revisions Agreed (Exec Board 15/6/05) <sup>(1)</sup>	1,483,000	
Month 6 Revisions to Budget <sup>(2)</sup>	(1,143,300)	339,700
<b>Predicted Budget Requirement</b>		<b><u>£4,763,700</u></b>

Note <sup>(1)</sup> – The revisions agreed where scheme slippage has occurred from the 2004/05 capital programme.

Note <sup>(2)</sup> – The variations to month six are as per the amounts reported to Executive Board in month five.

	£	£
<u>Financing Capital Budget</u>		4,763,700
In Year Usable Capital Receipts	(949,770)	
Capital Receipts Brought Forward	(2,841,370)	
Transitional Receipts from Pooling	(562,500)	
HRA Contribution	(234,000)	
Shortfall required from General Reserve	176,060	(4,763,700)

NB – Currently the only means of financing this predicted overspend of £176,060 is to take this amount from the General Reserve.

4.1 These variations will have the following overall effect on the Council's Reserves.

#### General Reserve

	£
General Reserve (1/4/05)	(12,191,480)
Month 6 predicted transfer from reserves	176,060
<b>Predicted General Reserve Balance</b>	<b><u>(£12,015,420)</u></b>

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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  
16 November 2005