

Date of Meeting	9 November 2006
Title of Report	Revenue Budget Monitor – Month 6
Portfolio	Leader’s Responsibilities
Link to Corporate Priorities	All
Key Decision	Yes
Executive Workplan Ref	None
Public Report	Yes

Summary of Report

The report sets out the Revenue budget monitor for Month 6 of the 2006/07 financial year, showing the financial position at the end of September 2006 and setting out the anticipated variations in income and expenditure that could impact on the Council by the end of the financial year.

Officer Recommendations

That the Executive note the report;

That the Executive note that the CMB is exploring options to contain the underspend;

That the Executive approve that – should corresponding underspends not occur during the second half of the financial year – up to £129,000 be taken from reserves to cover anticipated additional expenditure in the Finance Team.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
YES	NONE	NONE	YES	NONE

Contact Officer	Paul Hawley, Chief Accountant and Deputy Section 151 Officer, 01249 706282 phawley@northwilts.gov.uk
------------------------	---

1. Introduction

- 1.1 Revenue budget monitor reports are produced between June and February in each financial year, to track progress against the agreed budget decisions over the year and forecast any anticipated significant variances to the budget.
- 1.2 It has been agreed that each revenue monitor report will come forward to the Executive.

2 Options and Options Appraisal

- 2.1 Option 1: To note and accept the revenue budget monitor report and to approve the use of reserves to cover additional expenditure, should this prove necessary. This is the preferred option.
- 2.2 Option 2: To not approve the use of reserves to cover additional expenditure. This would cause the Council considerable difficulty as it would not be possible to fully staff the Finance Team, posing a risk to the budget setting process for 2007/08.

3. Background Information

- 3.1 This is the second Revenue Monitor Report to be presented to the Executive for the 2006/07 financial year and shows the half-year position. The report summarises the Council's financial position compared to the Budget, which assumed that £256,000 will be taken from General Fund balances. This report reflects where those balances will be spent.
- 3.2 The projected Revenue out-turn for the year, based on what we are aware of as at Month 6, shows an over spend of £619,100. Appendix 1 gives a full analysis of the half-year position.
- 3.3 The main variances are listed in Appendix 2 by Business Area.
- 3.4 There are three areas of major variance (over £100,000) from the Budget that have been identified in preparing this report.
 - Community & Environment: North Wiltshire Leisure Limited – over spend
 - Customer Services: Liability Order Income - above target income
 - Finance: Section 151 Officer costs - over spend
- 3.5 The bulk of recharges have simply been accrued to budget i.e. the actual is assumed to be the same as the budget. Work will be commencing shortly on reviewing the basis of recharges and once complete the revised allocation & apportionment bases will be used.
- 3.6 This year's budget is largely profiled in 1/12ths. As part of the 2007-08 Budget process we will be adding different profiles to reflect the income and expenditure patterns more accurately in next years accounts. Planning income in particular will benefit from this development.
- 3.7 The Capital position has been reported separately on this agenda.

4. Financial Implications

- 4.1 The effect on the Council's Reserves, if the overspend at Month 6 (September) remains, is to take the reduction in the Reserves in 2006-07 to £1,512k, as follows:

Table: Predicted Reserves at March 2007 (£000's)

Reserves at March 2006		5,128
2006-07 Planned reduction		256-
2006-07 in-year changes:		
Previously agreed	637-	
This report	<u>619-</u>	
		<u>1,256-</u>
2006-07 total change		<u>1,512-</u>
Predicted Reserves at March 2007		<u>3,616</u>

- 4.2 The CMB is exploring options to contain the overspend of £619k; the results will be reported in the next monitor.

5. Risk Analysis

- 5.1 When the budget was set by Council in February 2006, a revenue risk assessment was prepared. This risk assessment has been updated and is attached as Appendix 3 to this report. The maximum level of risk has increased from £500k [at February] to £633k, all of which is reflected in the outturn.

Appendices:	<ul style="list-style-type: none">• 1. Summary Monitoring Table September 2006• 2. Main Budget Variances: September 2006• 3. Updated Revenue Budget Risk Assessment for 2006/07
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none">• Budget monitoring reports for Teams across the Council

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
Budget Proposals 2006/2007	Council – 21 February 2006	C92.
Revenue Budget Monitor June 2006	Executive – 31 August 2006	E39.