

Date of Meeting	14th December 2006
Title of Report	Revenue Budget Monitor – Month 7
Portfolio	Leader’s Responsibilities
Link to Corporate Priorities	All
Key Decision	Yes
Executive Workplan Ref	A20
Public Report	Yes

Summary of Report

The report sets out the Revenue budget monitor for Month 7 of the 2006/07 financial year, showing the financial position at the end of October 2006 and setting out the anticipated variations in income and expenditure that could impact on the Council by the end of the financial year.

This is a revision to the report issued on the 28th November highlighting material changes arising from a meeting between officers of the Council and North Wiltshire Leisure Limited (NWLL) on November 30th, which followed the NWLL Board meeting of November 29th.

Officer Recommendations

- 1 That the Executive note the report forecasting an over spend of £48,900, a net reduction of £570,200 on the Month 6 position;**
- 2 That the Executive agree £640,200 of underspends and savings, listed at Annex 4.**
- 3 That the Executive urgently identifies ways to control the forecast costs of the three leisure centres closure security, initially estimated at £270,000.**

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	YES	YES	YES	NONE

Contact Officer	Paul Hawley, Chief Accountant and Deputy Section 151 Officer, 01249 706282 phawley@northwilts.gov.uk
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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, forecast any anticipated significant variances to the budget, and enable corrective action to be taken.
- 1.2 Each revenue monitor report will come forward to the Executive.

2 Options and Options Appraisal

- 2.1 Option 1: To find alternative ways of managing the £48,900 forecast over spend other than the use of reserves. This is the preferred option.
- 2.2 Option 2: To note and accept the revenue budget monitor report and to approve the use of reserves to cover additional expenditure, should this prove necessary.

3. Background Information

- 3.1 The projected Revenue forecast for the year, based on what we are aware of as at Month 7, shows an over spend of £48,900. Appendix 1 gives a full analysis of the half-year position.

A Month 7 forecast was prepared for the November 30th Overview Committee. The forecast reflected the decisions of the November 23rd Executive, in particular, the cost of “hot mothballing”.

- Following a meeting with NWLL on November 30th, NWDC were advised that the likely date of closure of the three leisure centres identified would be the end of March 2007, rather than December 2006. The result of this longer time-scale is that the funding of the £360,000 “hot” mothball costs will no longer be needed.
- On the 9th November, the Executive authorised the use of up to £129,000 to cover anticipated additional expenditure in the Finance Team, if there were insufficient savings. The revised position gives the hope that management will identify further savings before year-end, thus not requiring the authorisation to be triggered.

- 3.2 This position shows an improvement on the Month 6 report of circa £570,200, which masks a large number of movements. The table below shows the major reasons for the movement since Month 6.

	Note	£
Month 6 reported position		619,100
Add. Consultancy costs	1	20,000
Building Control VAT	2	178,500
Closure & on-going costs of 3 leisure centres	3	270,000
Other net movements		1,500
Less. Under spends & savings identified & Budgets frozen	4	-640,200
LABGI	5	-200,000
NWLL Provision	6	-200,000
Month 7 reported position		48,900

Notes

- 1 This is the expected cost of Consultancy for the management structure review.
- 2 The under declaration of output VAT (plus interest) estimated to arise from the accounting error identified in Building Control. This is a reduction of £171,500 on the previously reported estimate.
- 3 The estimated costs of closing & securing three leisure centre sites identified for closure. The estimated costs of closing & securing the premises are expected to be in the region of £200-£250,000 (assumed £225,000) plus, circa £15,000 per month security. The potential additional cost of insurance is as yet unquantified. (They may opt to not insure some risks instead of increasing premiums which increases our possible exposure in the event of adverse events e.g. vandalism etc.) There are no NNDR implications for the first three months after which NNDR becomes payable on empty properties at 50%.
- 4 The total under-spends identified by management subsequent to last month's report are set out at Annex 4, and in summary are:
 - Community & Environment £234,000
 - Corporate Services £169,900
 - Customer Services £139,300
 - Planning £ 97,000
 - Total £640,200
- 5 An additional £200,000 LABGI grant is expected in February 2007 bringing the 2006/07 total to £470,000.
- 6 It was agreed at the November 23rd Executive that there would be no further payments over and above the £818,000 management fee, and the £500,000 exceptional payment. Any further payments in 2006-07 would form an advance on the 2007-08 management fee, as permitted by the agreement between the two parties.
- 7 For analysis by Business Area, see Appendix 2.

3.3 The forecast position assumes that £941,000 will be taken from General Fund balances. This report reflects where those balances will be spent.

3.4 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 7 (October) remains, is to take the reduction in the Reserves in 2006-07 to £941,000, as follows:

	£000's	£000's
General Fund Reserves at March 2006		5,128
2006-07 Budgeted reduction	-256	
2006-07 In year changes:		
Previously agreed	-637	
This report	-48	
		-941
Predicted General Fund Reserves at March 2007		4,187

4.2 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.

4.3 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.

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 decreased from £500k [at February] to £433k, all of which is reflected in the outturn.

Appendices:	<ul style="list-style-type: none"> • 1. Summary Monitoring Table October 2006 • 2. Main Budget Variances: October 2006 • 3. Updated Revenue Budget Risk Assessment for 2006/07 • 4. 2006/07 Under spend & Savings Review
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.
Revenue Budget Monitor Sept 2006	Executive – 9 November 2006	E79.
The future of Leisure Provision	Executive – 23 November 2006	Resolutions 1-8