

REPORT TO THE EXECUTIVE

Report No. 7

Date of Meeting	18th January 2007
Title of Report	Revenue Budget Monitor 2006/07 – Month 8
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 8 of the 2006/07 financial year, showing the financial position at the end of November 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

- 1. That the Executive note the report forecasting an over spend of £32,500, a net reduction of £16,400 on the Month 7 position; and**
- 2. That the Executive note the £651,000 of under spends and savings identified to date, listed at Annex 4.**

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

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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 monthly revenue monitor report will be presented to the Executive.

2 Options and Options Appraisal

- 2.1 Option 1: To find alternative ways of managing the £32,500 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 8, shows an over spend of £32,500. Appendix 1 gives a full analysis of the half-year position.
- 3.2 This position shows an improvement on the Month 7 report of circa £16,400. The table below shows the major reasons for the movement since last month.

	Note	£
Month 7 reported position		48,900
Add. Cleansing & Amenities	1	11,500
Interest & Investment Income	2	11,000
Less. Community & Environment	3	-36,000
Other net movements		-2,900
Month 8 reported position		32,500

Notes

- 1 The Cleansing & Amenities forecast position has deteriorated month on month by £11,500. The recent Rounds review is estimated to add £24,500 over spend whilst further savings on staff of £3,000 & wheeled bin repairs of £10,000 have been identified.
- 2 Forecast returns of Interest & Investment Income have deteriorated by £11,000 this month largely due to poorer than expected investment returns from our Fund Managers.
- 3 The Community & Environment position has improved by £36,000 in November. Savings have been made on CAB Grant (£23,200), staffing freeze (£9,300), Caravan sale commission (£8,500), other net savings reductions (£5,000)
- 3.3 The forecast position assumes that £925,500 will be taken from General Fund balances. This report reflects where those balances will be spent.

- 3.4 The total under-spends identified by management reported last month was £640,200. Further savings have been identified during November bringing the total to £651,000 (see Annex 4 for details) An additional target of £50,000 was set during December to ensure that the Council does not need a further call on it's reserves this year, all other things being equal.

Business Area	Last Month	Additional Target	Revised Target	This Month
Chief Executive	0.0	400	400	400
Community & Environment	234,000	15,800	249,800	256,700
Corporate Services	169,900	6,200	176,100	168,400
Customer Services	139,300	23,500	162,800	128,500
Planning Services	97,000	4,100	101,100	97,000
Total	640,200	50,000	690,200	651,000

- 3.5 The Capital position is the subject of a separate report

4. Financial Implications

- 4.1 The effect on the Council's Reserves, if the overspend at Month 8 (November) remains, is to take the reduction in the Reserves in 2006-07 to £925,500, as follows:

	£000's	£000's
General Fund Reserves at March 2006		5,168.0
2006-07 Budgeted reduction	-256.0	
2006-07 In year changes:		
Previously agreed	-637.0	
This report	-32.5	
		-925.5
Predicted General Fund Reserves at March 2007		4,242.5

- 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 £443.7k, all of which is reflected in the outturn.

Annexes:	<ul style="list-style-type: none"> • 1. Summary Monitoring Table November 2006 • 2. Main Budget Variances: November 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