

Title: **Financial Monitoring 2006-07**

Portfolio Holder: **Cllr Carbin – Finance Portfolio Holder**

Reporting Officer: **Steve Harding – Management Accountant**

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### **Purpose**

To inform members of the Council's financial position for the period ending 31 October 2006.

### **Background**

#### ***Capital Expenditure***

- The approved capital programme for 2006-07 was set at £3.271million gross.
- Slippage from previous years of £1.952million gross has been approved.
- Additional schemes costing £0.227million have been added to the 2006/07 programme and one scheme estimated at £0.100 million has been removed, giving a total gross budget of £5.350million. £0.493m of joint funding commitments are likely to slip into future years.
- The profiled gross budget to 31 October is £1.526million. The profiling has been reviewed to reflect the latest project scheduling.
- Gross spend to 31 October is £1.505million. Compared to the profiled budget the under spend is £0.021m.

#### ***Investment Income***

The performance of the Council's investments to 31 October 2006:

- Average amount invested £ 11,092,425
- Total return £ 304,919
- Rate of return 4.69%
- Average 7 day notice rate 4.75%
- Total investment income received to date is £305k. The net investment budget for the year was £424k. The current forecast for the year is £454k.

#### ***General Fund Spend to Date***

- The base budget for 2006/07 is £13.968m.

- Expenditure to 31 October 2006 for the General Fund is £7.428m.
- Compared to the profiled budget the under-spend is £1.040m, the main reasons being outstanding contract payments on waste collection and other timing differences.

### ***Projected General Fund Out-turn***

- The projected out-turn on the General Fund is £13.763m.
- A reduction in the time to lodge appeals and decision call-ins will result in further costs of £50k in defending planning appeals giving a total of £65k greater than estimated. This does not allow for any costs that may be awarded against the Council where appeals are successful.
- The Council received rate refunds totalling £57k in 2003/04 and 2004/05, however the consultants who handled that appeal are now due fees of £15k under their agreement.
- Income from car parking will not reach the budget and is currently forecast to be £47k less. The cost of replacing the signs following the review was £9k, for which there is no provision.
- The cost of water and electricity at Bradley Road offices will be £13k higher than estimated; however these will be offset by a rate refund of £24k.
- Temporary staff employed to deal with enquiries following problems with the refuse service have cost £7k but this can be funded from savings on the publicity budget for recycling. Eventually there will be a significant saving from penalties on the refuse contract, but these have yet to be agreed.
- The grants payable for community halls has been over-budgeted by £10k.
- Pest control income from the treatment of wasps is £5k below estimate.
- *Staff vacancies will lead to an underspend of £48k.*
- The need for professional legal advice will require additional legal fees of up to £20k. Corporate Management Team will be considering the future demand for legal work and how this can be resourced.
- Council Tax and NNDR recovery procedures are generating additional court cost income of £43k.
- Slippage in the capital programme and an increase in interest rates will generate £30k investment income.
- The tender of the insurance contract will generate a saving of £98k this year. *It has also been confirmed that we will receive a rebate of £60k because of our good claims record.*
- Despite continuing to issue significant numbers of new bus passes, there will be a saving of £20k on concessionary fares this year due to a fixed price. However there will be a significant increase in expenditure next year.
- The changes to the corporate management structure will save £46k.

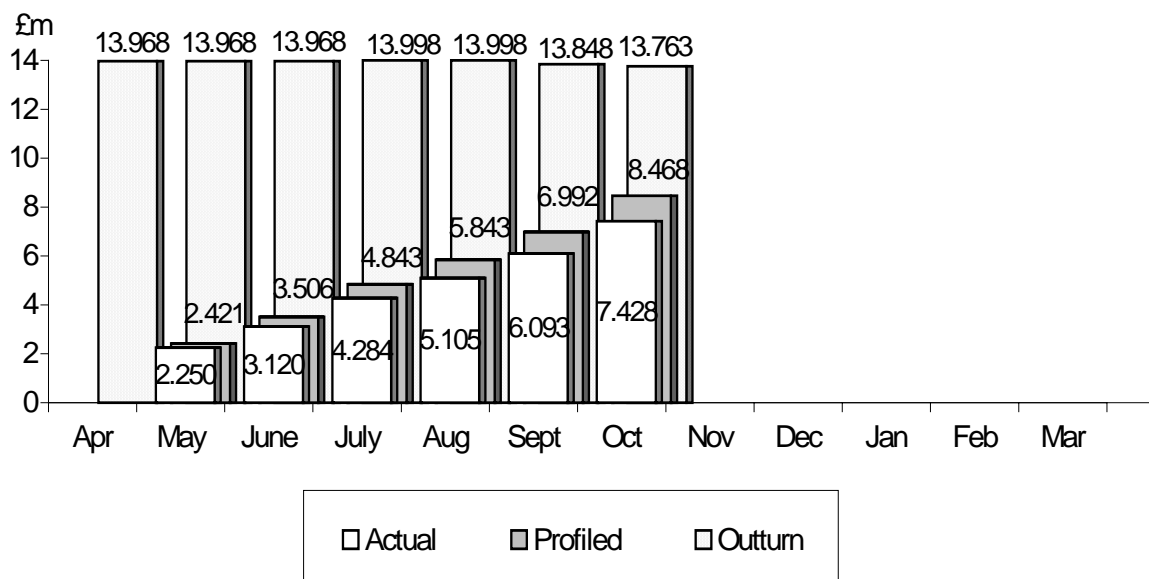
The main changes are:

		£m
Base Budget		13.968
		£k
Additional Costs:		
Planning appeals	65	
Rating appeals	15	
Car parking income	47	
Car park signs	9	
Bradley Road – electricity & water	13	
Temporary staff – waste	7	
Pest control income	5	
Legal fees	<u>20</u>	
		181
Savings:		
Bradley Road - rates	(24)	
Recycling	(7)	
Salaries	(48)	
Halls	(10)	
Court costs income	(43)	
Investment income	(30)	
Insurance	(158)	
Concessionary fares	(20)	
Corporate management	<u>(46)</u>	
		(386)
Projected Out-turn		<u>13.763</u>

**The projected year-end surplus is £ 205K**

A graph showing the month by month changes is given below:

**General Fund Month by Month Analysis**



## **Contingency Fund**

The position on the contingency fund is:

	£k
Base Budget	100
Allocated: Planning appeal costs	<u>(32)</u>
Balance	68

- Corporate Management Team agreed to the use of the contingency fund to meet the cost of successfully defending the Council's affordable housing policy at a planning appeal.

## **Key Issues**

- There is also a saving of £78k to date on the past pension contributions to the pension fund. These contributions are towards the deficit and will have to be made at some point. Officers are in discussion with Wiltshire County Council over the possibility of making lump sum contributions and avoiding increased costs in future years.
- There are substantial costs on major planning appeals that the Council has lost that will have to be funded this year. The contingency fund will initially be used to cover this unforeseen expenditure with any balance falling to the general fund.
- CMT have identified 'one-off' pressures and service improvements totalling £238k to be funded from the current underspend and any savings on the refuse contract in the current year when these have been agreed. These are listed at appendix A

## **Effect on strategies and codes**

None

## **Risk management implications**

None

## **Finance and performance Implications**

These are contained in the report

## **Legal and human rights implications**

None

## **Next steps**

The overall position is being monitored and regular reports will be presented to Corporate Management Team, Cabinet, Audit Committee and Scrutiny Committee.

**Recommendation**

Members review the report and raise any areas of concern.

**Background papers:**

Budget monitoring papers October 2006 in Financial Services room F35

## Appendix A

<b>Service Detail</b>	<b>£k</b>	<b>Reasons for use</b>
Legal fees	10	To support additional external work not provided for within service budget
Housing legal advice	20	Support challenge against previous legal advice
Parks and Open Spaces client officer	10	Strengthen contract monitoring role for new contract Supports Internal Audit report recommendations on contract management
Member Standards investigations	10	Cost of investigation not within existing budgets
Reputation project	30	Leaflets and stationery to back Customer First launch. Publicity Customer First launch. Improved signage etc to be confirmed.
Concessionary fares admin (pt temp post for 1yr)	10	40% increase in number of bus passes issued monthly new applications was 20 per month now 20 per day part time temp post required for 1 year to support existing full time post new scheme likely from 1 April 2008
Customer Services (2 ft temp 1yr and 2 pt temp)	65	Staffing structure required to support Customer Services Unit launch To deliver a high quality service 12 full time Customer Service Advisors
Depot admin post (ft 1 yr temp)	25	Temporary full time post to retain admin function Pending letting new contracts. To assist Customer First improvements.
Capacity based backup software (3yr license)	13	Invest to save Change to pay by volume rather than individual systems Implement improved storage without additional costs One off payment for 3 years
Lagan customer first (training and data link – LLPG)	5	System admin training to populate Lagan address database
Policy and Communications future structure	40	Temporary arrangements for the delivery of council work priorities and the Wiltshire Improvement Partnership (WIP) capacity building programme 2 temporary posts for 18mths - 2 years
<b>Total projected cost</b>	<b>238</b>	