

Title: **Financial Results 2006/07**

Portfolio holder: **Cllr While – Finance**

Reporting officer: **Ian Jamieson – Head of Finance**

Key decision: **No**

Purpose

To inform Cabinet of the out-turn for 2006-07.

Background

Financial monitoring is on going throughout the year with monthly reports to Corporate Management Team, Cabinet and quarterly reports to Scrutiny. This system is one of the key controls underpinning 'Sound Financial Management'.

A key element of the system is the detailed monitoring of high risk expenditure and income budgets supported by regular meetings with budget holders. This provides an early indication of significant changes and allows prompt action to be taken during the year.

The year-end closedown has gone well with provisional financial results available on 23 May, well in time to meet the statutory deadline of 30 June for the publication of the statement of accounts.

The out-turn results have been considered by Corporate Management Team, capital slippage and revenue funding carryovers were reviewed and challenged. Partnership working has resulted in the need for greater flexibility, as budgets are required to finance projects over a number of years.

Financial Performance

Capital Programme Expenditure and Resources

The programme was updated to reflect the project monitoring work undertaken by Corporate Management Team and Service Managers resulting in revised forecasts.

- Revised capital programme budget gross £4,940,907 net £3,505,165
- Net spending was £2,299,138.(gross expenditure £3,598,424 less capital grant/contributions of £1,299,286)
- A cash underspend of £1,206,027

- Spending was lower due to slippage of £1,381,299 to the 2007/2008 capital programme. The largest projects being telephone system £262,860, five town initiative £219,153 and cemetery provision £283,000.
- Overall after slippage there was a net overspend of £4,412. A small amount representing 0.12% of the capital programme budget.
- Balance of capital resources for future is estimated at £1.8 million.
- Details of individual schemes are shown in Appendix A.

Investment Income

The average return was close to the benchmark. The total investment income received exceeded the budget largely due to delays in spending the capital programme and interest rates being higher than originally anticipated.

- The Average Fund Balance was £11,313,868
- The average return was 4.86%
- The average benchmark return was 4.82%
- Base budget for the year was £439,500.
- Total investment income received was £599,013; this was £109,513 more than the base budget.

General Fund

This was another challenging year with final expenditure being less than anticipated. This was primarily due to increased investment income, increased commercial property income, reduced insurance premium and increased housing subsidy. This was partially offset by increased planning appeal costs and housing sewerage costs.

- The spending on the Council's running costs within the General Fund was £13.415 million in 2006-07.
- The out-turn was £0.553m less than the base budget of £13.968 million.

However, a number of adjustments need to be made in respect of schemes agreed in 2006/07, which result in spending in 2007/08.

Description	£000's
Cabinet 28 June 2006 agreed £85k use of reserves	30
Cabinet 22 November 2006 agreed £238k for budget pressures	170
Capital slippage revenue consequences telephone project	43
Revenue contribution to capital from previous year not actioned	39
Leisure and recreational needs project expenditure	29
Economic regeneration project expenditure	36
	347

The impact of adjusting for the above is to give a revised expenditure for monitoring purposes of £13.762 million. This gives an underspend of £206,000 equating to 1.5% of the net revenue budget.

The key variations are detailed below:

Underspend from the base budget

- Commercial property income £74k
- Insurance reduced premium £169k
- Investment income increase £110k
- Housing benefits subsidy £108k

Overspend against base budget

- Planning appeal costs £132k
- Housing sewerage - stock transfer commitment £40k

Reserves

General Fund Reserve

The table below shows the effect of the year-end results on the reserve.

	£k
Opening balance as at 1 April 2006	1,385
General Fund surplus	553
Closing balance as at 31 March 2007	<u>1,938</u>
Less: activity 2007/08 (Appendix B)	(450)
Closing balance as at 31 March 2008	<u>1,488</u>
Recommended risk based balance	(1,300)
Resources available	<u><u>188</u></u>

The current level of balances recommended by the Head of Finance is £1.3m. However, this will be reviewed as part of the Medium Term Financial Plan update and reported to Cabinet in the autumn.

The surplus resource of £188,000 is available to ease budget pressures in 2008/09.

The planned spend of 2006/07 resource in 2007/08 is detailed in Appendix B. Other significant reserves are listed at Appendix C.

Summary

The out-turn for the year is better than the forecast reported to Members through the monitoring process to Cabinet. The results reflect successful financial management throughout the year. It should be noted that the figures presented here are subject to audit. Any significant adjustments resulting from the audit will be reported at the earliest opportunity.

Effect on strategies and codes

These are contained in the report.

Risk management implications

These are contained in the report.

Finance and performance implications

These are contained in the report.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

A review of the Corporate Plan priorities will be carried out to inform the resources required for 2008/09 and future years budgets.

Recommendations

- Agree slippage of £1.381 million in respect of capital programme in Appendix A
- The Cabinet budget commitments of June and November 2006 amounting to £200,333, listed in Appendix B are noted and funded from the General Fund Balance.
- Agree the funding of identified priorities of £250,113 listed in Appendix B from the General Fund Balance.
- Agree levels of significant reserves listed in Appendix C.
- Agree the allocation of the surplus £188,000 General Fund Balance towards easing 2008/09 budget pressures
- That the revenue and capital out-turn for 2006-07 and the position on the General Fund Balance at 31 March 2007 is noted.

Background Papers: Final Accounts Working Papers F35