

Title: **Financial Monitoring 2007-08**

Portfolio Holder: **Cllr While – Finance Portfolio Holder**

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

Key Decision: **No**

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### **Purpose**

To inform members of the Council's financial position for the period ending 30 September 2007.

### **Background**

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

- The approved capital programme for 2007-08 was set at £2.582million gross.
- Slippage from previous years is £1.381 million gross.
- New play areas, funded by S106 contributions, of £47k have been added.
- The profiled gross budget to 30 September is £1.686 million.
- Gross spend to 30 September is £1.203 million, which is £0.485m less than forecast. This is mainly due to the expenditure on computer projects, photocopying/ printing contract and Five Towns Initiative being less than anticipated.

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

The performance of the Council's investments to 30 September:

- Average amount invested £ 10,409,475
- Total return £ 295,665
- Rate of return 5.67%
- Average 7 day notice rate 5.64%
- Total investment income received to date is £296k. The investment income budget for the year is £304k. The forecast for the year has been reviewed because of the recent increase in interest rates and a review of the capital programme. The latest forecast is £580k.

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

- The base budget for 2007/08 is £14.879m.

- Expenditure to 30 September for the General Fund is £6.305m.
- Expenditure is £0.721m less than the profiled budget the main reasons being the delay in the pay reform and pay award, outstanding refuse contract payment and other timing differences.

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

The projected out-turn on the General Fund is £14.669m.

#### Additional Costs

- The audit fee for work planned by the Audit Commission will cost £15k more than budgeted.
- *Increased take-up and increased charges from the bus companies will mean that expenditure on bus passes will rise to £910k this year, £105k more than budgeted.*
- *Car parking income is below expectations and could be £38k below the budget by the year end. Improvements to CCTV and maintenance of equipment will cost £16k.*
- *An amount of £70k has been allocated to cover the costs of temporary employees (backfilling, agency and recruitment) arising from LGR and other projects.*
- *Building control fee income is below expectation and there could be £20k shortfall by year end.*
- CMT have agreed to extend the contracts of temporary staff in the CSU, which will cost £24k and severance costs from the restructuring to create the CSU have cost £30k.

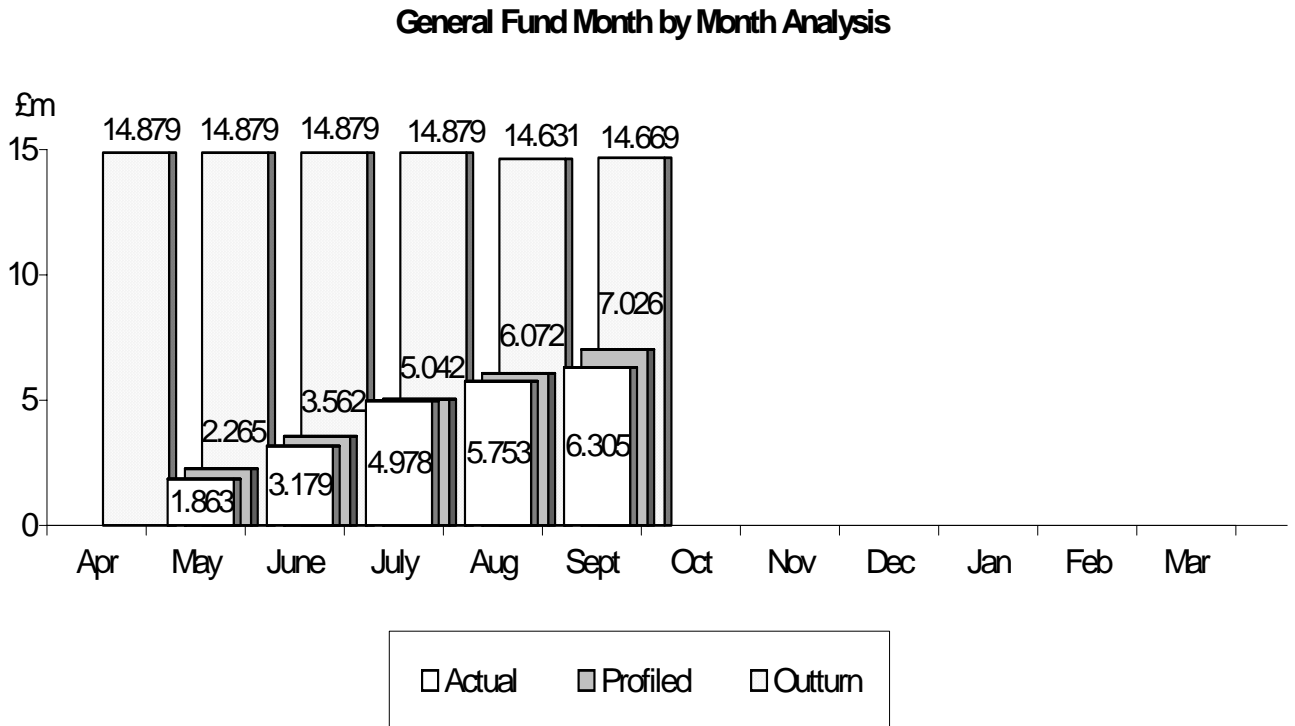
#### Savings

- *Investment income will increase by £276k.*
- *Vacancies are generating a saving on past pension costs, which will reach around £150k by the end of the financial year.*
- The Government have revised the LABGI allocations for 2005/06 and 2006/07, which resulted in a further £102k being allocated to the authority.

Base Budget		14.879
		£k
Additional Costs:		
	Audit fee	15
	<i>Concessionary Fares</i>	105
	<i>Car parks</i>	54
	<i>Temporary employees</i>	70
	<i>Building Control</i>	20
	CSU	<u>54</u>
		318
Savings:		
	<i>Investment income</i>	(276)
	<i>Past pension costs</i>	(150)
	LABGI	<u>(102)</u>
		(528)
Projected Out-turn		<u>14.669</u>

**The projected year-end surplus is £ 210K**

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



### Contingency Fund

The position on the contingency fund is:

	£k
Base Budget	100
Allocated:	
Judicial review	30
Closed churchyards safety works	10
Depot safety works	20
Tree safety works	<u>20</u>
Balance	<u>80</u> 20

Subject to the consideration of a report on Local Government Reform elsewhere on the agenda £30k may be contributed towards Shrewsbury and Atcham's costs of appealing the judicial review.

Urgent health and safety works have been identified and Corporate Management Team has agreed that these should be funded from the contingency fund.

### Key Issue

- Following the announcement on local government reform the Corporate Management Team is reviewing service plans and the capital programme.
- A report elsewhere on the agenda is considering the future of the multi-storey car park. The projected year-end surplus would be available to fund some of the work.

**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 and Scrutiny Committee.

**Recommendation**

That Cabinet;

- a) Notes the current financial position and likely out-turn, and
- b) Considers the possible use of the projected surplus.

**Background papers:**

Budget monitoring papers September 2007 in Financial Services room F35.