

Agenda Item No. 6

Title: **Financial Results 2007/08**

Portfolio holder: **Cllr While – Finance**

Reporting officer: **Ian Jamieson – Corporate Director
(Chief Finance Officer)**

Key decision: **No**

Purpose

To inform Cabinet of the out-turn for 2007/08.

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 28 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 £3,425,939 net £2,404,178.
- Net spending was £1,483,614 (gross expenditure £2,598,529 less capital grants/contributions of £1,114,915).
- A cash underspend of £920,564.

- Spending was lower due to slippage of £699,764 to the 2008/09 capital programme. The largest projects being £267,965 for cemetery provision and infrastructure and £230,944 for five town initiative.
- Overall after slippage there was a net under spend of £231,520, which equates to 9.6% of the capital programme budget. This is a real saving on capital resources as projects will no longer be required.
- Balance of capital resources for future is estimated at £0.900 million.
- Details of individual schemes are shown in Appendix A.

Investment Income

The average return was a quarter percent above 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 £10,108,967
- The average return was 5.81%
- The average benchmark return was 5.58%
- Base budget for the year was £304,500.
- Total investment income received was £592,275; this was £287,775 more than the base budget.

General Fund

The final expenditure was less than anticipated. This was primarily due to increased investment income, savings on reduced payments for past pension costs due to staff vacancies and an unexpected additional funding through the local authority business growth grant. This was partially offset by increased concessionary fares costs, maintenance of leisure sites and employment of temporary staff.

- The spending on the Council's running costs within the General Fund was £14.354 million in 2007/08.
- The out-turn was £0.521 million less than the base budget of £14.875 million.

The last monitoring report as at the end of February projected an under spend of £0.064 million. The major differences are shown below:

	£k
Reported surplus as at 29 February 2008	64
General fund surplus before reserve requests	521
Difference	<u>457</u>
Analysed by:	
Local Authority Business Growth Grant (LABGI)	283
Creditor provision clearance	75
Commercial property income	27
Housing Services & Member support	<u>72</u>
	457

The creditor provision relates to goods and services received in the old year that were to be paid in the new year. The creditor provision in total was £1.286m of which £75k was not required.

The under spend in housing is across all services and came about through setting aside money for a potential future liability. The under spend in member support was due to staff vacancies.

The key variations are detailed below:

Underspends from the base budget

- Local Authority Business Growth Grant £386k
- Investment income increase £288k
- Past pension costs £210k

Overspends against base budget

- Concessionary fares £130k
- Maintenance of leisure sites £80k
- Temporary staff £70k

General Fund Balance

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

	£k	£k
Opening balance as at 1 April 2007		1,938
Agreed funded activity in 2007/08	(336)	
Surplus against net spend and before requests	521	
General Fund balance before reserve requests		<u>2,123</u>
CMT agreed 2007/08 reserve requests	(374)	
Multi Storey Car Park	(200)	
Reserves no longer required	105	
Local Government Reorganisation	(128)	
Total reserve requests		<u>(597)</u>
Closing balance as at 31 March 2008		<u>1,526</u>
Less:		
Recommended risk based balance	(900)	
Contingency	(100)	
Resource used for 2008/09 budget	(188)	
		<u>(1,188)</u>
Resources available		<u>338</u>

The current level of balances recommended by the Chief Finance Officer is £0.900 million, £0.188 million was identified as resource to fund the 2008/09 budget and a further £0.100 million is required as contingency during 2008/09.

Corporate Management Team agreed 2007/08 reserve requests are detailed in Appendix B. Other significant reserves are listed at Appendix C.

The surplus resource of £338,000 is available to meet spending priorities in 2008-09. The table below shows CMT and member identified pressures that may wish to be considered for allocation of the surplus resource in 2008/09.

Identified Pressure	£
Section 106 Agreements resourcing	40,000
Development Control	100,000
Improving Streetscene	100,000
Transforming Trowbridge	30,000
Legal staffing cover	12,000
Biss meadow path/bridge	7,000
Total Identified	289,000

A reserve list of urgent projects is being put together that could be delivered within a short time span. This will be used to allocate any additional surplus funds that arise during 2008/09.

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 year's budgets.

Recommendations

- Agree slippage of £0.700 million in respect of capital programme in Appendix A

- Agree the funding of reserve requests listed in Appendix B from the General Fund Balance.
- Agree levels of significant reserves listed in Appendix C.
- Agree the allocation of the surplus £338,000 General Fund Balance towards funding identified pressures in 2008/09.
- That the revenue and capital out-turn for 2007-08 and the position on the General Fund Balance at 31 March 2008 is noted.

Background Papers: Final Accounts Working Papers F35