

Title:	Financial Monitoring 2008-09
Portfolio Holder:	Cllr While – Finance Portfolio Holder
Reporting Officer:	Andy Brown – Finance Service Manager
Key Decision:	No

Purpose

To inform Cabinet of the Council's financial position for the period ending 31 January 2009.

Background

Capital Expenditure

Summary

- The approved capital programme for 2008-09 was set at £1.937 million gross.
- Slippage from previous years of £0.700 million gross has been added.
- A reduction in the capital programme of £0.148 million gross was approved by Cabinet at its meeting on 3 September 2008 and Council on 22 October 2008.
- New play areas funded by S106 contributions of £53,151 have been added to the programme.
- Town Council and revenue contributions to new play areas have been added to the programme to the value of £58,443.
- A contribution of £12,538 has been received from WCC for PC replacement
- A contribution of £37,830 has been received from the Department of Culture, Media and Sport for a free swimming programme.
- The revised capital programme now stands at £2.651 million gross.

Monitoring

- The profiled budget to 31 January is £1.724 million.
- Gross spend to 31 January is £1.479 million, which is £0.245 million lower than forecast.
- The forecast spend is £2.289 million, which is £0.361 million lower than the budgeted programme.
- £0.357 million has been identified against schemes that will now slip into next financial year. This includes £0.156 million of earmarked schemes on the five town initiative project and £0.152 million on cemetery related schemes. An amount of £4,000 has been identified as a saving.
- The changes detailed above mean that the capital programme can be financed from within existing resources and borrowing will not be required.

Investment Income

The performance of the Council's investments to 31 January 2009:

- Average amount invested £ 9,836,354
- Total return £ 411,818
- Rate of return 4.99%
- Average 7 day notice rate 4.27%
- The investment income base budget for the year is £461k
- Total investment income received to date is £411k.
- The current year end forecast is for a shortfall on investment income of around £25k, this is due to the recent reductions in interest rates.

General Fund Spend to Date

- The base budget for 2008/09 is £15.364m.
- The profiled budget to 31 January is £12.205m.
- Expenditure to 31 January for the General Fund is £11.407 million
- Expenditure is £0.798 million less than the profiled budget, the main reason being outstanding refuse contract payments and other timing differences.

Projected General Fund Out-turn

- The projected out-turn on the General Fund is £14.768m.
- Land charges income and building control income is expected to be £48k and £80k below budget respectively due to the current tough market conditions.
- The land charges overspend can be offset by the reduced cost in payments to the county land charges section of £60k against budget.
- Previous provisions made at the end of last financial year that are no longer needed equate to a £150k saving.
- Concessionary fares is expected to be around £90k less than budgeted due to the increase in travel being less than anticipated.
- The final stage of Local Authority Business Growth Incentive (LABGI) grant of £84k has been announced.
- Development control income is forecast to exceed the approved budget by £70k due to the receipt of a number of major planning applications.
- The annual canvass of electors is being undertaken by the early amalgamated elections service. The council has resourced the newly amalgamated service, now based in Chippenham.
- The annual amount taken as interest from the balance of the council's section 106 funds that are used to fund annual maintenance of its adopted open spaces is expected to be around £30k more than budgeted.
- Car parking income is forecast to be a further £25k more than budget.

The forecast year end surplus now stands at £596k. Future LGR costs, arising from the approved early termination of posts, are currently estimated at £945k.

Wiltshire County Council gave consent for £200k to be funded from the Council's general fund reserve. However, due to the increased operational surplus in the current year it is estimated that only £49k will be needed.

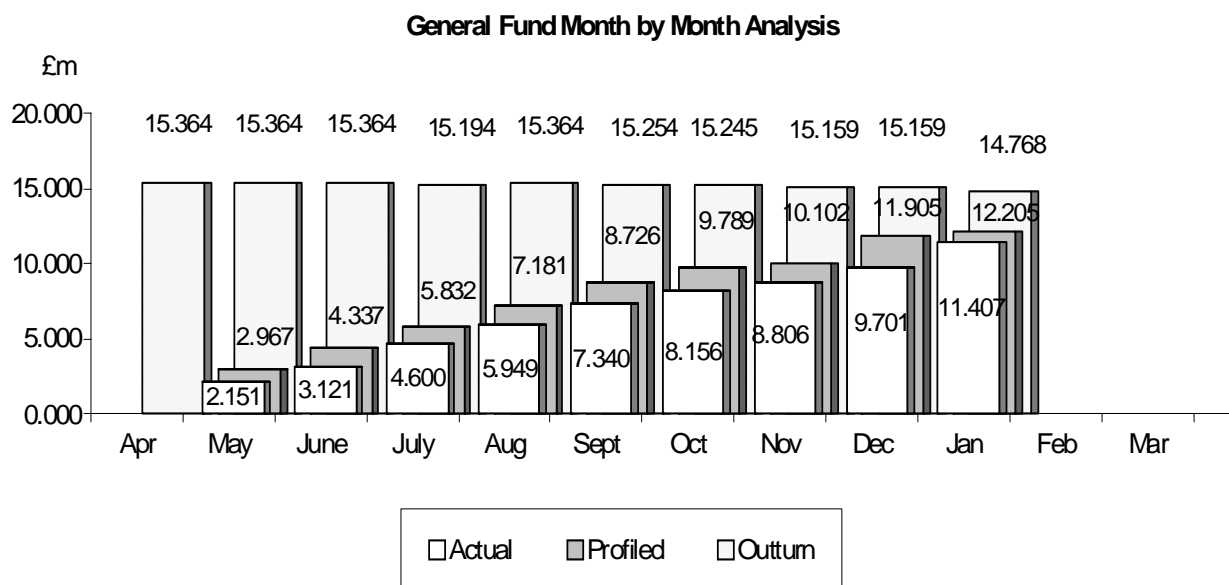
The actual termination costs and the balance to be funded from the general fund reserve will not be known until the council's out-turn position is finalised at year end.

	£K
Reported operational surplus (see below)	596
Contingency fund & LGR reserve	200
Bad debt provision	100
Balance from general fund	49
Funding for LGR costs	945

The table below shows the movement on the projected general fund out-turn.

	£m	£m
Base Budget		15.364
Additional Costs:		
Previously reported	0.668	
Movements since last report:		
Building control income	0.080	
Land charges income	0.048	
Investment income	0.025	0.821
Savings:		
Previously reported	(0.873)	
Movements since last report:		
Release of year end accruals	(0.120)	
Concessionary fares	(0.090)	
LABGI grant	(0.084)	
Development control income	(0.070)	
Land charges payable to WCC	(0.060)	
Annual canvass of electors	(0.035)	
Licensing increased income	(0.030)	
Annual funding from S.106 funds	(0.030)	
Car parking income	(0.025)	(1.417)
Projected Out-turn		14.768
Projected year end surplus/(deficit)		0.596

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



Identified Pressures and Additional Investment

Pressures of £289k were identified following the year end financial results report. Funding was allocated from the general fund reserve to address these pressures.

Additional investment of £230k has also been carried out using current year operating surplus, as identified by Cabinet at its July meeting.

Appendix A provides a listing of the items identified, the funding allocated against them and the current position.

General Fund Reserve

The balance and movement on the general fund reserve is shown below.

	£m	£m
Opening Balance		1.526
Resource used for 2008-09 budget	(0.188)	
Resource used for contingency	(0.100)	
Identified pressures	(0.289)	
Estimated balance to meet LGR costs	(0.049)	
		(0.626)
Projected closing balance to transfer to new authority 1 April 2009		0.900

Transfer of earmarked reserves to Wiltshire Council

In addition to the transfer of the £900k general fund reserve, the council will also be transferring several earmarked reserves on 1 April 2009.

As mentioned previously in the capital monitoring, the five towns' initiative project has been identified as slippage into 2009/10. An Internal Audit report has confirmed the status of projects with each of the towns and this has formed the basis for earmarking the sum of £156k for completion of the 'five towns' work, which will transfer to Wiltshire Council.

This council has also identified provisions and reserves, which can be reduced or released to add to the already created PFI reserve. This will provide additional £150k resource to ensure the project is well placed to achieve completion.

Contingency Fund

The position on the contingency fund is shown below. The full allocation has been earmarked to fund the identified LGR costs:

	£m
Base Budget	0.100
Allocated to LGR costs	(0.100)
Balance	<u>0</u>

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 forecast position will be monitored by CMT until 31 March 2009. The reporting of the actual position will be the responsibility of the new council.

Recommendation

That Cabinet:

- Notes the current financial position and the projected likely out-turn.

Background papers:

Budget monitoring papers December 2008 in Financial Services room F35.

Appendix A

Identified Pressures	Approved Cabinet	Amount £k	Committed Ordered £k	Spend to Date £k	Balance £k	Comment
Section 106 Arrangements	2 July 2008	40	8	12	20	Balance reallocated for additional investment projects
Development control:						
Agency Planners	2 July 2008	60	-	60	-	Over and above agency covering salary and budgeted staff
Professional fees re PFI	2 July 2008	20	5	15	-	Consultants have been engaged
Professional fees re appeals	2 July 2008	20	-	20	-	Budget now all allocated
Improving Streetscene:						
Black Box Participation Survey	2 July 2008	30	-	30	-	Survey undertaken and completed
Gum Clearance	2 July 2008	11	1	10	-	Work completed
Planting Schemes	2 July 2008	44	16	23	5	£16k committed to date (orders placed or quotes requested), balance to be spent by March
Recycling Advertising	2 July 2008	15	10	5	-	Remainder should be spent by March
Transforming Trowbridge	2 July 2008	30	20	10	-	Consultancy support for St Stephens / Castle Place. Anticipated to be spent by Feb 2009
Legal Staffing Cover	2 July 2008	12	-	12	-	Temp staffing cover in place
Biss Meadow Path / Bridge	2 July 2008	7	-	7	-	Work now completed
		289	60	204	25	

Additional Investment	Approved Cabinet	Amount £k	Committed Ordered £k	Spend to Date £k	Balance £k	Comment
Play Areas – repairs	3 Sept 2008	97	37	60	-	Orders placed for works, majority of spend to go out in Feb with remainder in March
Play Areas – new equipment	3 Sept 2008	23	-	23	-	
Multi-Storey Car Park	3 Sept 2008	20	8	12	-	Security firm hired to undertake extra security
Tree Surgery	3 Sept 2008	10	-	10	-	Work completed
Signage at Recycling Bring Sites	3 Sept 2008	5	4	1	-	Around £4k of spend/commitments. Project is in progress, awaiting sign-off of artwork from WCC
Building Control (certification)	3 Sept 2008	25	10	15	-	Short-term post employed will be spent by end of March
Public Conveniences	3 Sept 2008	5	-	5	-	Work completed
Leisure Energy Saving	3 Sept 2008	20	-	20	-	DC Leisure contractor has carried out works
Litter Picking	3 Sept 2008	25	15	10	-	Orders placed will be spent by March
		230	74	156	-	