

Subject: Financial Monitoring 2009/10:
Month 10 – end January 2010 **Status:** For Publication

Report to: Cabinet **Date:** 17th March 2010

Report of: Finance Manager

Portfolio Holder: Finance and Resources

Key Decision: No

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to update Members on financial matters, including the General Fund budget monitoring for 2009/10, the Capital Programme and Treasury matters.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report are linked to and support each of the Council's priority areas however in particular they impact on following:
- *Providing value for money services* - strong financial control ensures the effective management of the Council's resources, which then enables the provision and delivery of value for money services.

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendations in this report have involved risk considerations as set out below:
- 3.1.1 Financial monitoring of General Fund service departments focuses on the key risk areas of employee costs, income, agreed budget savings, emerging issues and opportunities and in particular service department net costs.
- 3.1.2 Risks associated with treasury management practices are managed within the Council's Treasury Management Strategy included in the Medium Term Financial Strategy approved in February 2009.

- 3.1.3 The delivery of capital receipts continues to be a prime area of focus for the Council in supporting its corporate priorities, as does the connection between physical and financial delivery of the projects within the capital programme.

4. BACKGROUND AND OPTIONS

- 4.1 Below is an executive summary of the new full monthly financial monitoring report for the end of January 2010, attached at Appendix 1. In the interests of providing a more comprehensive financial picture to both Members and Management, this improved report is now being more widely circulated, hence the covering report here presents only the main findings.

4.2 General Fund (revenue) – pages 4 to 23

- 4.2.1 The out-turn favourable impact on General Fund as at the end of December compared to budget for 2009/10 is £380k. This represents a favourable movement of over £27.6k from the forecast at the end of December.
- 4.2.2 This favourable variance of £380k would potentially result in the General Fund Reserve at 31st March 2010 being £1,259k (see below), though the revenue budget carry-forward rules would identify £221k of this for one-off improvement projects in 2010/11, leaving the General Reserves in 2010/11 at £1,038k against a recommended maximum of £1m.

General Fund Reserves	£000
Total Balance at 1st April 2009	942.0
Less 50% service allowance	(45.0)
Communities	(5.0)
Member Training	(13.0)
Regeneration	
Plus expected contribution from 2009/20 operations	380.0
Total Balance estimated as at 31st March 2010	1,259.0
Less 50% service carry forward allowance to 2010/11	(105.0)
Place Directorate	-
Business Directorate	
Corporate Directorate	(116.0)
Net Balance available in 2010/11	1,038.0

4.3 Earmarked Revenue Reserves – page 24

- 4.3.1 The total Earmarked Reserves forecast at the end of March 2010 remain at £3,060k, with no movements in January 2010.

4.4 Government Grants Unapplied – page 25

- 4.4.1 Government funding received in advance of incurring expenditure are held as Government Grants Unapplied. In January staff completely reviewed the forecast

usage of Planning Delivery Grant (PDG) during 2009/10 and as a result the costs of grant-funded works rose by £55k. Therefore, the forecast balance at the end of March 2010 has reduced to £446.5k since the last report. It should be noted that this includes £187k of various grants to which the Council is entitled in 2009/10, but which it has not yet received.

4.5 Treasury Management and the economic environment - page 26

- 4.5.1 Treasury Management results continue to outperform the Sector model portfolio with average returns of 2.1% in the 12 months to the end of January compared to 1.31% for the Sector model. Total interest forecast for 2009/10 remains at £59k favourable for the year. Sector interest expectations have remained static in January following a slow down in the predictions last November.

4.6 Cash Management - page 27 to 28

- 4.6.1 Cash levels remain buoyant, rising to a high of £14.6m in early January but ending the month at £10.7m. Cash levels are expected to decline now to the end of March as the last planned Council Tax and NNDR instalments have been received and the Public Works Loans Board loan was repaid in late January. Cash levels are expected to fall to a low at the financial year-end of around £6m.
- 4.6.2 Debt collection rates for the current year's invoices continue to improve on past year's performance with the 'debtor days' indicator at 52 (target 80). Though collection of prior year debts remains slow, the Bad Debt Provision is still well above the minimum level required, therefore no further contributions are expected from revenue operations during 2009/10.

4.7 Capital Receipts – page 29

- 4.7.1 Capital receipts to date remain at £277k from the sale of assets with a potential £25k still to come for small sales and £10k from Compulsory Purchase Order reclaims as explained in the October monitoring report. Right to Buy receipts up to Quarter 3 have been confirmed at £130k whilst the VAT Shelter expectations remain at £400k following discussions with Green Vale Homes in early February. Total forecast receipts for the year are £840k compared to original expectations of £860k.
- 4.7.2 Projected use of capital receipts and revenue contributions in 2009/10 to support capital expenditure is £1,037k, resulting in capital receipts carried forward at March 2010 of £833k, of which £371k remains earmarked for housing capital works.

4.8 Capital Programme – page 30

- 4.8.1 To the end of January 66% of the original capital programme has been completed with a further 8% committed through the purchase order system, mainly in relation to a purchase framework for new refuse vehicles. This is comparable to 55% completed to a similar time in 2008/09.
- 4.8.2 Capital activity in January included a further £17k on Disabled Facilities Grants, taking the completed element of the programme to 75%. Expenditure on the Elevate programme is just under 70% complete.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

5.1 Financial matters are dealt with within the report.

6. MONITORING OFFICER

6.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 Unless specifically commented upon within the report, there are no implications for consideration.

8. CONCLUSION

8.1 The General Fund continues to be monitored closely by finance staff and managed professionally by all departments throughout the Council. Despite the effects of the economic downturn, the 2009/10 forecast still looks favourable.

9. RECOMMENDATIONS

9.1 The Members note and consider the contents of the report.

10. CONSULTATION CARRIED OUT

10.1 Directors, Heads of Services and Budget Holders.

11. COMMUNITY IMPACT ASSESSMENT

Is a Community Impact Assessment required Yes / No

Is a Community Impact Assessment attached Yes / No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required Yes / No

Is a Biodiversity Impact Assessment attached Yes / No

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Background Papers	
Document	Place of Inspection
Monthly detailed financial monitoring statements for each service area	Financial Services