

Subject: Financial Monitoring 2010/11:
Month 9 – end December 2010

Status: For Publication

Report to: Cabinet

Date: 17th February 2011

Report of: Finance Manager

Portfolio

Holder: Finance and Resources

Key Decision: No

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 2010/11, 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, implementation of agreed budget savings, emerging issues and opportunities and in particular service department net costs.

3.1.2 Budget setting for future years is now treated as an integral part of financial monitoring during the current year. As such, the risks associated with the Council's ability to balance its resources and commitments in future years are resulting in some efficiency savings being implemented during 2010/11.

3.1.3 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 2010) and within the new Treasury Management Practices document.

- 3.1.4 The delivery of capital receipts continues to be a prime area of focus for the Council in supporting its corporate priorities, both in 2010/11 and in the years to come.

4. BACKGROUND AND OPTIONS

- 4.1 Below is an executive summary of the new full monthly financial monitoring report for the end of September 2010, attached at Appendix 1.

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 the budget for 2010/11 is £250k, a £27k adverse movement since the report to the November Cabinet. This current forecast would result in the transfer of a further £117k to the Directorate Investment Reserve, leaving the General Fund at £1,047k at 31st March 2011.

- 4.2.2 Included within these forecast costs is a contribution of £48k to the Operations Vehicle Replacement Provision, which was not originally budgeted for within 2010/11.

4.3 Earmarked Revenue Reserves – page 24 to 25

- 4.3.1 There have been no major changes to the Earmarked Reserves balances, leaving the anticipated balance at the end of the year as £3,739k.

4.4 Government Grants Unapplied – page 26

- 4.4.1 Following receipt of the full HMR grant for the year there is an anticipation that around £20k of revenue will be carried forward at the year-end. This is expected to result in a balance of £620k on the Government Grants Unapplied account at the 31st March 2011.

4.5 Treasury & Cash Management pages 27 to 29

- 4.5.1 Treasury Management results continue to outperform the Sector model portfolio with an effective interest rate of 1.27% compared to 1.11% for the Sector model. This interest performance has resulted in a prediction of a £10.2k favourable movement in interest earned for the year.

- 4.5.2 The collection of current year debts continues to perform well with the debtor days indicator standing at 57 days compared to 79 days at the end of December 2010 against a target of 80 days.

- 4.5.3 As a result of continuous reduction of the outstanding debts, the Bad Debt Provision has been reduced by £10k to £127k.

4.6 Capital Receipts – page 30 & 32

- 4.6.1 Capital receipts in quarter 3 have slowed down, though the full year estimate from sales of property is still anticipated to be £350k.
- 4.6.2 Right to Buy Receipts and VAT shelter entitlements forecasts have been revised in quarter 3 to £165k and £350k respectively. This means that the VAT shelter income is just expected to cover the pension contributions requirement and not provide any contribution to the capital programme for this year..

4.7 Capital Programme – page 31 & 32

- 4.7.1 Little has changed in the current year capital programme since the last report, though the HMR capital programme has resumed following receipt of the full grant for the year. Any unspent grant can be carried forward as slippage into 2011/12 should the delays over the summer mean that the programme cannot be completed by the 31st March 2011.
- 4.7.2 The overall capital programme has risen by £19k in relation to further investment in refuse bins. This brings the total programme to just over £5.7m.
- 4.7.3 To date 53% of this programme has been incurred. Capital activity in December focussed on Disabled Facilities Grants, the Elevate programme and an order for £90k of playground works.

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 closely monitored and managed to ensure savings included within the 2010/11 budget are achieved. The report also reflects the early implementation, where possible, of any efficiencies identified during recent months as part of the efforts to balance the Council's resources over the next three years.

8.2 The report shows excellent progress on treasury management, capital receipts and debt recovery.

9. RECOMMENDATIONS

9.1 The Members note 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 |