



Corporate Financial Monitoring

June 2008 | Quarter 1

Report of the Head of Financial Services
Corporate PRT meeting | 15 August 2008

HEADLINE INFORMATION

REVENUE OUTTURN	Current (Underspend) / + Overspend	Projected (Underspend) / + Overspend
General Fund	(£212,000)	(£80,000)
Housing Revenue Account	+£18,000	(£101,000)

CORPORATE FINANCIAL MONITORING

June 2008 | Quarter 1

1. INTRODUCTION

This monitoring report of expenditure and income for 2008/09 sets out an indicative corporate picture of the Council's financial performance relating to the period ending June 2008.

The report summarises the variances reported through Services quarterly PRT meetings, and also identifies any omissions, updates and/or actions required. In addition there are specific sections for salary monitoring, capital expenditure and financing, Housing Revenue Account, revenue collection performance and Insurance and Risk Management.

2. GENERAL FUND REVENUE MONITORING

2.1 General Fund Summary Position

The current overall general fund summary position shows that at the end of June there is a net underspending of **£212,000** against the original budget. This is projected to reduce to £80,000 by the end of the year.

VARIANCES	Current £000	Projected £000
Major Variances (see section 2.1)	(97)	+308
Salaries (see section 2.3)	(115)	(388)
Total	(212)	(80)

One of the key financial indicators is to keep any under or overspends within 2% of the overall net controllable revenue budget, and the following table shows that at the end of quarter 1 this has been achieved.

	£000
Net Controllable Budget	23,934
2% Target	+/() 478
Provisional Controllable Net Underspend	(157)
Percentage of Net Controllable Budget	0.66%

2.2 Actions Arising from Previous Quarter

There were no new actions arising from the 2007/08 Qtr 4 Corporate Monitoring Report, however the action from Qtr 3 was still outstanding. This related to a review of Festivals and Events by the Head of Cultural Services and Head of Financial Services. This is to be picked up initially by Budget & Performance Panel.

2.3 Major Budget Variances

Appendix A details the major true variances that have been included within individual Services' PRT reports. The variances reported are either +/- £5K in value and cover premises, transport, supplies and services and general income.

SUMMARY BY SERVICE	Current £000	Projected £000
REPORTED VARIANCES :		
Legal & Human Resource	(2)	+10
Information & Customer Services	(10)	--
Financial Services	(88)	(83)
CC(D)S	+11	+146
Property Services	+3	+25
Econ Development & Tourism	--	+9
Cultural Services	+11	--
Planning Services	(22)	(27)
	(97)	+80
VARIANCES NOT REPORTED :		
Property Services	--	+228
TOTAL NET UNDERSPEND	(97)	+308

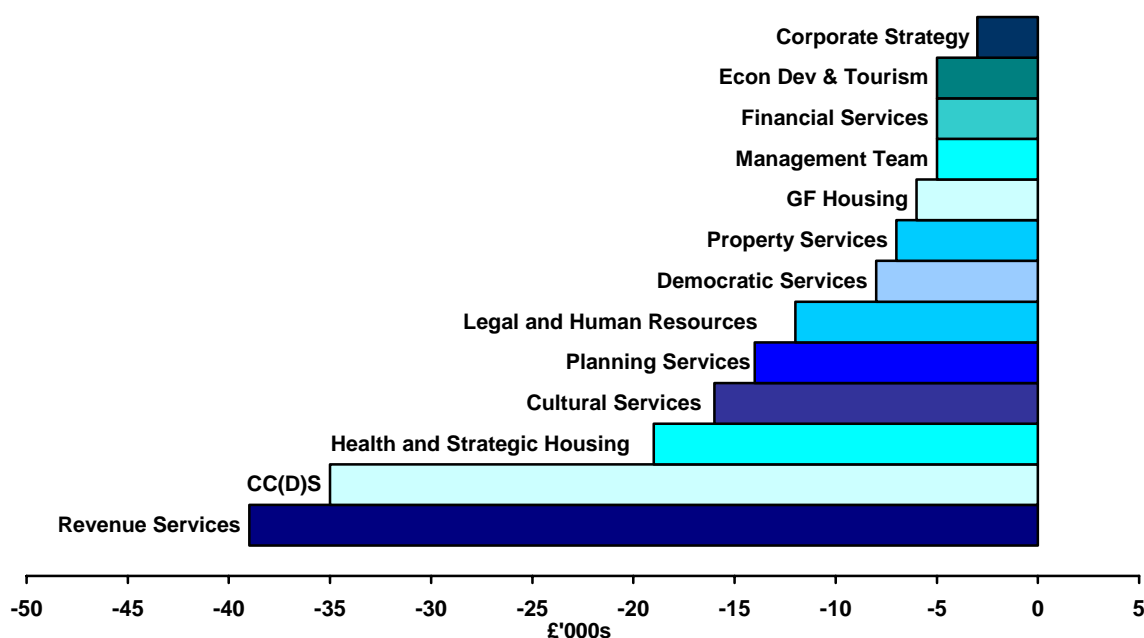
There are two potential areas where variances have not been reported, where further action / reporting is needed.

2.4 General Fund Salary Monitoring

Salary monitoring has been reported separately as there are a number of small variances that fall below the threshold for major items, however their aggregate effect is fairly significant.

To date savings of £174K have been achieved against the profiled turnover target of £59K resulting in current savings of £115K. The majority of savings have been generated within Revenues (£39K) and CC(D)S (£35K). There are a number of fairly senior vacant posts which are in the process of being filled, which may mean that this level of saving will not be sustained throughout the year, but this will depend on other vacancies arising, and also on what annual pay increase is eventually agreed (2.5% has been budgeted, which is broadly in line with the current offer). An initial estimate is that the overall saving for the year could be in the region of £388K after meeting the turnover target of £236K. This would require an on-going quarterly savings of £150K, and the pay award to be as budgeted.

The following graph shows the savings on a Service by Service basis.



3 GENERAL FUND CAPITAL PROGRAMME

3.1 Capital Expenditure & Financing

Capital Expenditure (General Fund)

The original Capital Programme for 2008/09 was approved by Council on 27 February at £31.133M. The following changes have been approved to 30 June, giving an amended approved programme of £31.646M. Since then, however, other changes have been approved (e.g. slippage):

Winter Gardens, Morecambe	£300K	Cabinet 03 June
Luneside East Regeneration	£200K	Cabinet 03 June
Cycling England (re Additional Grant)	£13K	Officer Delegation

At present, the total spend for the year is £1.641M leaving a balance of £30.005M against the approved programme to 30 June.

Capital Receipts (General Fund)

Estimated receipts required to fund the 2008/09 programme are £2.704M. At present, this position has not been updated for slippage. Only £54K has actually been received to 30 June; the financing of the capital programme will be reviewed and reported to Cabinet in October.

4 HOUSING REVENUE ACCOUNT (HRA) MONITORING

4.1 HRA Revenue Position

At the end of June the position for the Housing Revenue Account shows an overspend of £18K against the original budget, which is currently projected to become an underspend of £101K by the end of the year.

	Variances to Date	Project to Yr End	Comments
	£000	£000	
Ripley Court : Gas	-3	+8	Problems with supplier invoicing.
RMS : Central Transport	-4	-15	Estimated saving.
RMS : Employees	-36	-120	5 vacancies to be held unfilled for year.
RMS : Contracted Services	+26	+26	Unallocated contract costs – to be reviewed during estimate process.
Insurance Repairs	+35	--	Major incidents recoverable by claims
Total	+18	-101	

4.2 Council House Rent Collection

This section analyses the Council Housing rent income due, and shows that the income collected for the year is in line with the estimate. However, the figures provide are only up to period 02 as there is currently a delay in posting the rent income due to a software problem – this is being addressed by Council Housing and Information Services.

	2007/08	2008/09
	£	£
Estimate	2,661,900	1,156,200
Actual	2,699,906	1,156,610
Difference	(38,006)	(400)

4.3 Council Housing Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme to the period ended June 2008. Overall, there has been spend of £149K against the approved programme of £3.280M. At this stage the programme has not been updated for slippage which was subject to approval by Cabinet on 31 July 08.

It should be noted that spend has occurred in two areas for which there is no budget – Ryelands Development (£1K) and Housing Office Alterations (£2K). Officers are currently investigating and will provide an update for Qtr 2.

	Approved Programme £000	Spend to Date £000	Budget Remaining £000
Adaptations	250	6	244
Bathroom / Kitchen Refurbishment	710	88	622
External Refurbishment	795	0	795
Rewiring	317	0	317
Renewal of Heaters	309	0	309
Environmental / Crime Prevention	350	27	323
Re-roofing / Window Renewals	149	0	149
Energy Efficiency Works	400	25	375
Ryelands Development	0	1	-1
Housing Office Alterations	0	2	-2
TOTAL	3,280	149	3,131

5 REVENUE COLLECTION PERFORMANCE

5.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection statistics. In year collection is up 0.21% for Council Tax, when compared to last year, but down 2.31% for NNDR. Collection rates have been subject to a number of factors including the credit crunch and empty property rate changes from 01 April 08.

Percentage Collected	2007/08 %	2008/09 %	2007/08 %	2008/09 %	Performance on Previous Year
	All Years *		In Year **		
Council Tax	27.38	27.40	14.09	14.30	↑ 0.21%
Business Rates	29.56	28.68	25.10	22.79	↓ 2.31%

* Calculated by taking the total cash collected, less refunds, as a percentage of total net collectable (including previous years arrears brought forward)

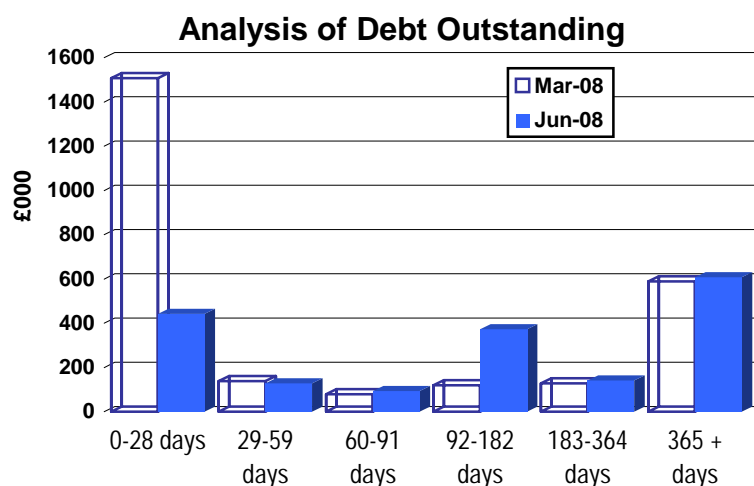
** Calculated by taking the net amounts paid in year as a percentage of the total collectable just for the year.

5.2 Sundry Debts

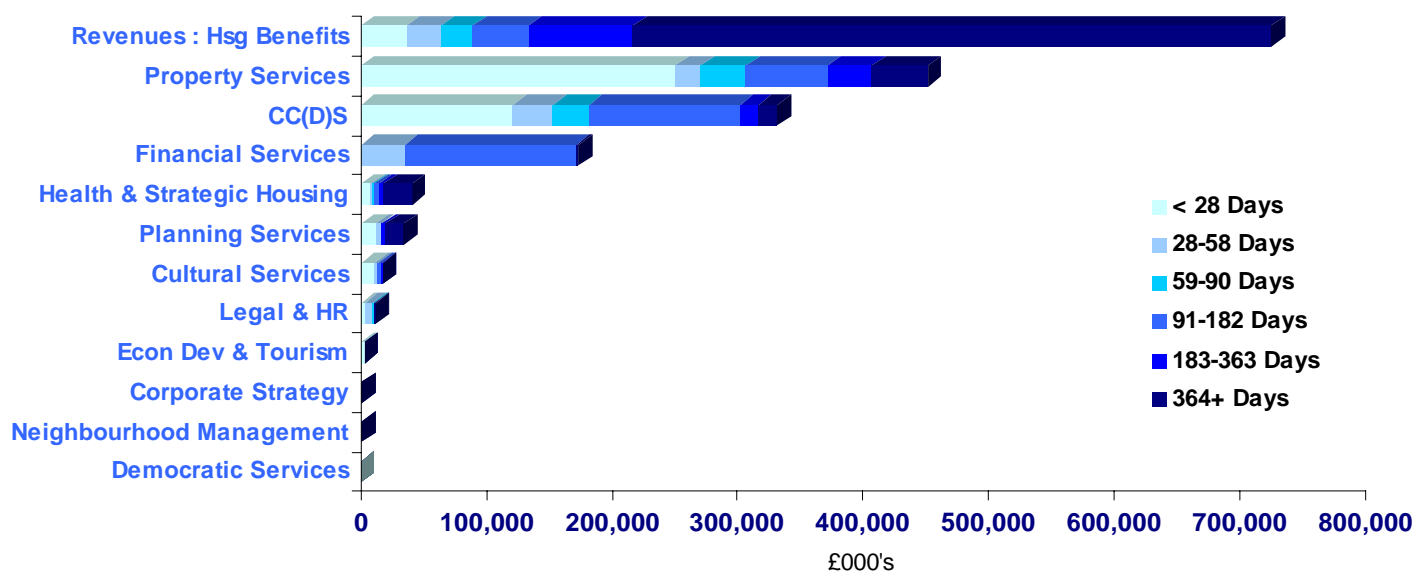
This section sets out the latest position on the level of outstanding sundry debts. At the end of June the total debt outstanding was £1.8M, which is 12% more than the same period last year.

The analysis shows that the overall level of debt has reduced by £776K from the previous quarter. This is normal for this time of year as a large number of annual invoices are issued in March, prior to the start of the new financial year.

The long term debt (over 1 year old) has increased by £19K or 1%.



	March 08	June 08
	£000	£000
0-28 days	1,507	442
29-59 days	139	129
60-91 days	80	94
92-182 days	120	373
183-364 days	129	142
365+ days	589	608
	2,564	1,788
Previous Year	2,531	1,591



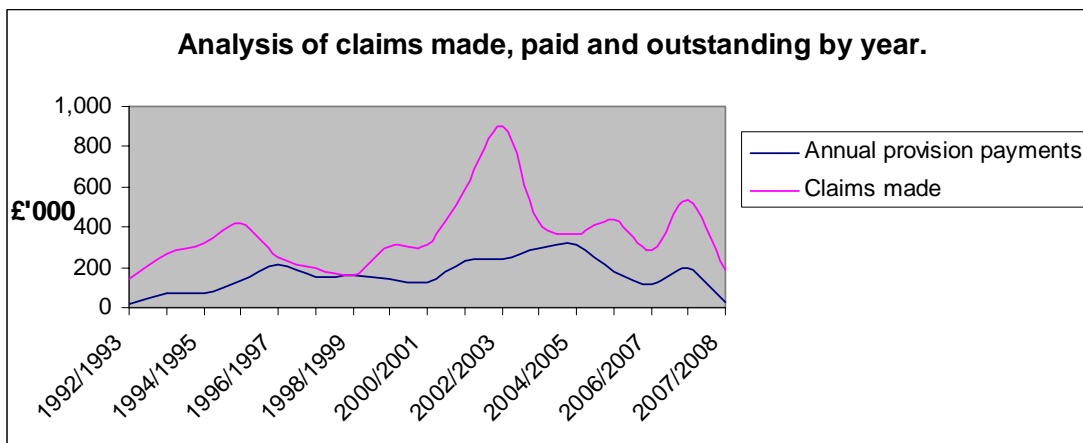
6 INSURANCE & RISK MANAGEMENT

6.1 Insurance Monitoring

The current balance on the insurance provision is £320K, after making payments of £38K in settlement of claims made, and receiving £11K as credits from the insurers in respect of claims above the excess. In addition, there is an insurance reserve of £100K set aside to cover any years where the Council experiences higher than expected insurance claims. Therefore, in total there is £420K available to cover expected liabilities.

At present, our insurers estimate that the value of claims outstanding is £452K, which relate to a total of 214 claims made over a 13 year period. This estimate assumes that all these claims will be settled at the maximum reserve limit; however, recent statistics show that, on average, only 56% of the total reserve will be paid. The estimated cost of claims outstanding could therefore reasonably be valued at around £253K, which is within the available funding as mentioned above.

It is highly unlikely that all these outstanding claims will fall due for payment in the same financial year. The uncertain nature of insurance claims payments, however, means that accurate predictions are difficult and, as such, the balance will continue to be closely monitored.



6.2 Other Risk Management

There have been no significant changes to the Corporate or Service Risk Registers in the last quarter. However, the following resolution arose from Audit Committee on 25 June 08 :

“That the City Council undertake a risk assessment regarding whether decisions made by Members on both Cabinet and the Planning and Highways Regulatory Committee could leave the Council open to challenge and that the risk assessment be presented back to Audit Committee for consideration.”

The Risk and Insurance Manager has been working closely with Democratic Services and Legal Services and a report will be present back to Members in due course.