



**LANCASTER CITY COUNCIL**  
*Promoting City, Coast & Countryside*

# **Corporate Financial Monitoring** **April 2006** **– March 2007**

Report of the Head of Financial Services

# CORPORATE FINANCIAL MONITORING

April 2006 – March 2007

## 1. INTRODUCTION

This monitoring report of expenditure and income for 2006/07 sets out an indicative corporate picture of the Council's financial performance relating to the period ending March 2007 (*week 52*). The report only provides a snapshot of the financial position as at the end of March and many year end processes are still being finalised, hence the figures could still change significantly. A more accurate statement will be produced in July, once the final accounts have been produced.

The report has changed format recently to reflect the changes in financial reporting to the quarterly PRT meetings. The focus is now to provide a summary of that information whilst highlighting any omissions, in addition to reporting on major corporate activities such as Debt Management, Treasury Management Risk Management and Insurance. The report will also highlight specific areas that require more detailed monitoring.

## 2. GENERAL FUND REVENUE MONITORING

### 2.1 General Fund Summary Position

The current overall general fund summary position shows that at the end of March there is a net underspending of **£682,000** against the revised budget. Taking into account further known year end transactions this underspend will reduce to **£561,000**. However, of this total £248k has already been requested to be carried forward. In addition, the review of reserves and provisions will be undertaken as part of the closure of accounts process and early indications show that a further £100k may need to be provided for known commitments. Finally, a review of the capital programme has highlighted a shortfall in funding of £96K, which may need to be met from revenue. Subject to approval and any further changes following the closedown process, the underspend for 2006/07 could be in the region of **£117,000**.

As mentioned above, a more accurate position will be known at the end of the final accounts process.

VARIANCES	Current £000	Projected £000
Major Variances (see below)	-481	-360
Salaries (see below)	-201	-201
<b>Sub Total</b>	<b>-682</b>	<b>-561</b>
Carry Forward Requests	--	+248
Review of Reserves / Provisions	--	+100
Capital Funding Shortfall	--	+96
<b>ESTIMATED OUTTURN</b>		<b>-117</b>

### 2.2 Major Budget Variances

**Appendix A** details the major variances that have been included within individual Service's PRT reports. Three services failed to report all their variances (see shaded area in table), and details of these have been highlighted in the same appendix. 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
Management Team	-8	-8
Legal & HR	-51	-51
Financial Services	-134	-218
IS & Customer Services	-89	-89
Health & Strategic Housing	-13	-62
CC(D)S	-59	-69
Econ Dev & Tourism	+2	+2
Property Services	-96	+173
Cultural Services	-10	-15
Planning Services	-99	-99
Cultural Services	-12	-12
Property Services	+83	+83
Planning Services	+7	+7
<b>NET VARIANCE</b>	<b>-481</b>	<b>-360</b>

## 2.3 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 the aggregate effect of these variances is fairly significant. This is being analysed in more detail to determine the reasons, and also to establish the implications for current / future years.

SERVICE	Budget £000	Profile £000	Actual £000	Diff. £000
CC(D)S	1,162	1,162	1,141	-21
Corporate Strategy	359	359	353	-6
Cultural Services	1,779	1,779	1,781	+2
Democratic Services	442	442	440	-2
Econ Dev & Tourism	619	619	613	-6
Engineers	241	241	241	-
Financial Services	960	960	950	-10
Health & Strat.Hsg	2,015	2,015	1,965	-50
IT & Customer Services	827	827	818	-9
Legal & HR	735	735	707	-28
Management Team	513	513	514	+1
Mellishaw Park	37	37	37	-
Planning Services	1,151	1,151	1,143	-8
Property Services	887	887	871	-16
Revenues	2,494	2,494	2,446	-48
<b>Total</b>	<b>14,221</b>	<b>14,221</b>	<b>14,020</b>	<b>-201</b>

## 3 General Fund Capital Programme

### 3.1 Capital Expenditure & Financing

#### Capital Expenditure

The following table shows the latest approved capital programme and spend to date.

At present, officers are finalising the capital accounts, therefore an analysis of scheme over/under spends is not available. In addition, slippage requests are being collated and will be presented for approval at a later stage, at which point the overall capital programme position will be reported in detail.

An initial review of the capital financing position has shown that there is a shortfall in receipts of £96k, and in order to ensure the programme is fully funded this could be met from the revenue budget.

	£000
<b>Current Approved Programme</b>	<b>31,763</b>
Spend to Date	29,465
<b>Balance</b>	<b>2,298</b>

## 4 HOUSING REVENUE ACCOUNT (HRA) MONITORING

### 4.1 HRA Revenue Position

At the end of March the position for the Housing Revenue Account shows an underspend of £338K, which is projected to reduced to £302K after allowing for year end transactions. Of this total £91K has been identified as requiring to be carried forward, and subject to approval, this would reduce the underspend to £211K. Details of the variances are attached at **Appendix B**.

	Variances to Date	Project to Yr End
	£000	£000
Management & Admin	-97	-97
Maintenance	-238	-202
Dwelling rents	-38	-38
Estates Support	+41	+41
Legal proceedings	+9	+9
Anti-social behaviour : security works	-8	-8
Kingsway Court	-7	-7
<b>Sub Total</b>	<b>-338</b>	<b>-302</b>
Carry Forward Requests		+91
<b>Estimated Outturn</b>		<b>-211</b>

### 4.2 Council House Rent Collection

This section analyses the Council Housing rent income due, and shows at present the income collected is some £37,900 more than estimated. This is largely attributable to better performance of voids.

	2006/07
Estimate	£10,200,500
Actual	£10,238,400
<b>Difference</b>	<b>-£37,900</b>

### 4.3 Council Housing Capital Programme

This section analyses expenditure against the Council Housing Capital Programme to the period ended March 2007. Approval will be sought for slippage of £171k, which would then result in an underspend of £417k on the approved programme. At present, the financing of the programme has yet to be finalised, therefore the overall net position cannot be reported.

It is highlighted though that in 2006/07 there has been a significant improvement in spending in year, with far less slippage expected.

	Latest Approved Programme £000	Spend to Date £000
Adaptations	250	274
Bathroom / Kitchen Refurbishment	395	320
External Refurbishment	1,240	908
Ryelands Regeneration	1,072	901
Environmental / Crime Prevention Works	547	597
Re-rendering / External Refurbishment	95	32
Extractor Fans	25	5
Housing Office Improvements	165	168
Energy Efficiency Works	404	400
<b>TOTAL</b>	<b>4,193</b>	<b>3,605</b>



## 5 REVENUE COLLECTION PERFORMANCE

### 5.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection statistics for the current and previous financial years.

Collection performance statistics for both Council Tax and NNDR are up on last year.

Percentage Collected	2005/06 %	2006/07 %
Council Tax	92.17	92.47
Business Rates	98.63	99.39

### 5.2 Sundry Debts

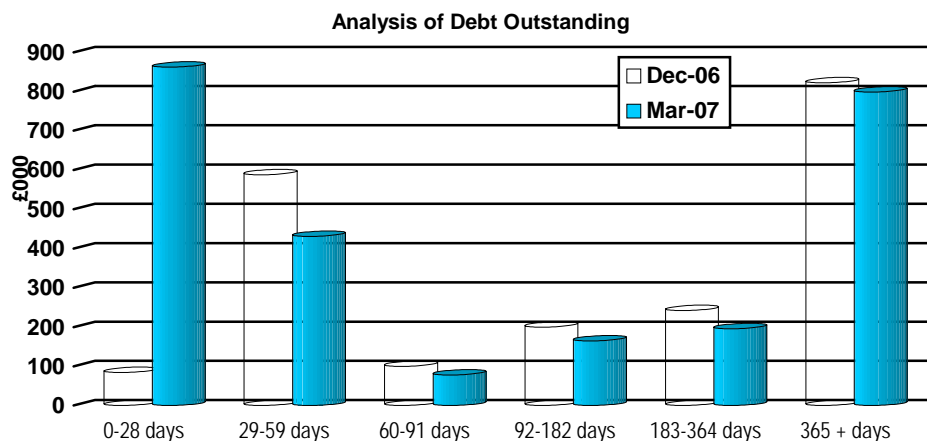
This section sets out the latest position on the level of outstanding sundry debts. At the end of March the total debt outstanding was £2,531,413. A full analysis of the debt is attached at **Appendix C**.

The analysis shows that the overall level of debt has increased by £494,035 from the previous quarter, however this is due to the value of year end invoices raised in the last month. Overall the number of debtors has decreased by 632.

Of the overall debt, 31% is just over one year old (40% in December 2006).

At the end of February 07, an analysis of the action being taken to recover debt over 183 days old was undertaken, see **Appendix D**. This excluded Council Housing and Housing Benefit debt as separate recovery arrangements are in place, and are generally fixed over a longer period of time. As can be seen from the analysis, generally debt is being actively pursued or being recommended for write-off.

	Dec. 2006		March 2007	
	No	£000	No.	£000
0-28 days	223	<b>84</b>	585	<b>862</b>
28-59 days	608	<b>588</b>	361	<b>431</b>
59-91 days	282	<b>100</b>	214	<b>78</b>
92-182 days	588	<b>200</b>	437	<b>165</b>
183-364 days	1,135	<b>242</b>	653	<b>196</b>
365+ days	1,749	<b>822</b>	1,703	<b>799</b>
	4,585	<b>2,036</b>	3,953	<b>2,531</b>



## 6 INSURANCE & RISK MANAGEMENT

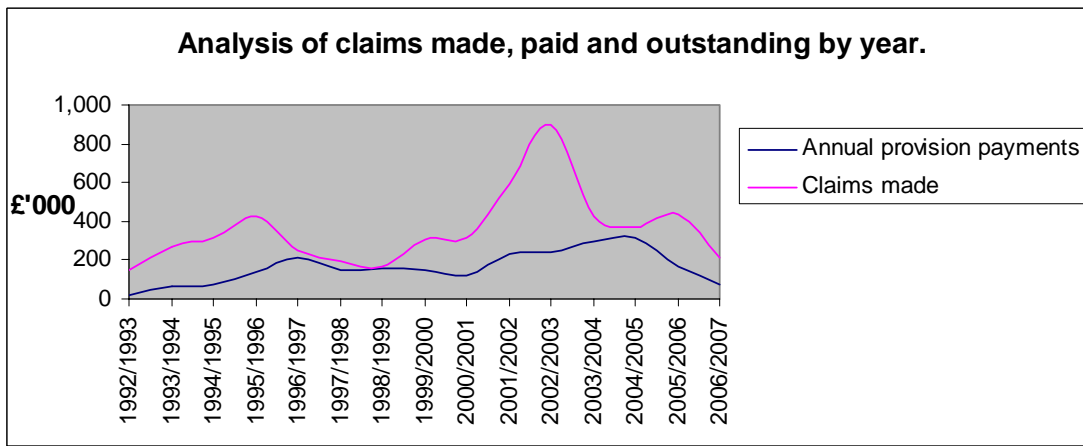
### 6.1 Insurance Monitoring

The current balance on the insurance provision is £668K, after making payments of £186K in settlement of claims made, and receiving £66K as credits from the Insurers in respect of claims above the excess.

At present, our insurers estimate that the value of claims outstanding is £549K, which relate to a total of 162 claims made over an 11 year period. However, in reality, these claims will not fall due for payment all in the same financial

year. It should also be noted that the uncertain nature of insurance claims payments means that accurate predictions are difficult and, as such, the balance will continue to be closely monitored.

In future, it is proposed that this section will also include an update on the risk position of the Council and any related issues arising.



## 7 VFM / EFFICIENCY

As part of the process of embedding VFM, it is proposed that progress on achieving Annual Efficiency savings will be included within this report. At present, the Council is estimating to achieve cumulative savings of £2.026M against a Government target of £1.752M. It is essential these savings are achieved and that they can be clearly demonstrated. As part of the quarterly Performance Review process, services will need to report the value of savings made or show how they plan to make them.