

Subject: Financial Monitoring 2009/10:
Month 8 – end November 2009

Status: For Publication

Report to: Cabinet

Date: 6th January 2010

Report of: Finance Manager

Portfolio

Holder: Finance and Resources

Key Decision: NO

Forward Plan General Exception Special Urgency "X" In
Relevant Box

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:

- o *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, hence the creation of a new bank account with the Abbey National as explained on page 25 of the report.

- 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 delivery of the projects within the capital programme.

4. BACKGROUND AND OPTIONS

- 4.1 Below is a summary of the new full monthly financial monitoring report attached at Appendix 1. In the interests of avoiding duplication and to provide a comprehensive financial picture to both Members and Management, this standard monthly monitoring report is now being reported to all users.

4.2 General Fund (revenue) – pages 4 to 23

- 4.2.1 The forecast favourable impact on General Fund compared to budget is £409k. This represents a further favourable movement of over £30k from the forecast at the end of October (see new major variances at page 5).

- 4.2.2 This favourable forecast variance of £409k will result in the General Fund Reserve at 31st March 2010 of £1,288k, though the revenue budget carry-forward rules would identify £242k of this for one-off improvement projects in 2010/11, leaving the General Reserves in 2010/11 at £1,046k against a recommended maximum of £1m.

4.3 Earmarked Revenue Reserves – page 24

- 4.3.1 The Council has recently received confirmation of the Housing Planning Delivery Grant (PDG) allocation for 2009/10 at £138k (compared with an assumed figure of £83k). This means that the gap between resources available to date and planned costs over the next three years has been reduced to £61k if no further grant is received.

- 4.3.2 No other movement has occurred in the Earmarked Revenue Reserves during November.

4.4 Treasury & Cash Management pages 25 to 27

- 4.4.1 Cash continues to be buoyant until the last major receipt of Council Tax in early January. The £3m deposit for 1 year with Bank of Scotland has been renewed to earn 1.8%, therefore forecasts of interest income earned have risen again by a further £4k to £51k favourable for the year, continuing to out-perform the Sector model portfolio.

- 4.4.2 In mid November Sector revised their forecast of future base rates, anticipating that the recovery will begin next summer and that growth will be more gradual than previously expected, lowering the interest at December 2010 to 1% from 1.25%. This may adversely affect the interest income budget in 2010/11 and beyond.

- 4.4.3 Performance in collecting sundry debts continues to improve.

4.5 Capital Receipts – page 28

4.5.1 Capital receipts remain a concern. Though land sales are still expected to reach £300k by the year end, income from Right to Buy receipts and VAT shelter are still uncertain.

4.6 Capital Programme – page 29

4.6.1 To the end of November 48% of the capital programme has been completed with a further 13% committed through the purchase order system, mainly in relation to refuse vehicles (comparable to 46% completed to a similar time in 2008/09).

4.6.2 Capital activity in November included the provisional ordering of £1.4m of refuse vehicles. The funding of this programme is subject to an options appraisal as to the most advantage method of financing (eg: leasing, prudential borrowing, etc).

4.6.3 November also saw the start of the Accommodation Strategy Phase 1 which will add £22k per annum to the Minimum Revenue Provision repayments, but in turn save more than this in the future rental costs of the current Hardman's Mill, Council Chamber site.

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 ORGANISATIONAL DEVELOPMENT (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. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required ~~Yes~~ / No
Is an Equality 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