

Subject: Financial Monitoring 2010/11:
Month 2 – end May 2010

Status: For Publication

Report to: Cabinet

Date: 29th July 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 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, 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 2010.

3.1.3 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 full monthly financial monitoring report for the end of May 2010, attached at [Appendix 1](#).

4.2 Following the closure of the accounts for 2009/10, reserve balances brought forward reserves and capital receipts available are all accurate as per the draft Statement of Accounts which will be presented to the Audit and Accounts Committee on 29th June 2010.

4.3 General Fund (revenue) – pages 4 to 23

4.3.1 To simplify the arrangements for budget carry-forward a new Directorate Investment Reserve was created at the end of 2009/10. This included £63k unspent carry-forward from 1st April 2009 and £170k carry forward from 2009/10. This makes a total reserve of £233k.

4.3.2 Following this transfer, the General Fund Reserve had a balance of **£999k** at 1st April 2010.

4.3.3 The out-turn favourable impact on General Fund as at the end of May compared to budget for 2010/11 is **£296.9k**.

4.3.4 The table below shows the potential for an additional carry forward of £149k from the 2010/11 budgets if the current forecast is maintained, leaving the closing General Fund Reserve at £1,146.9k

General Fund Reserves	General Fund Reserve £000	Directorate Investment Reserve £000
Balance at 1st April 2010	999.0	233.0
Favourable/(adverse) movement in 2010/11	296.9	
50% transfer to Directorate Investment Reserve		
Place Directorate	(39.0)	} 149.0
Business Directorate	(40.0)	
Corporate Directorate	(70.0)	
Balance anticipated at 31st March 2011	1,146.9	382.0

4.4 Earmarked Revenue Reserves – page 24

- 4.4.1 The value of cash-backed Earmarked Reserves at 1st April 2010 was **£4,789.4k**
- 4.4.2 The planned use of Earmarked Reserves, as shown on page 24, has now been split between one-off projects and on-going utilisation commitments in an attempt to ensure that these finite resources are spent to greatest effect whilst they last.
- 4.4.3 Housing Planning Delivery Grant resources now appear to have come to an end, leaving current plans outstripping resources by £27.7k – work has begun to peer back expenditure plans for these funds to ensure that they are within the reserves available over the next 3 years.
- 4.4.4 Total Earmarked Reserves at 31st March 2011 are expected to be £4,193k with a further £1,948k being utilised in the following three years.

4.5 Government Grants Unapplied – page 25

- 4.5.1 Government Grants Unapplied brought forward at 1st April 2010 amounted to £578.6k.
- 4.5.2 Utilisation of these grants will be examined in the coming months, though the balance of the Housing Capital Pot is earmarked for housing-based capital projects, including disabled facilities grants.

4.6 Treasury & Cash Management pages 26 to 28

- 4.6.1 This is very early in the year to provide meaningful updates on the Treasury Management position, other than to confirm that £8m of temporary investments entered into in 2009/10 remain to date. No significant Treasury Management transactions have been entered into in 2010/11.
- 4.6.2 Operational cash levels declined to a low of £8.4m at the end of April, with £8m of that invested in temporary fixed term deposits. Careful cash management ensured that the Council did not need to borrow any overnight monies at that time. Cash levels rose again on 1st April and 1st May as revenues for 2010/11 began to flow in.
- 4.6.3 Debt collection rates for 2009/10 invoices continued their good performance so that 99.99% of all invoices raised in 2009/10 have now been collected. Just £43k remains outstanding at mid June 2010. Similar efforts are being trained on the 2010/11 invoices to ensure that overall debts outstanding continue to fall.

4.7 Capital Receipts – page 29 & 31

- 4.7.1 Capital receipts to date are just £7k, though some surplus assets are to be sold at auction in the next couple of months. The target for Right to Buy income from Green Vale Homes is just £100k for 2010/11, which compares favourably to the outcome in 2009/10 of £140k.

4.7.2 Useable Capital Receipts balance brought forward on the 1st April 2010 was £1,354k. Projected requirements to fund the 2010/11 capital programme are £1,020k. The table on page 31 shows that the potential balance at the end of 2010/11 could be around £704k.

4.8 Capital Programme – page 30 & 31

4.8.1 The 2010/11 Capital Programme was £3,738k but £1,466k of slippage was added to this to give a total revised programme for the year of £5,204k. However, there is great uncertainty at present over potential reductions in the Elevate programme which makes up £2,121k of that total.

4.8.2 Capital expenditure in April and May has centred around £777k of the slippage in the vehicle replacement programme and £136k on Disabled Facilities Grants

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 Careful monitoring of the General Fund accounts will now continue throughout 2010/11, with variances in the months ahead helping to inform the budget setting process for 2011/12 and beyond.

8.2 As Council departments work diligently to identify efficiencies and cost savings, any actions which can be put in place immediately will be incorporated into future monitoring reports.

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 No
Is a Community Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No
Is a Biodiversity Impact Assessment attached No

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