

Subject: Financial Monitoring 2010/11:
Month 10 – end January 2011

Status: For Publication

Report to: Cabinet

Date: 17th March 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:

- *Responsive and Value for Money local 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 January 2011, attached at Appendix 1.

4.2 General Fund (revenue) – pages 4 to 23

The out-turn favourable impact on General Fund as at the end of January compared to the budget for 2010/11 is £240.5k, a £9.7k adverse movement since the report to the February Cabinet. This current forecast would result in the transfer of a further £120k to the Directorate Investment Reserve, leaving the General Fund at £1,035k at 31st March 2011.

Included within these forecast costs is a contribution of £81k to the Operations Vehicle Replacement Provision, which was not originally budgeted for within 2010/11.

4.3 Earmarked Revenue Reserves – page 24 to 25

Following the receipt of a further £14k on the VAT refund relating to leisure issues going back to the 1990s, the balances on the Earmarked Reserves at the end of March 2011 are anticipated to be £3,753k.

4.4 Government Grants Unapplied – page 26

The balance on the Government Grants Unapplied account at the 31st March is still estimated to be £620k. This includes £256k of Housing Capital Pot grant, which has been included in the 2011/12 capital programme resources to contribute towards further Disabled Facilities Grants.

4.5 Treasury & Cash Management pages 27 to 29

Treasury Management results continue to outperform the Sector model portfolio with an effective interest rate of 1.28% compared to 1.11% for the Sector model. This performance has resulted in the prediction of a further £1.4k rise in the interest earned for the year to a total £11.6k favourable variance.

The collection of current year debts continues to perform well with the debtor days indicator standing at 51 days compared to 57 days at the end of December 2010 against a target of 80 days.

The Bad Debt Provision stands at £127k against an estimated requirement of £82k, though some minor debts may be written off before the end of the financial year to ensure the robustness of the debts on the balance sheet.

4.6 Capital Receipts – page 30 & 32

Capital receipts in quarter 3 slowed down, and the quarter 3 right-to-buy (RTB) receipts in January were just £13k. This leaves a quarter 4 estimate of £11k to reach the revised estimated of £165k for total RTB receipts for the year.

Officers are still confident that the sale of property will achieve the revised estimate of £350k by the end of the year, giving a total estimate of receipts as £618 for the year.

4.7 Capital Programme – page 31 & 32

Two culvert projects have now been added to the capital programme in January at Hall Carr and Bury Road, along with a further grant-funded renewal scheme for Sharneyford playground. These have raised the total capital programme for the year to £5.94m.

To date 58% of this programme has been incurred. Capital activity in January focussed on Disabled Facilities Grants, the Housing Market Renewal programme and £120k of works to the culverts. No further costs have been incurred in January on the Leisure investment projects.

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