

FINANCIAL REPORT – 1st APRIL to 31st DECEMBER 2007

Agenda Item 9 (c)(ii)

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Background Papers:- Accountancy Budgetary control reports and files
Financial Implications:- Addressed in report
Equalities Implications:- Not applicable
Legal Implications:- None
Options: Not applicable
Risks:

EXECUTIVE SUMMARY

A prediction of the financial outturn for 2007/08 for the General Fund Revenue and Housing Revenue Accounts has been produced based on income and expenditure to 31st December 2007.

The predicted position for each account is:

General Fund an 'underspend' of £532,600 (mainly arising through additional income, of which £180,000 was unbudgeted interest received)

Housing Revenue Account an overspend of £147,200

Reasons for the main variances are provided in Appendix A to the report.

The report also provides details of requests for budget carry forwards to 2008/09 on the General Fund Revenue Account, which total £120,560, these are in addition to the requests identified during the debate on the Council Budget and Council Tax 2008/09 report at the Cabinet meeting on 4th February 2008, totalling £190,000 and a proposal to replenish the Invest to Save fund with the transfer of £100,000.

Details are also provided of the expenditure incurred during the first three quarters of the year on capital schemes. For General Fund schemes, £5.149million was spent against the updated budget for the year of £8.292million and for the Housing Investment programme; £4.586million was spent against the full year budget of £6.917million.

A commentary on project variances is provided at section 6 of Appendix A to the report.

Finally, a budget of £45,000 from the Local Authority Business Growth Incentive (LABGI) reserve for one-off support in developing the Economic Development Strategy for the district is requested.

DECISION

Members are recommended to:

1. note the anticipated revenue outturn for the General Fund Revenue and Housing Revenue Accounts for 2007/08;
2. note the expenditure incurred on capital schemes for the period 1st April to 31st December 2007;
3. consider and recommend to Council:
 - a) the requests for budgets to be carried forward to 2008/09 from those detailed in the report; and
 - b) a budget allocation of £45,000 from the LABGI reserve to fund one-off support in developing the Economic Development Strategy for the district.

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A prediction of the Council's financial position for 2007/08, based on income and expenditure to 31st December 2007, has been completed.

The projection for the General Fund revenue account is an 'underspend' of £352,600, representing 2.1% of the budget of £17.166million. In addition to this underspend the Council has received interest of £180,000 from the investment of £27million for approximately 3 months which arose as a consequence of the housing stock transfer and which was unbudgeted.

The anticipated position for the Housing Revenue Account is an overspend of £147,250 against the revised budget.

Spend on capital projects for the year to 31st December 2007 was £5.15million on General Fund schemes (updated full year budget of £8.292million) and £4.586million on the Housing Investment programme (updated full year budget of £6.917million).

The financial management statement for 2007/08 is attached at Appendix A, this provides summarised statements of the General Fund and Housing revenue and capital accounts together with a commentary on the main variances. The statement also includes an update on the Council's reserves and balances based on the projected spend in 2007/08.

Budget Carry Forward Requests

With the end of the financial year imminent, service managers have been requested to provide details of budgets that will be unspent in 2007/08 but which will be required to be carried forward into 2008/09. A total of £130,560 has been requested and detail of each request is contained in Appendix B. The requests are divided into two groupings:

1. Budgets unspent at year end – required in 2008/09 - £70,560; and
2. Requests for new spend in 2008/09 from corporate underspend - £60,000.

The requests are being presented earlier than in previous years to assist with the closure of the 2007/08 accounts and to provide earlier notice to service managers where a budget carry forward is approved.

In addition to the carry forward requests detailed in Appendix B, details are provided below of requests for budgets from the anticipated underspend in 2007/08 which have already been reported to members, together with a request for the use of monies in 2008/09 from reserves:

Requests reported to members:

- Senior Management – temporary increase in capacity required to drive change through the organisation, looking at how we do business, relate to our customers and commission services - £80,000 per annum for two years – Cabinet 4th February 2008. It is proposed to increase the senior management capacity with an interim Director for a period of two years. The purpose of this role will be to:
 - Drive forward the efficiency agenda
 - Improve our overall performance
 - Develop and improve effective communications
 - Enhance the level of customer satisfaction

The Council has set an ambitious agenda for the next few years and to assist with the effective delivery of that agenda, this additional senior management capacity is required.

- Recycling – extending service – one-off funding for up to £30,000 in 2008/09 – Cabinet 4th February 2008;

Request for use of reserve:

- An additional payment under Local Authority Business Growth Incentive (LABGI) scheme, of £62,943, was received from central government earlier in the year. This was set-aside in a reserve pending decision on its use. It is requested that £45,000 is used for one-off support in developing the Economic Development Strategy of the district. The Council has a significant growth agenda to deliver its vision for the next four years and beyond. This one-off funding will kick start the agenda and assist in setting out and delivering growth and regeneration for the District.

Finally, it was agreed that the Invest to Save fund be utilised for the Business Efficiency Programme, covering the engagement of consultants, costs of severance and shared costs of the joint project with Colchester Borough Council. The balance of the fund has been fully committed. It is suggested that £100,000 of the projected underspend in 2007/08 be transferred to the Invest to Save fund to provide a source of funding over the coming years for projects which require upfront investment to achieve savings in the longer term. This investment fund supported the delivery of £1.6million savings following the housing transfer. However, the fund has not been reimbursed on the invest to save principle. This funding from underspends addresses that issue.

Summary of Proposals

	£
Anticipated underspend in 2007/08	352,600
Unbudgeted interest received	180,000
Total anticipated revenue variance for 2007/08	532,600
Requests for Budget Carry Forwards:	
Budgets unspent at year end – required in 2008/09	70,560
Requests for new spend in 2008/09 from corporate underspend	60,000
Requests reported to members	190,000
Transfer to Invest to Save Fund	100,000
Balance remaining to be transferred to General Balances	112,040

Request to utilise £45,000 of the LABGI Reserve in 2008/09.