

Report to: **Executive**
Date: **20th March 2007**
Report of: **Executive Member for Resources**
Subject: **General Fund/Housing Revenue - 2006/2007 Monitoring Statement**
Ward: **All**

1.0 Purpose of Report

1.1 To advise members on the financial position for the period 1st April 2006 to 31st January 2007.

2.0 Consultation

2.1 Consultation has taken place with the Director of Finance and Corporate Services and through the process, Budget Holders. The Management Team has considered the report.

3.0 Process

3.1 Budget holders are required to carry out a monthly exercise of examining their spending and the attached appendices/statements reflect the forecasted position to the 31st March 2007.

3.2 Members are reminded that the December forecast was used in the budget process to provide the revised position for 2006/7.

4.0 Revised Forecast Position - General Fund

4.1 Appendix 1 shows the projected position on a directorate basis. Reasons for variations are contained in the footnotes.

4.2 Members will recall that at the time we were agreeing 2006/7 budget we identified 2 major areas of uncertainty.

- Arrangements for the implementation of changes to the countywide concessionary fares scheme were not finalised.
- The review of the service level agreements between the Council and East Durham Homes was incomplete putting at risk a significant amount of income.

4.3 The detail around these issues has been highlighted in previous reports but importantly provisions were made in the accounts to manage both situations.

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4.4 The position at December 2006 was outlined in the budget report and at the time was showing a surplus of £649k of which £331k applied to the base budget a variance of 2%.

4.5 At the end of January the position has changed marginally in that the surplus has increased to £709k. Of this sum £391k applies to the base budget and includes a contingency of £150,000, which is unlikely to be utilised in full, the variance is the equivalent to 2.4% of the agreed budget. The remaining surplus of £318k is in respect of reprofiling use of reserves (£1.5m), which is discussed later in the report.

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4.6 Appendix 1 /2 shows that the improvement is attributable to Directorate budgets where in that element of the budget the position has moved from an estimated under spend of just under £394k to £439k. The increase over the period is mainly attributed to environmental services general efficiencies of around £30k and increased income from investments of around £15k.

4.7 In addition to the above we have addressed a number of issues in year as outlined below the estimated costs of which are £166,110.

- Coastal Rangers - £60,110
- Amateur Swimming Association – Everyday swim – £28,000
- Additional resources for the Contact Centre - £50,000.
- Youth Forum Officer (not included in budgets) - £28,000.

4.8 Taking the above into account the variance is 2.4% of base budget broadly on target.

4.9 At this stage support services are showing an estimated over-spend of £26,450 (appendix2). The position will continue to be monitored.

4.10 General Fund Balance

4.10.1 Appendix 3 illustrates the effects of the above on the reserve position. Having reviewed the commitments against the year-end position of £5.85m the revised position at the end of November is estimated at £4.43m.

5.0 Other matters

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5.1 In November 2005 the Council agreed to release reserves of £1.5m to fund a programme of initiatives over 4/5 years to achieve the following.

- Service improvements.
- Additional capacity.
- Efficiencies.
- Future budget savings.

Each initiative was set against the Council's Corporate Priorities.

5.2 Appendix 5 outlines the expenditure position at the end of December where spend to date is £368k against a profiled budget of around £552k. The majority of spend will occur in next financial year where around £800k is included in the 2007/8 budget to progress the programmes.

5.3 In terms of non-financial information members will note the commentary in the right hand side column, which updates members on progress but also is beginning to reflect some of the outcomes from the investment. A good example is the Pride in Easington initiative where satisfaction levels have increased significantly.

5.4 At this stage the report is for information.

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- 5.5 Members will recall the above scheme whereby financial rewards are delivered to authorities that promote the greatest levels of continued economic growth in their area by allowing them to retain increases in revenue derived from business rates.
- 5.6 The government has recently announced grant for 2006/7 and for Easington this amounted to £1.464m. Whilst a tidy sum for the Council it was scaled back to 70% of that due as a result of judicial reviews in respect of some authorities, had the scaling back not taken place then the Council would have received over £2m. If the reviews are not upheld in the Courts then further monies should be due and together with the Association of North East Councils we will make representations to the government to ensure any residual amounts are distributed once a conclusion is reached.
- 5.7 Members will recall that when setting the budgets a decision was taken to earmark this funding to support and sustain future regeneration in the District.
- 5.8 Nationally 328 authorities were awarded £316m from which North East Authorities received just over £24m around 7%. In 2005/6 the government distributed £126m from which we received £408,000.
- 5.9 Appendix 6 is a schedule of grants distributed to North East authorities.

6.0 Housing Revenue Account (HRA)

- 6.1 The summarised position for the HRA is set out in Appendix 4 and 4/1
- 6.2 Although there have been changes to individual budget headings there are no fundamental changes since the last statement and the overall budget position is still in line with the original budget projection.
- 6.3 The position on reserves in appendix 4/1 accords with the financial position reported to members when the HRA budget was agreed last month.
- 6.4 Any further use of reserves will be the subject of future reports to Council.

7.0 Implications

7.1 **Policy**
None

7.2 **Financial**
Any financial implications are included above but broadly the report is for information.

7.3 **Legal**
None

7.4 **Risk**
None, existing systems are controlling the overall budget position.

7.5 **Communications**
None

7.6 **Corporate Implications**
None

7.7 **E Government**
None

7.8 **Procurement**
None.

7.9 **Equality and Diversity**
None

8.0 Recommendation

8.1 The Committee is asked to note the position.

Background Papers

Budget/Cost tabulations - Financial Management System.
Statements from Budget Holders
Final Accounts Information 2005/6 - Working Papers
Budget Report - Council Extraordinary Meeting 25/02/2006 & 21/02/2007.
Report to District Council - Use of General Fund Reserves – 5/11/2005

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