

Report to the Finance & Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference:

Date of meeting: 22 September 2008

Portfolio: Finance, Performance Management and Corporate Support Services

Subject: Quarterly Financial Monitoring

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Recommendations/Decisions Required:

That the Panel note the revenue and capital financial monitoring report for the first quarter of 2008/09;

Executive Summary

The report provides a comparison between the profiled budgets for the period ended 30 June 2008 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the first quarter financial monitoring report for 2008/09.

Other options for action

No other options available.

Report:

1. The Panel has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure for each portfolio. This is the first quarterly report for 2008/09 and covers the period from 1 April 2008 to 30 June 2008.
2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area in which large under spends have been seen. The salaries data is held by Service rather than by portfolio, although there are clearly some services that are linked closely to particular portfolios.

Revenue Budgets (Annex 1 – 10)

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £239,000. This is prior to the settlement of the 2008/09 pay award, and equates to 4.9% of the budget. An allowance of 2.45% was included in the budget for the pay award leaving a further 2.45% being the underspend at month 3. This is a similar picture to that at month 3 in 2007/08 however it is expected that as the staff restructure beds down the level of underspend will start to reduce.
4. Income budgets are looking somewhat volatile, more so than in 2007/08. Development Control income at Month 3 is £30,000 up on expectations due to a couple of larger schemes coming through during Month 3. Building Control shows an

under achievement of £37,000 and Land Charge search income at month 3 is below half of the expected income. In view of this, reports on both these areas are to be submitted to Cabinet with a view to recommending remedial action to minimise the impact on the 2008/09 budget. Income at North Weald airfield is £34,000 below expectations due to difficulties in letting Hangar 1. The negotiations with a potential tenant have been ongoing for sometime but have been somewhat more protracted than expected. When the budget was prepared it was Estates officers view that a tenant would be in occupation by 1 April 2008 however this has not materialised.

5. Income from car parking is a little higher than expectations mainly due to additional season tickets issued to Essex County Council.
6. Interest income from investments is now included in the report. Interest receipts are above expectations due in part to higher levels of surplus cash invested and better rates being achieved than expected.
7. The Housing Repairs Fund also shows an underspend. Much of this again is due to late invoicing by the gas servicing contractor.
8. The payments to Sports and Leisure Management Ltd are lagging behind the profiled budget, this is due to a delay in agreeing the May invoice.

Capital Budgets (Annex 11-15)

9. Tables for capital expenditure monitoring purposes (annex 11 -15) are included for the Quarter to 30 June. The tables show the major schemes separately with other more minor items being summarised. There is a brief commentary on each item highlighting the scheme progress.
10. The full year budget for comparison purposes is the original budget as presented within the budget papers submitted to Council on 19 February 2008. Due to slippage within the programme and the need to re-phase expenditure profiles a full review of the programme is to be undertaken during September and reported to Cabinet on 6 October 2008.
11. The process of profiling capital budgets has now been completed and all variations relate to differences between actual and expected spending patterns.

Major Capital Schemes (Annex 16)

12. An additional schedule is included that looks at progress on those schemes with total budget provision in excess of £1m. The schedule monitors the schemes in total rather than by financial year. The total cost figures shown in columns six and seven therefore relate to two or more financial years. The original anticipated start dates where applicable are also included and where this was not achieved a revised or actual start date is given. There is also some commentary on the schemes for information.

Conclusion

13. There is concern over the lower than originally anticipated levels of income from Building Control, Land Charges and North Weald Airfield rents. As regards Building Control and Land Charges a review of fees and charges and indeed expenditure levels is to be undertaken with a view to producing a Cabinet report to address the situation. With regard to Hangar no.1 negotiations are still ongoing and there are signs that progress is being made albeit slowly.

14. The panel is asked to note the position on both revenue and capital budgets as at Month 3 and the Major Capital Schemes monitoring schedule.

Consultations Undertaken

This report has been circulated to Portfolio-holders. An oral update will be provided to cover any additional comments or information received from Portfolio-holders.

Resource Implications

Additional resource requirements may arise due to shortfalls in income. These issues will be kept under review and Cabinet reports are being prepared to cover the areas of Building Control and Land Charges.

Legal and Governance Implications

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Various budget variance working papers held in Accountancy.

Impact Assessments

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.