

# **Report to: Finance & Performance Management Standing Panel**



**Date of meeting: 14 August 2007**

**Portfolio: Finance & Performance Management**

**Subject: Quarterly Financial Monitoring**

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## **Recommendations:**

**That the Panel note the revenue and capital financial monitoring report for the First quarter of 2007/08;**

## **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 2007/08 and covers the period from 1 April 2007 to 30 June 2007.

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 – 9)**

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 under spend of some £244,000 (5.1% of budget) of this around half relates to the pay award which as yet has not been agreed and the remaining underspend is split equally between the HRA and General fund. Although the total variance is up on the year end position for 2006/07 (4.2% of budget) given that half of the variance at June 2007 is related to the pay award the actual position is an improvement.

4. Income budgets are generally looking more volatile than in 2006/07. Development Control shows an under achievement whereas Building Control shows an over achievement, this could indicate a downturn in the building industry which tends to affect Development Control before Building Control. Income from car parking is lower than expectations particularly relating to penalty charge notices however this appears to relate to recent enforcement difficulties in both Loughton and Epping. Bed and Breakfast charges are significantly down but this is because related expenditure is down as fewer people have been placed in Bed and Breakfast accommodation.

5. The Parking contractors billing is lagging one month behind the expected one month in arrears.

6. The Housing Repairs Fund also shows an underspend. Much of this is due to late invoicing by the gas servicing contractor.

7. The payments to Sports and Leisure Management Ltd are still lagging behind

expectations though only by a month now. May's payment expected to be paid in June was paid in mid-July. Maintenance expenditure at the North Weald Airfield is low though most runway maintenance is carried out during the last quarter to minimise any disruption to flying and events.

8. 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.

### **Capital Budgets (Annex 10-14)**

9. Tables for capital expenditure monitoring purposes (annex 10 -14) are included for the three months 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 set. The underspends from 2006/07 that require slipping into 2007/08 were agreed by Council on 24 July and will be included in the revised capital programme when the update report is completed in the autumn.

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 15)**

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 a degree of concern over the lower than anticipated levels of income from Development Control and Parking. At this stage no compensating or corrective action is proposed but income from these areas will be closely monitored.

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.