

**FINANCIAL MONITORING – REVENUE BUDGET
(Report by the Head of Financial Services)**

1. 2006/07 Budget – As at March 2007

- 1.1 Cabinet received its last revenue monitoring report at its meeting on 11th January 2007. This report updates that forecast but, despite the year having ended, it is still only a forecast because a number of year-end adjustments still need to be made.
- 1.2 It is now expected that the outturn will be lower than reported in January, giving a forecast outturn of £16,086k against the original budget of £18,305k. The main variations are shown in the table in Annex A and include continued efforts to minimise spending. Revenue reserves will consequently rise from their opening balance of £18.1M to £18.8M.
- 1.3 A significant variation was due to the Government's announcement in March of the allocation of the Local Authority Business Growth Incentive Scheme Grant (LABGI) for 2006/7 of £454k compared with £33k for 2005/6. This Grant has been received as a result of our success in supporting the economic development of the district as measured by increased rateable values.
- 1.4 In the last few days notification of a reduction in the rateable value of Pathfinder House has been received which reflects the lower "rental" value of the building. It is backdated to when the scaffolding was erected and amounts to £170k.
- 1.5 Part of the lower net spending this year will be off-set by the carrying forward of funding for specific projects to next year in accordance with the Code of Financial Management. Last year this amounted to £139k.

2 Budget Monitoring

- 2.1 In the report to Cabinet on 20th July 2006 there were recommendations as to how the budget monitoring process could be improved. Quarterly meetings between Directors and their Heads of Service to review both revenue and capital spending to date and the forecast for the year are now operating routinely and COMT discussed the overall position earlier this month.
- 2.2 This greater emphasis on budget monitoring has encouraged Heads of Service to be more realistic about their forecast outturn; this is reflected in the size of the item in Annex A for "other variations" which it is made up of numerous adjustments on many services. Whilst improvements are emerging there is still a need to identify some of these variations earlier in the year so they can be reflected in the financial forecast.

3 Recommendation

- 3.1 It is recommended that the Cabinet note the variations in the Council's income and expenditure.

ACCESS TO INFORMATION ACT 1985

Source Documents:

1. Cabinet and Council Reports
2. Budgetary control files.

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Annex A

	Expenditure	Income	Recharge to capital	Net Expenditure
	£000	£000	£000	£000
Original Budget	59,421	-40,334	-782	18,305
Unspent budget brought forward from 2005/06	139			139
Less reimbursed expenditure	23,788	-23,788		0
Adjusted Budget	35,772	-16,546	-782	18,444
Items reported up to 11 January	120	-394	-219	-493
Subsequent Variations				
Increased recharge to capital			-167	
Reduced interest		92		
LABGI 2006/7		-454		
LABGI 2005/6 (received 2006/7)		-33		
General contingency not required	-140			
Deferred projects	-365			
Reduced commutation adjustment	120			
Increased recovery of summons costs		-45		
Less maintenance required on waste collection vehicles	-100			
NNDR rebate on Pathfinder House	-170			
Other variations	-603			
total	-1,258	-440	-167	-1,865
Total variations	-1,138	-834	-386	-2,358
	-3.2%	-5.0%		-12.8%
Forecast net spending				16,086

FUNDING	
Government Support	-10,891
Collection Fund adjustment	74
Council Tax	-5,961
Surplus taken to reserves	692