

FALKIRK COUNCIL

Subject: FINANCIAL POSITION 2010/11
Meeting: POLICY & RESOURCES COMMITTEE
Date: 19 October 2010
Author: DIRECTOR OF FINANCE

1. INTRODUCTION

- 1.1 This report presents the latest update on the financial position of the Council for 2010/11 and reflects information for the 5 months to 31 August 2010.

2. GENERAL FUND

- 2.1 Appendix 1 sets out both General Fund expenditure and how it is financed. Movements between budget and projected outturn are expressed in both monetary and percentage terms.
- 2.2 In overall terms net expenditure is currently forecast to be £0.538m below the approved level of c£340.4m. There are however a number of deviations from budget and the most significant are described below:-

Social Work Services (over budget by £2.687m; 3.3%)

The overspend arises mainly from the cost of purchasing residential care for children, community care and adult 24 hour care services. These cost pressures are mitigated by savings in staff costs and additional income.

Miscellaneous Services (under budget by £0.107m; 1.1%)

A one-off VAT recovery of £0.290m from HMRC is partially offset by a forecast reduction in interest receivable on revenue account balances.

Loan Charges (under budget by £0.560m; 20.7%)

The underspend is mainly the result of very low interest rates continuing for longer than originally anticipated, although this is also the reason for the fall in interest receivable referred to above. The impact of lower borrowing in the last financial year is also having a beneficial impact.

3. TRADING ACCOUNTS

The Council's two statutory trading accounts of Building Maintenance and Roads are forecast to generate surpluses of £1.303m which is slightly lower than planned. Whilst turnover has increased within Building Maintenance, the impact of changes in temporary employment regulations and different work profiles have resulted in additional employee and sub-contractor costs.

4. HOUSING REVENUE ACCOUNT

Net expenditure is currently forecast to be below budget due to savings in employee costs, higher commercial rents and savings in loan charges, offset by modest additional costs on empty properties.

5. CONCLUSION

- 5.1 After five months of the year, net General Fund is forecast to be c£0.5m or 0.15% below the level taken into account in setting the budget. The most significant variation from budget remains a forecast overspend of almost £2.7m within Social Work Services. This and other minor overspends are counterbalanced by the provision of c£2.8m which was added into the budget in recognition of spending pressures. Reserves are projected to be just over £7.3m as at March 2011. Spending within the Housing Revenue Account is currently projected to be c£0.3m below budget with year-end reserves forecast to be c£5.1m.

6. RECOMMENDATIONS

6.1 Members are invited to:-

- (i) Note the latest projection of revenue account spending for 2010/11 and
- (ii) Directors be instructed to continue to make every effort to keep spending within the approved budget.

Director of Finance

Date: 29 September 2010

Contact Officer: Alex Jannetta

LIST OF BACKGROUND PAPERS

1. Financial Monitoring Statements 2010/11

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506300 and ask for Alex Jannetta.