

## APPENDIX E

**Key Financial Health Indicators to 31st December 2010****Revenue**

Financial Monitoring	<u>2010/11 Variance Projection</u>	<u>Current Budget</u>	<u>Projected Outturn</u>	<u>Quarter 3 Variance Projection</u>	<u>Variance to 2010/11 Projection</u>	<u>Next Quarter Variance Target</u>	<u>Year end Variance Target</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Service Departments	0.0	180.1	182.4	2.2	2.2	0.0	0
Other Services	0.0	(25.38)	(25.38)	0	0.0	0.0	0
<b>Total</b>	<b>0.0</b>	<b>154.8</b>	<b>157.0</b>	<b>2.2</b>	<b>2.2</b>	<b>0.0</b>	<b>0</b>

**Narrative:**

All departments of the council are reporting budgetary pressures. Where action plans are in place to address these they are not projected as overspends. The current adverse position at the end of Quarter 3 is not considered irreversible but challenging and departments are actively managing reductions to the projected overspends. Full details of the September position is included in Section 3 within the main text of this report.

Income Collection	<u>Target Collection Rate</u>	<u>Cash Equivalent</u>	<u>Actual Collection Rate</u>	<u>Cash Equivalent</u>	<u>Variance to Target Rate</u>	<u>Cash Equivalent</u>	<u>Next Quarter Target</u>
Council Tax	83.00%	£42.631m	80.84%	£41.523m	-2.16%	-£1.108m	94.50%
NNDR	80.00%	£41.476m	78.09%	£40.485m	-1.91%	-£991k	97.00%
Ctax Arrears - prior years	12.50%	£1.538m	8.56%	£1.053m	-3.94%	-£484k	15.00%
Rent Collection	97.00%	£87.498m	95.94%	£86.537m	-1.06%	-£961k	97.00%

**Narrative:**

The collection rates for both Council Tax and NNDR at the end of Quarter 3 are down against the more aggressive target. Council Tax performance is 0.4% down against 2009-10 performance and this is due to a National Fraud Office exercise having been completed that increased the net collectable debit by approximately 1%. In terms of NNDR, performance is down by 0.5% against the same period for 2009-10. Rent Collection at the end of Quarter 3 stands at 95.94% and this is an improvement of 1.21% on the Period 4 outturn (this was the first 2010-11 report available).

### Key Financial Health Indicators to 31st December 2010

#### Investments

	<u>Average Investment Balances</u> £m	<u>Benchmark Return</u>	<u>Return to 31st Dec 2010</u>	<u>Variance against Benchmark</u>	<u>Total Interest Earned</u> £m
Council in House team	38.6	1.50%	1.12%	-0.38%	0.522
External Fund Manager (1)	28.1	1.50%	0.50%	-1.00%	0.140
External Fund Manager (2)	16.4	1.50%	0.54%	-0.96%	0.097
External Fund Manager (3)	15.0	1.50%	0.34%	-1.16%	0.057

Narrative:  
The above statistics show investment performance to the end of September 2010. Bank rates remain at 0.5% for the past 2 years and is predicted to remain so between now and the rest of the financial year as a result of the slow economic recovery in the UK and further government spending cuts. This continues to create a significantly bleaker outlook for investment income. However forecast from the Council's treasury advisers Sector Treasury Services indicate that the perception that bank rate will increase in 2011 is strong. Returns are currently expected to achieve the benchmark return.

#### Capital

<u>Capital Programme</u>	<u>Original Budget</u> £m	<u>Appraised Working Budget</u> £m	<u>Actual Spend @ Q3</u> £m	<u>Projected Spend</u> £m	<u>Variance to Working Budget</u> %	<u>£m</u>
Capital Spend	160	120	61.6	115	4.17%	5

Narrative:  
Actual spend as at the end of December was £61.6m, which is 51% of the working budget. At this stage in the year, it is expected that the outturn will be £107.9m against the budget of £123.9m, however, this position will be subject to robust scrutiny to ensure that timetables and milestones can be adhered to, and that budgets are realistic.

### Key Financial Health Indicators to 31st December 2010

#### Capital

Prudential Indicators	Original Indicators @ 1/4/10			Revised Indicators @31/12/10		
	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
<u>Capital</u>						
Capital Expenditure (£'000)	£160,032	£103,182	£117,528	£119,833	£120,852	£23,774
<u>Financing Costs</u>						
- Ratio of HRA Financing costs to Net Revenue Stream	15.06%	15.06%	15.06%	1.70%	3.70%	3.30%
- Ratio of General Fund Financing Net Revenue Stream	4.53%	5.72%	6.66%	7.10%	8.00%	9.40%
Impact on Band 'D' Council Tax	£135.73	£171.37	£199.65	£212.64	£277.10	£326.54
Impact on Average Housing Rent	£0	£0	£0	£0	£0	£0
Capital Financing Requirement	£105,221	£126,721	£135,221	£157,179	£206,223	£222,209
<u>Treasury Management</u>						
Operational Limit on Borrowing	£90m	£115m	£120m	£90m	£115m	£120m
Authorised Limit	£200m	£200m	£200m	£200m	£200m	£200m

#### Narrative:

The capital expenditure indicator is showing an increase in the capital programme budget as a result of schemes being successfully appraised through the CPMO process. The remaining capital indicators look at the affordability of the capital programme, and at this stage of the year, there are no signs that this affordability will be different from that which was projected at the beginning of the year. The Treasury indicators look at the level of borrowing required to finance capital expenditure. As at the end of quarter 2, the projection is in line with budget.