

BROMSGROVE DISTRICT COUNCIL

CABINET

7 SEPTEMBER 2011

APRIL - JUNE (QUARTER 1) FINANCE MONITORING REPORT 2011/12

Relevant Portfolio Holder	Cllr Roger Hollingworth
Relevant Head of Service	Teresa Kristunas Head of Finance and Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To report to Cabinet on the Council's financial position for the period April - June 2011 (Quarter 1 – 2011/12)

2. RECOMMENDATIONS

- 2.1 That Cabinet note the current financial position on Revenue and Capital as detailed in the report and requests officers to consider actions to enable the predicted overspend to be as mitigated as possible.

3. BACKGROUND

- 3.1 This report provides details of the financial information across the Council. The aim is to ensure officers and members can make informed and considered judgement of the overall position of the Council.

4. KEY ISSUES

- 4.1 A separate finance report for each department plus a council summary, is shown on the following pages.

Revenue Budget summary Quarter 1 (April – June) 2011/12 – Overall Council

Service Head	Revised Budget 2011/12 £'000	Budget April - June £'000	Actual spend April – June £'000	Variance to date April - June £'000
Environmental Services	4,430	249	272	23
Community Services	2,459	412	401	-11
Pre-Regulatory Services	1,127	206	167	-39
Leisure & Cultural Services	1,895	308	296	-12

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Planning & Regeneration	1,291	119	117	-2
Customer Services	-15	122	117	-5
Finance & Resources	2,147	784	808	24
Legal, Equalities & Democratic Services	1,415	292	271	-21
Policy, Performance & Partnerships	-26	176	178	2
Business Transformation	-67	448	441	-7
Corporate Services	734	46	121	75
SERVICE TOTAL	15,390	3,162	3,189	27
Interest on Investments	-68	-17	-20	-3
COUNCIL SUMMARY	15,322	3,145	3,169	24
Financial Commentary				
<ul style="list-style-type: none">The budget for Corporate services includes the council wide vacancy management provision and the corporate savings target. Both these elements are offset by actual savings reflected in other departments.				

Capital Budget summary Quarter 1 (April - June) 2011/12 – Overall Council

Department	Revised Budget 2011/12 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Business Transformation	118	30	63	33
Environmental Services	994	606	594	-12
Planning & Regeneration	1,053	263	14	-249
Regulatory Services	491	123	50	-73
Community Services	988	247	381	134

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Leisure & Cultural Services	684	73	73	0
Budget for Support Services Recharges	136	34	0	-34
Total	4464	1376	1175	-201

Financial Commentary:

- The capital expenditure with the Regulatory Services function is being jointly funded by the partners in accordance with the Business Case. The variance at the end of quarter 3 is because the service is subject to a transformation review before a decision is made as to which IT system to purchase.
- The funding of £1m in relation to the resurfacing of the High Street (within Planning and Regeneration) is anticipated to be delayed due to the consultation and contracting arrangements that have to be undertaken prior to the project. It is assumed that this will be undertaken in early 2012/13 financial year.

4.1.1 Environmental Services	Quarter 1 (April - June) 2011/12
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Revenue Budget summary Quarter 1 (April – June) 2011/12 – Environmental Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Waste Management Policy	-4	6	4	-2
Depot	-43	244	241	-3
Car Parks / Civil Enforcement Parking	-674	-74	-11	63
Cemeteries / Crematorium	103	12	14	2
Streets & Grounds	2,363	348	272	-76
Transport & Waste	2,685	-287	-248	39
TOTAL	4,430	249	272	23

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Financial Commentary

- Car park income continues to fall due to the National picture of car parking income shortfalls. In addition due to the price increase in April it was assumed that there would be an initial reduction. Officers are reviewing the situation in relation to individual car parks and will ensure that further detail is presented to members as part of future reports.
- Under spend in street & grounds service is due to vacant posts, this is a short term saving as these posts will be filled.

Capital Budget summary Quarter 1 (April – June) 2011/12 Environmental Services

Service	Revised Budget 2011/12 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Depot Services	10	3	5	2
Vehicle & Equipment replacement programme	889	579	579	0
North Cemetery Phase 2	95	24	10	-14
TOTAL	994	606	594	-12

Financial Commentary:

- **Orders have been placed for the purchase of four freighters and some grounds equipment.**
- **The North Cemetery project to extend the burial space available, has now commenced.**

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4.1.2 Community Services	Quarter 1 (April – June) 2011/12
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Revenue Budget summary Quarter 1 (April – June) 2011/12 – Community Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - June £'000	Actual spend April – June £'000	Variance to date April - June £'000
Housing Strategy	1,692	270	271	1
Community Safety & Transport	726	131	126	-5
Travel Concessions	0	0	-6	-6
Community Cohesion	41	11	10	-1
TOTAL	2,459	412	401	-11

Financial Commentary

- There are no major variances that have arisen in the first quarter of 2011/12 within the service

Capital Budget summary Quarter 1 (April – June) 2011/12 Community Services

Service	Revised Budget 2011/12 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Strategic Housing	988	247	381	134
TOTAL	988	247	381	134

Financial Commentary:

- Expenditure has been and incurred on the Perryfields Housing scheme which is progressing as planned. £200k of the budget has been committed to assist the Bromsgrove District Housing Trust/West Mercia Developments bid to the Housing Corporation. Actual expenditure will be dependant upon scheme development progress and success in respect of HCA bid submission.
- Applications for Disabled facilities grants continue to be approved although as in previous years take up is slower at the beginning of the financial year.

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4.1.3 Leisure and Cultural Services	Quarter 1 (April-June) 2011/12
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Revenue Budget summary Quarter 1 (April – June) 2011/12 – Leisure and Cultural Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Parks & Open Spaces	496	46	45	-1
Allotments	30	3	3	0
Promotions	169	31	32	1
Sports & Recreation Development	293	63	51	-12
Sports Centres	805	111	110	-1
Leisure Services	102	54	55	1
TOTAL	1,895	308	296	-12

Financial Commentary

- Leisure and Cultural Services are now part of the shared service provision with Redditch Borough Council, all staff were typed to Redditch on the 22nd May 2011.
- The under spend in the Sports and Recreation Development Service is because there are currently vacancies which will be resolved with the new structure.

Capital Budget summary Quarter 1 (April – June) 2011/12 Leisure and Cultural Services

Service	Revised Budget 2011/12 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Sports Facilities	388	0	0	0
Sanders Park	78	19	19	0
Play Areas	146	54	54	0

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Other Schemes	72	0	0	0
TOTAL	684	73	73	0

Financial Commentary:

- Work is on-going with some projects, but at this stage of the financial year several schemes are still to commence. The total capital budget of £684k is all committed to schemes that were approved by Members as part of the budget 2011/12 however contracting arrangements still have to be undertaken in relation to some of the schemes agreed.

4.1.4 Planning and Regeneration	Quarter 1 (April - June) 2011/12
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Revenue Budget summary Quarter 1 (April – June) 2011/12 – Planning and Regeneration

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Building Control	9	-26	-29	-3
Development Control	503	24	32	8
Strategic Planning	523	95	89	-6
Economic & Tourism Development	203	28	25	-3
Emergency Planning	15	4	0	-4
Land Charges	-57	-24	-18	6
Town Centre Development	95	18	18	0
TOTAL	1,291	119	117	-2

Financial Commentary;

- There are no other major variances that have arisen in the first quarter of 2011/12 within the service.

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Capital Budget summary Quarter 1(April – June) 2011/12 Planning and Regeneration

Service	Revised Budget 2011/12 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Town Centre Development - Project Management	53	13	14	1
Town Centre Development – Public Realm	1,000	250	0	-250
TOTAL	1,053	263	14	-249

Financial Commentary:

- The funding of £1m in relation to the resurfacing of the High Street is anticipated to be delayed due to the consultation and contracting arrangements that have to be undertaken prior to the project. It is assumed that this will be undertaken in early 2012/13 financial year.

4.1.5 Regulatory - Client	Quarter 1 (April - June) 2011/12
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Revenue Budget summary Quarter 1 (April – June) 2011/12 – Regulatory Client

Service Head	Revised Budget 2010/11 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000
Environmental Health	1,291	236	195	-41
Licensing	-172	-32	-30	2
Land Drainage	8	2	2	0
TOTAL	1,127	206	167	-39

Financial Commentary:

- Environmental Health transferred to Regulatory Services 1st June 2010.
- Regulatory Services paid accommodation charges to partners for the period of April to June 2011, all staff were then transferred into Wyatt House in Worcester.

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- Regulatory Services transferred £300k of the underspend for financial year 2010/11 back to partners, the balance of £301k was ringfenced in accordance with the Joint Committee for future severance and redundancy pay. This Council received a refund of £31k as its share of the refunded element of the underspend.

4.1.6 Worcestershire Regulatory Services Quarter 1 (April - June) 2011/12

The main revenue expenditure relating to Regulatory Services is reported on a quarterly basis to the Joint Committee and reflects the total costs associated with providing the service across all of the participating Councils.

Capital Budget summary Quarter 1 (April – June) 2011/12 Regulatory Services

Service	Revised Budget 2011/12 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Worcestershire Enhanced Two Tier Programme (WETT)	491	123	50	-73
TOTAL	491	123	50	-73

Financial Commentary:

- This expenditure is jointly funded by all partners to the Joint Committee in accordance with the business case. Following a decision to carry out service transformation before making the decision as to the system requirements for the service, procurement of the management information system will not be undertaken until October 2011.

4.1.7 Customer Services Quarter 1 (April - June) 2011/12

Revenue Budget summary Quarter 1 (April – June) 2011/12 – Customer Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Customer Services	-15	122	117	-5
TOTAL	-15	122	117	-5

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Financial Commentary;

The underspend within the Customer Services department is due to vacancies that exist within the department

4.1.8 Finance and Resources

Quarter 1 (April - June) 2011/12

Revenue Budget summary Quarter 1 (April – June) 2011/12 – Finance and Resources

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Central Overheads	851	213	198	-15
Accounts & Financial Mgmt	19	161	161	0
Human Resources & Welfare	4	55	63	8
Grants & Donations	94	47	45	-2
Property, Assets & Facilities Mgmt	25	267	227	-40
Revenues & Benefits	1,154	41	114	73
TOTAL	2,147	784	808	24

Financial Commentary

- The underspend within Property, Assets and Facilities Management is due to a saving in relation to business rates and the ad-hoc nature of spend for repairs and maintenance for the Council House.
- The overspend within Revenues and Benefits section is in relation to the benefits subsidy claim and will be offset by year end transfers.

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4.1.9 Legal, Equalities and Democratic Services	Quarter 1 (April - June) 2011/12
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Revenue Budget summary Quarter 1 (April – June) 2011/12 – Legal, Equalities and Democratic Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April – June £'000	Actual spend April - June £'000	Variance to date April - June £'000
CMT	-7	10	10	0
Democratic Services & Member Support	1,169	111	98	-13
Elections & Electoral Services	265	97	84	-13
Legal Advice & Services	-12	74	79	5
TOTAL	1,415	292	271	-21
Financial Commentary;				
<ul style="list-style-type: none">• There are no other major variances that have arisen in the first quarter of 2011/12 within the service.				

4.1.10 Policy, Performance and Partnerships	Quarter 1 (April - June) 2011/12
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Revenue Budget summary Quarter 1 (April – June) 2011/12 – Policy, Performance and Partnerships

Service Head	Revised Budget 2010/11 £'000	Profiled Budget April - June £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000
SMT	-8	12	12	0
Printing	-2	23	18	-5
Corporate Admin / Central Post	-9	48	48	0
Policy & Performance	-7	93	100	7
TOTAL	-26	176	178	2

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Financial Commentary;

- At this time of the year expenditure is in line with expectations and therefore no major variances have arisen in the first quarter of 11/12.

4.1.11 Business Transformation

Quarter 1 (April - June) 2011/12

Revenue Budget summary Quarter 1 (April – June) 2011/12 – Business Transformation

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - June £'000	Actual Spend April - June £'000	Variance to date April - June £'000
IT Services	-57	428	425	-3
Business Transformation	-10	20	16	-4
TOTAL	-67	448	441	-7

Financial Commentary

- At this time of the year expenditure is in line with expectations and therefore no major variances have arisen in the first quarter of 11/12.

Capital Budget summary Quarter 1 (April – June) 2011/12 Business Transformation

Service	Revised Budget 2011/12 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance to date April – June £'000
Internet/ Intranet Development	3	1	0	-1
Government Connect Scheme	1	0	0	0
Member ICT Facilities	10	3	0	-3
Voice over IP	90	23	63	-27

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Councillors Remote Access	4	1	0	-1
Increased Bandwidth for Internet Link	10	3	0	-3
TOTAL	118	31	63	-35

Financial Commentary:

- The Voice over IP project is under way and the remaining budget will be spent by October when installation of the new phone system should be complete
- The budget for Increased Bandwidth for Internet Link can be released as this was completed as part of another project and therefore will no longer be required

Revenue Budget summary Quarter 1 (April – June) 2011/12 – Corporate Resources

Service Head	Revised Budget 2010/11 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000
Corporate Resources	734	46	121	75
TOTAL	734	46	121	75

Financial Commentary

- The budget for Corporate services includes the council wide vacancy management provision and the corporate savings target. Both these elements are offset by actual savings reflected in other departments.

4.2 Sundry Debtors

Sundry Debt is raised by the Council to ensure effective recovery of debts owing. The outstanding balance at 30/06/11 was £221k (balance to 31/03/11 was £1,685k) which includes:-

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Type of Debt	Amount £'000
Car Parking Fines	25
Lifeline debts	5
Rents/Hire Charges	31
Building Regulations	1
Trade Waste and Cesspool emptying	39
Developer Contributions – s106 monies	54
Housing Schemes	27
Licensing	6
Sponsorship	4
Shared Services	6
Garden Waste	4
Salary Overpayments	5

The level of debtor has reduced from the previous month because much of the Garden Waste debt has now been collected.

Also Officers have reviewed the S106 contributions to identify the position on the developments and to discuss with developers and this has led to the collection of several of these debts.

The age of the debt is represented as follows:

Age of Debt	Balance as at 31/03/11 £'000	Balance as at 30/06/11 £'000
Under 30 days (not yet due)	1,447	129
Up to 1 month	4	41
1 – 2 months	2	7
3 – 6 months	49	12
Over 6 months	183	32

Debts recovery is originally carried out by the Exchequer Section with 2 reminders being sent to debtors. Debts over 90 days are currently under review and recovered by the legal team.

5.0 TREASURY MANAGEMENT

The Council's Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance prudential indicators and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.

5.1 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Credit risk is minimised by use of a specified list of investment counterparty criteria and by limiting the amount invested with each institution. The Council receives credit rating details from its Treasury Management advisers on a daily basis and any counterparty falling below the criteria is removed from the list.

The Council has not had and does not expect any default losses by any of its counterparties in relation to investments.

Due to market conditions the Council has reduced its credit risk for all new investments by only investing in the highest rated instruments and has shortened the allowable length of investments in order to reduce risk.

The credit criteria in respect of financial assets managed in-house by the Council are as follows:

Financial Asset Category	Criteria (Fitch ratings)	Maximum Investment
Deposits with banks	Short Term: F1+/F1 Support: 1,2,3 Long Term: minimum 'AA-/A	£3million/£2million
Deposits with building societies	Short Term: F1+/F1 Support: 1,2,3 Long Term: minimum 'AA-/A	£3million/£2million
Deposits with Debt Management Account – Deposit Facility (DMADF)		£no upper limit *

Fitch Ratings is an international credit rating agency (one of three nationally recognised rating agencies alongside Moody's and Standard & Poor's). Fitch Rating's long-term credit ratings are set up along a scale from 'AAA' to 'D' where 'AAA' designates the best quality companies, reliable and stable through to 'D' where the company has defaulted on obligations and Fitch believes that it will generally default on all or most of its obligations. Fitch's short term ratings indicate the potential level of

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default within a 12 month period. F1+ is the best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment

At 30 June short term investments comprise:

	31 March 2011 £000	30 June 2011 £000
Deposits with DMADF*	0	1,000
Deposits with Banks/Building Societies	12,575	12,150
Total	12,575	13,150

- *Investments with the DMADF are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, from a credit perspective no upper limit was imposed on investments with the DMADF.

5.2 Income from investments

An investment income target of £68k has been set for 2011/12 using a projected return rate of 0.75% – 1.50 %. During the past financial year bank base rates have remained 0.5% and current indications are projecting minimal upward movement for the short term.

In the 3 months to 30 June the Council received income from investments of £20k.

6.0 REVENUE BALANCES

6.1 Revenue Balances

The revenue balances brought forward at 1 April 2011 were £2.054m (subject to audit). Excluding the impact of any projected over or under spends it is anticipated that £393k will be transferred from balances during 2011/12 to fund revenue expenditure; giving a current projected balance at 31 March 2012 of £1.661m.

7.0 CAPITAL RECEIPTS

- 7.1 The Capital Programme was approved by Members in January 2011, the effect of the level of Capital Spend to 2013/14 on capital receipts is estimated below:

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Capital Programme	2011/12 £'000	2012/13 £'000	2013/14 £'000
Balance b/fwd	3,650	828	-39
Actual funding to date (April – Sept)	-181		
Estimated use for the remainder of the year	-2,741	-967	-1131
Received in year	100	100	100
Balance c/fwd	828	-39	-1,070

- 7.2 The figures in the above table include general capital receipts for the funding of projects throughout the District. In addition, an estimate of capital receipts has been made of £100k per annum in relation to any sales of assets. The opening capital receipts balance is subject to Audit by the Audit Commission.

8. FINANCIAL IMPLICATIONS

- 8.1 Covered in the report.

9. LEGAL IMPLICATIONS

- 9.1 None

10. POLICY IMPLICATIONS

- 10.1 None

11. COUNCIL OBJECTIVES

- 11.1 Performance reporting & management links to the Improvement objective

**12. RISK MANAGEMENT INCLUDING HEALTH & SAFETY
CONSIDERATIONS**

- 12.1 Risk considerations covered in the report. There are no Health & Safety considerations

13. CUSTOMER IMPLICATIONS

- 13.1 Performance Improvement is a Council Objective

14. EQUALITIES AND DIVERSITY IMPLICATIONS

- 14.1 None.

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15. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

15.1 None

16. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

16.1 None

17. HUMAN RESOURCES IMPLICATIONS

17.1 None

18. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

18.1 Sound performance management and data quality are key to achieving improved scores in the Use of resources judgement. This performance report supports that aim.

19. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

19.1 None

20. HEALTH INEQUALITIES IMPLICATIONS

20.1 Not applicable

21. LESSONS LEARNT

21.1 Not applicable

22. COMMUNITY AND STAKEHOLDER ENGAGEMENT

22.1 None

23. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	No
Chief Executive	No
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	No

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Executive Director – Planning & Regeneration, Regulatory and Housing Services	No
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	No
Head of Legal, Equalities & Democratic Services	No
Corporate Procurement Team	No

24. WARDS AFFECTED

All

25. APPENDICES

None

26. BACKGROUND PAPERS

None

27. KEY

None

AUTHORS OF REPORT

Teresa Kristunas, Head of Finance and Resources
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