

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

APRIL – SEPTEMBER (QUARTER 2) FINANCE MONITORING REPORT 2011/12

Relevant Portfolio Holder	Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

- 1.1 To report to Cabinet on the Council's financial position for the period April - September 2011 (Quarter 2 – 2011/12).

2. RECOMMENDATIONS

- 2.1 That Cabinet note the current financial position on Revenue and Capital as detailed in the report.
- 2.2 That Cabinet approves the budget virements between £15k and £100k, listed in Appendix 2.
- 2.3 That Cabinet note the financial position and movements on the earmarked reserves as detailed in Appendix 1.
- 2.4 That Cabinet approve the expenditure of grant income from Worcestershire County Council, of £40k, for use in funding an insulation scheme for people over the age of 60.
- 2.5 That Cabinet approve the carry forward into 2012/13 of the budget of £1m, for repaving the town centre.

3. KEY ISSUES

Financial Implications

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

BROMSGROVE DISTRICT COUNCIL**CABINET****2 NOVEMBER 2011****Revenue Budget summary Quarter 2 (April – Sept) 2011/12 – Overall Council**

Service Head	Revised Budget 2011/12 £'000	Budget April - Sep £'000	Actual spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Environmental Services	4,497	1,239	707	-532	4,314	-183
Community Services	2,451	798	779	-19	2,417	-34
Pre-Regulatory Services	1,127	317	265	-52	1,066	-61
Leisure & Cultural Services	1,944	963	887	-76	1,897	-47
Planning & Regeneration	1,298	280	177	-103	1,127	-171
Customer Services	-41	244	215	-29	-102	-61
Finance & Resources	2,077	1,143	1,165	22	2,193	116
Legal, Equalities & Democratic Services	1,446	530	476	-54	1,365	-81
Policy, Performance & Partnerships	-27	313	297	-16	-46	-19
Business Transformation	-9	684	639	-45	-80	-71
Corporate Services	734	41	238	197	1,053	319
SERVICE TOTAL	15,497	6,552	5,845	-707	15,204	-293
Interest on Investments	-68	-44	-64	-20	-84	-16
COUNCIL SUMMARY	15,429	6,508	5,781	-727	15,120	-309

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

Financial Commentary:

- The year end underspend of £309k includes additional interest on investments of £16k above that originally budgeted. The general services underspend of £293k relates to a number of factors including:
 1. A projected underspend on the staffing budget of £309k.
 2. A saving within the Cleansing Service following review by Officers to identify different working practices and the restructure of posts to reduce overtime.
 3. Additional income received by the Development Control function following an increase in the number of planning applications received.
- Interest on investments was higher than expected in the first half of the financial year because of additional income received from the investment of Business Rate monies held by the Council.
- The budget for Corporate Services includes the council wide vacancy management provision and the corporate savings target. The current net underspend on vacancies is £359k.

Agency & Consultancy

Within the summary at above there are costs associated with covering vacancies together with consultancy costs arising from the Council seeking external professional support for projects undertaken (eg Specialist employee legal advice).

	Revised Budget 2011/12 £'000	Budget April – Sep £'000	Actual Spend April – Sep £'000	Variance To date April – Sep £'000
Temporary Agency Staff	50	25	120	95
Underspend on staffing	8,534	4,267	3,800	-467
External consultancy / professional advice	272	136	149	13
TOTAL	8,856	4,428	4,069	-359

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

Capital Budget summary Quarter 2 (April - September) 2011/12 – Overall Council

Department	Revised Budget 2011/12 £'000	Budget April – Sep £'000	Actual Spend April – Sep £'000	Variance To date April – Sep £'000	Projected Outturn £'000	Projected Variance £'000
Business Transformation	118	97	93	-4	107	-11
Environmental Services	994	960	615	-45	950	-44
Planning & Regeneration	1,053	27	5	-22	53	-1,000
Regulatory Services	491	246	50	-196	491	0
Community Services	988	494	323	-171	949	-39
Leisure & Cultural Services	684	75	75	0	615	-69
Budget for Support Services Recharges	136	68	68	0	136	0
Total	4,464	1,667	1,229	-438	3,301	-1,163

Financial Commentary:

- Expenditure has been incurred on the Perryfields Housing scheme which is progressing as planned. The budget of £200k has been committed to assist the bid by Bromsgrove District Housing Trust and West Mercia Developments to the Housing Corporation.
- Orders have been placed for four refuse freighters which are due for delivery in December, a saving of £30k against the original budget has been achieved on this purchase.
- Work has commenced on several projects in Leisure and Cultural Services, however contracting arrangements still have to be undertaken for some projects.

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

3.1.1 Environmental Services	Quarter 2 (April – September) 2011/12
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Revenue Budget summary Quarter 2 (April – September) 2011/12 – Environmental Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual Spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Waste Management Policy	-4	-2	-4	-2	-7	-3
Depot	-53	387	371	-16	-53	0
Car Parks / Civil Enforcement Parking	-618	-406	-319	87	-581	37
Cemeteries / Crematorium	103	22	7	-15	94	-9
Highways	326	75	20	-55	267	-59
Streets & Grounds	1,420	429	357	-72	1,313	-107
Grounds Maintenance	637	180	147	-33	619	-18
Waste	2,662	588	144	-443	2,602	-60
Garage	24	-34	-16	18	60	36
TOTAL	4,497	1,239	707	-532	4,314	-183

Financial Commentary

- Car park income has remained stagnant this year and therefore has not generated the inflationary increase included in the budget. However officers are working at reducing expenditure to mitigate the impact.
- Officers have highlighted savings of approx £100k in delivering the cleansing service by operating different working practices and restructuring posts to reduce overtime, this saving has been offered in the medium term financial term for future years.
- Within Highways there is a £59k projected saving, this is due to a vacant post, this post will need to be filled next year, and cannot be offered as a long term saving. In addition an internal income stream has been identified that was not included within

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

the original budgets. Officers are establishing whether these are ongoing works or one off income to determine the inclusion in future years.

- Savings have also been achieved within the Transport & Waste service by the reduction of overtime and agency staff. Currently this saving is projected at £50k.
- Garage costs are showing an overspend, officers are reviewing the costs attached to delivering the service and the recharging mechanism to redress this.

Capital Budget summary Quarter 2 (April – September) 2011/12 Environmental Services

Service	Revised Budget 2011/12 £'000	Budget April – Sep 2011/12 £'000	Actual spend April – Sep £'000	Variance To date April – Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Depot Services	10	0	0	0	10	0
Vehicle & Equipment replacement programme	889	640	605	-35	845	-44
North Cemetery – Phase 2	95	20	10	-10	95	0
TOTAL	994	660	615	-45	950	-44

Financial Commentary:

- Orders have been placed for the 4 refuse freighters and delivery is expected in December, a saving of £30k against the original budget.
- The fork lift truck has been ordered, when it arrives a saving will be realised in hire charges of the existing unit.
- Project works have commenced at the cemetery and this will continue throughout the year.

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

3.1.2 Community Services	Quarter 2 (April – September) 2011/12
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Revenue Budget summary Quarter 2 (April – September) 2011/12 – Community Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual spend April – Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Housing Strategy & CMT	1,693	521	513	-8	1,678	-15
Community Safety & Transport	726	261	243	-18	701	-25
Travel Concessions	0	0	6	6	6	6
Community Cohesion	32	16	17	1	32	0
TOTAL	2,451	798	779	-19	2,417	-34

Financial Commentary

- There are no major variances that have arisen in this quarter.
- There may be a small under-spend on Community Safety and Transport due to the efficiency of the shared service.
- A vacancy existed within the Housing Strategy Section which has resulted in a small under-spend at the year end.

Capital Budget summary Quarter 2 (April – September) 2011/12 Community Services

Service	Revised Budget 2011/12 £'000	Budget April – Sep £'000	Actual spend April – Sep £'000	Variance To date April – Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Strategic Housing	988	494	323	-171	949	-39
TOTAL	988	494	323	-171	949	-39

Financial Commentary:

- Expenditure has been 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

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

- 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.

3.1.3 Leisure and Cultural Services

Quarter 2 (April-September) 2011/12

Revenue Budget summary Quarter 2 (April – September) 2011/12 – Leisure and Cultural Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Parks & Open Spaces	473	79	79	0	473	0
Allotments	42	5	5	0	42	0
Promotions	168	74	76	2	203	35
Sports & Recreation Development	302	77	52	-25	283	-19
Property, Assets & Facilities Management	27	383	334	-49	-26	-53
Leisure Services / Sports Centres / CMT	932	345	341	-4	922	-10
TOTAL	1,944	963	887	-76	1,897	-47

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. As part of the shared service Property, Assets & Facilities Management were transferred into Leisure & Cultural Services from Finance & Resources.
- The under spend in the Sports and Recreation Development Service is because there are currently vacancies which will be resolved with the new structure.
- 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.

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

- The overspend within Promotions has resulted from a net budget of £16k income for the firework display, however it is anticipated that this display will result in net expenditure of £15k. Therefore resulting in a budget deficit of £31k.

Capital Budget summary Quarter 2 (April – September) 2011/12 Leisure and Cultural Services

Service	Revised Budget 2011/12 £'000	Budget April – Sep £'000	Actual spend April – Sep £'000	Variance To date April – Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Sports Facilities	388	2	2	0	319	-69
Sanders Park	78	19	19	0	78	0
Play Areas	146	54	54	0	146	0
Other Schemes	72	0	0	0	72	0
TOTAL	684	75	75	0	615	-69

Financial Commentary:

- Work has commenced on some projects, but at this stage of the financial year several schemes are still to begin. The total capital budget of £684k is all committed to schemes that were approved by Members as part of the 2011/12 budget, however contracting arrangements still have to be undertaken in relation to some of the schemes agreed.
- Due to the failure to agree a formal scheme by the Parish Council, the scheme for Alvechurch Lions has been withdrawn and will be addressed as part of 12/13 budget round.

3.1.4 Planning and Regeneration

Quarter 2 (April – September) 2011/12

Revenue Budget summary Quarter 2 (April – September) 2011/12 – Planning and Regeneration

Service Head	Revised Budget	Profiled Budget	Actual spend	Variance to date	Projected outturn	Projected variance
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BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

	2011/12 £'000	April – Sep £'000	April – Sep £'000	April - Sep £'000	2011/12 £'000	2011/12 £'000
Building Control	11	-52	-41	11	-6	-17
Development Control	503	48	-17	-65	394	-109
Economic & Tourism Development	204	66	51	-15	193	-11
Emergency Planning	15	8	8	0	15	0
Land Charges	-57	-47	-42	5	-50	7
Strategic Planning	522	215	203	-12	514	-8
Town Centre Development	100	42	15	-27	67	-33
TOTAL	1,298	280	177	-103	1,127	-171

Financial Commentary;

- Economic Development is now part of the North Worcestershire Regeneration Shared Service and the North Worcestershire Building Control Shared Service went live on November 1st. Both are projected to make small savings in the first year.
- Development Control have had a number of large planning applications which have led to additional income.
- The Town Centre Development budget includes an initial £25k funding from the Heritage Lottery Fund. This is the first payment for the development stage of the Townscape Heritage Initiative project and as such has not yet been spent.
- Strategic planning includes a budget for consultants fees related to progressing the core strategy and associated inquiry in due course.

Capital Budget summary Quarter 2(April – September) 2011/12 Planning and Regeneration

Service	Revised Budget 2011/12 £'000	Budget April – Sep £'000	Actual spend April – Sep £'000	Variance To date April – Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Town Centre	53	27	5	-22	53	0

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

Development - Project Management						
Town Centre Development – Public Realm	1,000	0	0	0	0	-1,000
TOTAL	1,053	27	5	-22	53	-1,000

Financial Commentary:

- The Project Management costs mainly relate to the recharge from Worcestershire County Council for staffing, invoicing for this is not up-to-date.
- The Public Realm budget is now projected to be spent within 2012/13 - see Recommendation 2.6 for request to carry-forward.

3.1.5 Regulatory - Client	Quarter 2 (April - Sept) 2011/12
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Revenue Budget summary Quarter 2 (April – Sept) 2011/12 – Regulatory Client

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Environmental Health	1,292	413	365	-48	1,233	-59
Licensing	-173	-100	-103	-3	-182	-9
Land Drainage	8	4	3	-1	15	7
TOTAL	1,127	317	265	-52	1,066	-61

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 then transferred into Wyatt House in Worcester.
- Regulatory Services transferred £300k of the under spend 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 costs. This Council received a refund of £31k as its share of the refunded element of the under spend.

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

3.1.6 Worcestershire Regulatory Services	Quarter 2 (April – Sept) 2011/12
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Revenue Budget summary 2 (April – Sept) 2010/11 – Regulatory Services

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 2 (April – September) 2010/11 Regulatory Services

Service	Revised Budget 2011/12 £'000	Budget April – Sep £'000	Actual Spend April – Sep £'000	Variance To date April – Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Worcestershire Enhanced Two Tier Programme (WETT)	491	246	50	-196	491	0
TOTAL	491	246	50	-196	491	0

Financial Commentary:

The 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 has been postponed until November.

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

3.1.7 Customer Services	Quarter 2 (April – September) 2011/12
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Revenue Budget summary Quarter 2 (April – September) 2011/12 – Customer Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Customer Services	-41	244	215	-29	-102	-61
TOTAL	-41	244	215	-29	-102	-61

Financial Commentary:

- The underspend within the customer services department is due to a number of vacancies that exist within the department and spending has been reduced to a minimum

3.1.8 Finance and Resources	Quarter 2 (April - September) 2011/12
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Revenue Budget summary Quarter 2 (April – September) 2011/12 – Finance and Resources

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Central Overheads	816	448	425	-23	781	-35
Accounts & Financial Mgmt	19	343	344	1	19	0
Human Resources & Welfare	-15	102	99	-3	-24	-9
Grants & Donations	94	84	84	0	94	0
Revenues & Benefits	1,163	166	213	47	1,323	160
TOTAL	2,077	1,143	1,165	22	2,193	116

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

Financial Commentary

- Property, Assets & Facilities Management transferred into the Leisure & Cultural Service as part of the Shared Services.
- Officers are reviewing the position in relation to the benefit subsidy (Revenues and Benefits) which is showing a shortfall to budget. It is anticipated that this will be significantly reduced by the end of the financial year.

3.1.9 Legal, Equalities and Democratic Services

Quarter 2 (April – Sept) 2011/12

Revenue Budget summary Quarter 2 (April – September) 2011/12 – Legal, Equalities and Democratic Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Democratic Services & Member Support	1,185	229	224	-5	1,181	-4
Elections & Electoral Services	270	123	86	-37	205	-65
Legal Advice & Services & CMT	-9	178	166	-12	-21	-12
TOTAL	1,446	530	476	-54	1,365	-81

Financial Commentary;

- There will be an under-spend on Elections and Electoral services due to the National Referendum taking place on the same day as the District Elections.

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

3.1.10 Policy, Performance and Partnerships	Quarter 2 (April – September) 2011/12
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Revenue Budget summary Quarter 2 (April – September) 2011/12 – Policy, Performance and Partnerships

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Printing	-2	45	45	0	-3	-1
Corporate Admin / Central Post	-9	92	91	-1	-8	1
Policy & Performance & SMT	-16	176	161	-15	-35	-19
TOTAL	-27	313	297	-16	-46	-19

Financial Commentary;

- There is an under-spend at the end of quarter 2 which is projected to the end of the financial year, this is due to the shared service of Policy and Performance.

3.1.11 Business Transformation	Quarter 2 (April - September) 2011/12
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Revenue Budget summary Quarter 2 (April – September) 2011/12 – Business Transformation

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual Spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
IT Services	1	644	566	-78	-95	-96
Business Transformation	-10	40	73	33	15	25
TOTAL	-9	684	639	-45	-80	-71

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

Financial Commentary

- The underspend within the IT services section is due to renegotiation of IT contracts

Capital Budget summary Quarter 2 (April – September) 2011/12 Business Transformation

Service	Revised Budget 2011/12 £'000	Budget April – Sep £'000	Actual spend April – Sep £'000	Variance To date April – Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Internet/ Intranet Development	3	0	0	0	3	0
Government Connect Scheme	1	0	0	0	0	-1
Member ICT Facilities	14	7	3	-4	14	0
Voice over IP	90	90	90	0	90	0
Increased Bandwidth for Internet Link	10	0	0	0	0	-10
TOTAL	118	97	93	-4	107	-11

Financial Commentary:

- The budget for Increased Bandwidth for Internet Link and Government Connect Scheme can be released as these have been completed as part of other projects and will therefore no longer be required.

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

3.1.12 Corporate Resources	Quarter 2 (April - September) 2011/12
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Revenue Budget summary Quarter 2 (April – September) 2011/12 – Corporate Resources

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Sep £'000	Actual Spend April - Sep £'000	Variance to date April - Sep £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Corporate Resources	734	41	238	197	1,053	319
TOTAL	734	41	238	197	1,053	319

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. The current under spend on the staffing budget is £509k.

3.2 Sundry Debtors

Sundry Debt is raised by the Council to ensure effective recovery of debts owing. The outstanding balance at 30/09/11 was £797k (balance to 31/06/11 was £221k) which includes:-

Type of Debt	Amount £'000
Car Parking Fines	27
Lifeline debts	37
Rents/Hire Charges	16
Building Regulations	2
Trade Waste and Cesspool emptying	38
Developer Contributions – s106 monies	54
Housing Schemes	29
Licensing	21
Sponsorship	17
Shared Services	389
Garden Waste	2
Salary Overpayments	5

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

Elections	114
Travel Concessions	7
Trunk	15

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 30/06/11 £'000	Balance as at 30/06/11 £'000
Under 30 days (not yet due)	129	654
Up to 1 month	41	27
1 – 2 months	7	2
3 – 6 months	12	77
Over 6 months	32	37

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.

3.3 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.

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

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

At 30 September short term investments comprised:

	31 March 2011 £000	30 Sept 2011 £000
Deposits with DMADF*	0	1,500
Deposits with Banks/Building Societies	12,575	13,500
Total	12,575	15,000

Following the conclusion of the Moody's review of UK financial institutions in early October our treasury advisors issued advice in relation to withdrawal of funds from institutions no longer meeting our minimum criteria. We were advised to withdraw funds from call/instant access accounts held with affected institutions and to give notice where applicable. However it was not advised to break the terms of deposits held to a fixed date. As a consequence the majority of the Council's investments are currently placed with the DMADF.

- *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.

3.3.2 Income from investments and other interest

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 6 months to 30 Sept the Council received income from investments of £53k together with other interest of £12k.

Details of the Council's performance for the Treasury Management function to the end of Quarter 2 of 2011/12 are included at Appendix 4.

3.4 REVENUE BALANCES

3.4.1 Revenue Balances

The revenue balances brought forward at 1 April 2011 were £1.918m. Excluding the impact of any projected over or under spends it is anticipated that £389k will be transferred from balances during 2011/12 to fund revenue expenditure; giving a current projected balance at 31 March

BROMSGROVE DISTRICT COUNCIL

CABINET

2 NOVEMBER 2011

2012 of £1.529m. However if the underspend as included in this report is realised the balances position will remain at £1.9m.

3.5 CAPITAL RECEIPTS

- 3.5.1 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:

Capital Programme	2011/12 £'000	2012/13 £'000	2013/14 £'000
Balance b/fwd	3,650	1,643	776
Actual funding to date (April – Sept)	-227		
Estimated use for the remainder of the year	-2,555	-967	-1131
Received in year			
- General Sales	100	100	100
- Sale of freehold at Sherwood Road	675		
Balance c/fwd	1,643	776	-255

- 3.5.2 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.
- 3.5.3 Finance officers are working with the Town Centre project team to ensure all potential capital receipts are included in future reports.

Legal Implications

- 3.6 None

Service / Operational Issues

- 3.7 All included in financial implications

Customer / Equalities and Diversity Implications

- 3.8 None as a direct result of this report

4. RISK MANAGEMENT

- 4.1 Failure to manage the budgets effectively can lead to an overspend that has to be funded or services not being provided to the customer. Departmental registers include controls in place to support effective financial management.

5. APPENDICES

- Appendix 1 Current Position (April – Sept) on Earmarked Reserves
Appendix 2 Virements for approval by Cabinet
Appendix 3 Performance for the Treasury Management Function for April – Sept 2011

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