

BROMSGROVE DISTRICT COUNCIL

CABINET

22 FEBRUARY 2012

APRIL – DECEMBER (QUARTER 3) 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 - December 2011 (Quarter 3 – 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 recommend to Council :
- 2.4.1 Approval of an increase to the 2012/13 Capital Programme of £659k to support the c/fwd requests as detailed in Appendix 3.
- 2.4.2 Approval of an increase to the Capital Programme 2012/13 of £12k, to be funded from revenue underspends to support the GIS software

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****22 FEBRUARY 2012****Revenue Budget summary Quarter 3 (April – Dec) 2011/12 – Overall Council**

Service Head	Revised Budget 2011/12 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Environmental Services	4,457	1,667	1,044	-623	4,132	-325
Community Services	2,443	1,105	1,027	-78	2,275	-168
Pre-Regulatory Services	1,119	461	392	-69	1,050	-69
Leisure & Cultural Services	1,937	1,376	1,322	-54	1,867	-70
Planning & Regeneration	1,346	415	342	-73	1,291	-55
Customer Services	-40	352	305	-47	-88	-48
Finance & Resources	2,105	1,682	1,671	-11	2,111	6
Legal & Democratic Services	1,440	800	718	-82	1,347	-93
Policy, Performance & Partnerships	-24	469	425	-44	-79	-55
Business Transformation	36	925	808	-117	-119	-155
Corporate Services	688	69	319	250	1023	335
SERVICE TOTAL	15,507	9,321	8,373	-948	14,810	-697
Interest on Investments	-68	-51	-83	-32	-90	-22
Change in Financing	0	0	0	0	22	22
COUNCIL SUMMARY	15,439	9,270	8,290	-980	14,742	-697

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Financial Commentary:

- The year end underspend of £620k includes additional interest on investments of £22k above that originally budgeted. The general services underspend of £620k relates to a number of factors, including:-
 1. Additional income levels have been maintained by the Development Control function following an increase in the number of planning applications received.
 2. An underspend is predicted within the Policy, Performance and Partnership function, which is partly due to the shared service provision.
 3. Following a request from the Executive Director of Finance and Resources, expenditure throughout the Council has been reduced to that deemed critical for the provision of services, this has helped to increase the level of savings attributable to services from £293k to £620k.
- The budget for Corporate Services includes the Council wide vacancy management provision and the corporate savings target. The current net underspend is £185k.
- Interest on investments remains higher than expected because of additional income received from the investment of Business Rate monies held by the Council.

Agency & Consultancy

Within the summary 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 – Dec £'000	Actual Spend April – Dec £'000	Variance To date April – Dec £'000
Temporary Agency Staff	59	42	250	208
Underspend on staffing	8,270	6,289	5,798	-491
External consultancy / professional advice	258	214	312	98
TOTAL	8,587	6,545	6,360	-185

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Capital Budget summary Quarter 3 (April – December) 2011/12 – Overall Council

Department	Revised Budget 2011/12 £'000	Budget April – Dec £'000	Actual Spend April – Dec £'000	Variance To date April – Dec £'000	Projected Outturn £'000	Projected Variance £'000
Business Transformation	173	156	103	-53	159	-14
Environmental Services	1,062	994	688	-306	882	-180
Planning & Regeneration	53	40	30	-10	79	26
Regulatory Services	491	368	82	-286	491	0
Community Services	988	744	643	-101	769	-219
Legal & Democratic Services	0	0	26	26	26	26
Leisure & Cultural Services	685	75	75	0	197	-488
Budget for Support Services Recharges	100	75	75	0	100	0
Total	3,552	2,452	1,722	-730	2,703	-849

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.
- Work has commenced on several projects in Leisure and Cultural Services, however

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contracting arrangements still have to be undertaken for some projects.

- Three of the four new refuse freighters have now been delivered, other replacement fleet items have been delivered or are on order, these include sweepers, mowers and other items of plant.

3.1.1 Environmental Services

Quarter 3 (April – December) 2011/12

Revenue Budget summary Quarter 3 (April – December) 2011/12 – Environmental Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Waste Management Policy	-4	-3	-8	-5	-6	-2
Depot	-47	523	445	-78	-62	-15
Car Parks / Civil Enforcement Parking	-618	-678	-642	36	-572	46
Cemeteries / Crematorium	104	31	7	-24	94	-10
Highways	324	109	22	-87	254	-70
Street Cleansing	1,383	612	531	-81	1,285	-98
Grounds Maintenance	634	267	230	-37	624	-10
Waste	2,657	857	477	-380	2,457	-200
Garage	24	-51	-18	33	58	34
TOTAL	4,457	1,667	1,044	-623	4,132	-325

Financial Commentary

- A grant received from the County Council for waste minimisation has increased the level of savings from that previously anticipated, this grant has now been included in the medium term financial plan for the following two years.

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**Capital Budget summary Quarter 3 (April – December) 2011/12
Environmental Services**

Service	Revised Budget 2011/12 £'000	Budget April – Dec 2011/12 £'000	Actual spend April – Dec £'000	Variance To date April – Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Depot Services	78	10	0	-10	10	-68
Vehicle & Equipment replacement programme	889	889	673	-216	846	-43
North Cemetery – Phase 2	95	95	15	-80	26	-69
TOTAL	1,062	994	688	-306	882	-180

Financial Commentary:

- An order was placed in January for Solar panels but it is uncertain whether the project will be completed by the end of March.
- Three of the four freighters have been delivered, other replacement fleet items have been delivered or are on order including sweepers, mowers and plant. The £43k under spend is requested to be carried forward to cover committed orders.
- Work has commenced on the North Cemetery and some costs have been incurred however, the budget will be required in the early part of 2012/13 financial year and a carry has been requested in this report of £69k.

3.1.2 Community Services	Quarter 3 (April – December) 2011/12
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**Revenue Budget summary Quarter 3 (April – December) 2011/12 –
Community Services**

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual spend April – Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Housing Strategy & CMT	1,686	692	693	1	1,646	-40

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Community Safety & Transport	726	382	297	-85	592	-134
Travel Concessions	0	0	6	6	6	6
Community Cohesion	31	31	31	0	31	0
TOTAL	2,443	1,105	1,027	-78	2,275	-168

Financial Commentary

- There will be an under-spend on Community Safety and Transport due to efficiency savings achieved by the shared provision of the CCTV and lifeline service.
- There is also a vacancy within the Housing Strategy Section which has resulted in an under-spend at the year end.

Capital Budget summary Quarter 3 (April – December) 2011/12 Community Services

Service	Revised Budget 2011/12 £'000	Budget April – Dec £'000	Actual spend April – Dec £'000	Variance To date April – Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Strategic Housing	988	744	643	-101	769	-219
TOTAL	988	744	643	-101	769	-219

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 with payments being made to the partners by instalments on completion of 40% on land purchase, 40% commencement of site works, and the final 20% on completion subject to the original Grant agreement.
- There is a request for carry forward of the committed balance on the Disabled Facilities Grant budget and BDHT developments budget.

3.1.3 Leisure and Cultural Services	Quarter 3 (April-December) 2011/12
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Revenue Budget summary Quarter 3 (April – December) 2011/12 – Leisure and Cultural Services

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Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Parks & Open Spaces	473	133	124	-9	456	-17
Allotments	42	5	5	0	42	0
Promotions	168	99	133	35	202	34
Sports & Recreation Development	316	148	122	-26	284	-32
Property, Assets & Facilities Management	27	453	413	-40	-13	-40
Leisure Services / Sports Centres / CMT	911	539	525	-14	896	-15
TOTAL	1,937	1,376	1,322	-54	1,867	-70

Financial Commentary

- Leisure and Cultural Services are now part of the shared service provision hosted by Redditch Borough Council, all staff were transferred 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 within 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.
- 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 £13k Therefore resulting in a budget deficit of £29k, this has been addressed within the 2012/13 budget round.

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

Service	Revised Budget 2011/12 £'000	Budget April – Dec £'000	Actual spend April – Dec £'000	Variance To date April – Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Sports Facilities	430	2	2	0	65	-365
Sanders Park	79	19	19	0	19	-60
Play Areas	146	54	54	0	113	-33
Other Schemes	30	0	0	0	0	-30
TOTAL	685	75	75	0	197	-488

Financial Commentary:

- Work has commenced on some of the capital projects, but at this stage of the financial year several schemes are still to begin. The total capital budget of £685k 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 2012/13 budget round.
- The s106 monies allocated for the refurbishment and enhancement of Briar Close Play area is to be removed from the capital programme until additional monies are received from the Developer.

3.1.4 Planning and Regeneration

Quarter 3 (April – December) 2011/12

Revenue Budget summary Quarter 3 (April – December) 2011/12 – Planning and Regeneration

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April – Dec £'000	Actual spend April – Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Building Control	12	-75	-39	36	43	31
Development Control	503	72	55	-17	474	-29

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Economic & Tourism Development	204	99	77	-22	174	-30
Emergency Planning	15	11	6	-5	14	-1
Land Charges	-57	-71	-29	42	-19	38
Strategic Planning	523	285	234	-51	497	-26
Town Centre Development	146	94	38	-56	108	-38
TOTAL	1,346	415	342	-73	1,291	-55

Financial Commentary:

- North Worcestershire Building Control Shared Service went live on 1st September 2011. The Business Case projected a small saving in the first year but extra staffing costs have been incurred in the initial stages. Fee income is also lower than budgeted levels.
- The income from planning applications within Development Control is still in excess of budget but the rate has decreased and some of the additional income has been off-set against additional staffing costs required.
- Within Economic Development the rent income from Market Stalls is exceeding that budgeted.
- The Local Land Charges Shared Service went live on 1st November 2011. The Business Case projected a saving but initial staffing costs are higher than anticipated. Income from search fees is also lower than budgeted levels.
- Strategic Planning includes a budget for consultants fees related to progressing the core strategy and associated inquiry in due course.
- 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. A further £25k is projected to be received before the end of the financial year.

Capital Budget summary Quarter 3(April – December) 2011/12 Planning and Regeneration

Service	Revised Budget 2011/12 £'000	Budget April – Dec £'000	Actual spend April – Dec £'000	Variance To date April – Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Town Centre Development	53	40	16	-24	65	12

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- Project Management						
Public Access Software for LLC	0	0	14	14	14	14
TOTAL	53	40	30	-10	79	26

Financial Commentary:

- Worcestershire County Council have not yet raised an invoice for Project Management costs for this financial year. The costs that have been incurred up to this point relate to design work which is required prior to the main public realm works.
- The Public Access Software for Local Land Charges has been funded from revenue but the spend is capital in nature.

3.1.5 Regulatory - Client	Quarter 3 (April – December) 2011/12
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Revenue Budget summary Quarter 3 (April – Dec) 2011/12 – Regulatory Client

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Environmental Health	1,270	595	534	-61	1,207	-63
Licensing	-173	-139	-147	-8	-181	-8
Land Drainage	22	5	5	0	24	2
TOTAL	1,119	461	392	-69	1,050	-69

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.
- Worcestershire Regulatory Shard 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.

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3.1.6 Worcestershire Regulatory Services	Quarter 3 (April – December) 2011/12
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Revenue Budget summary Quarter 3 (April – Dec) 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 3 (April – September) 2010/11 Regulatory Services

Service	Revised Budget 2011/12 £'000	Budget April – Dec £'000	Actual Spend April – Dec £'000	Variance To date April – Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Worcestershire Enhanced Two Tier Programme (WETT)	491	368	82	-286	491	0
TOTAL	491	368	82	-286	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 February 2012.

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3.1.7 Customer Services **Quarter 3 (April – December) 2011/12**

Revenue Budget summary Quarter 3 (April – December) 2011/12 – Customer Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Customer Services	-40	352	305	-47	-88	-48
TOTAL	-40	352	305	-47	-88	-48

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 3 (April – December) 2011/12**

Revenue Budget summary Quarter 3 (April – December) 2011/12 – Finance and Resources

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Central Overheads	840	657	569	-88	740	-100
Accounts & Financial Mgmt	19	475	475	0	25	6
Human Resources & Welfare	-15	234	249	15	4	19
Grants & Donations	93	84	83	-1	94	1
Revenues & Benefits	1,168	232	295	63	1,248	80
TOTAL	2,105	1,682	1,671	-11	2,111	6

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Financial Commentary:

- There is a predicted shortfall in relation to benefit subsidy received by the Council. It is estimated that this will reduce due to recovery of benefit overpayment which is repaid to offset any reduction in subsidy due to errors made on benefit calculations.

3.1.9 Legal, Equalities and Democratic Services

Quarter 3 (April – Dec) 2011/12

Revenue Budget summary Quarter 3 (April – December) 2011/12 – Legal, Equalities and Democratic Services

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Democratic Services & Member Support	1,185	344	331	-13	1,169	-16
Elections & Electoral Services	263	196	137	-59	197	-66
Legal Advice & Services & CMT	-8	260	250	-10	-19	-11
TOTAL	1,440	800	718	-82	1,347	-93

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.
- There are some small salary under-spends also within other areas of the department.

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Capital Budget summary Quarter 3 (April – December) 2011/12 Legal, Equalities and Democratic Services

Service	Revised Budget 2011/12 £'000	Budget April – Dec £'000	Actual spend April – Dec £'000	Variance To date April – Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Elections & Electoral Services	0	0	26	26	26	26
TOTAL	0	0	26	26	26	26

Financial Commentary:

- This scheme relates to a new electoral system, Xpress, the scheme will be funded from Revenue Reserves.

3.1.10 Policy, Performance and Partnerships | Quarter 3 (April – December) 2011/12

Revenue Budget summary Quarter 3 (April – December) 2011/12 – Policy, Performance and Partnerships

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Printing	-2	69	44	-25	-31	-29
Corporate Admin / Central Post	-9	138	134	-4	-10	-2
Policy & Performance & SMT	-13	262	247	-15	-37	-24
TOTAL	-24	469	425	-44	-79	-55

Financial Commentary:

- There is an under-spend at the end of quarter 3 which is projected to the end of the financial year, this is due to the shared service provision of Policy and Performance and a vacancy within the department.

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3.1.11 Business Transformation **Quarter 3 (April – December) 2011/12**

Revenue Budget summary Quarter 2 (April – December) 2011/12 – Business Transformation

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
IT Services	-23	823	706	-117	-178	-155
Business Transformation	59	102	102	0	59	0
TOTAL	36	925	808	-117	-119	-155

Financial Commentary

- The under spend within the IT Services department is due to the renegotiation of IT contracts.

Capital Budget summary Quarter 3 (April – December) 2011/12 Business Transformation

Service	Revised Budget 2011/12 £'000	Budget April – Dec £'000	Actual spend April – Dec £'000	Variance To date April – Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Internet/ Intranet Development	3	0	0	0	0	-3
Government Connect Scheme	1	0	0	0	0	-1
Member ICT Facilities	14	11	3	-8	14	0
Voice over IP	90	90	90	0	90	0
Increased Bandwidth for Internet Link	10	0	0	0	0	-10

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Backup Device	10	10	10	0	10	0
Electronic Storage Device	45	45	0	-45	45	0
TOTAL	173	156	103	-53	159	-14

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.
- A review of the requirements for the Members facilities is currently being made and tenders are currently being reviewed for the implementation of the electronic storage device.

3.1.12 Corporate Resources	Quarter 3 (April – December) 2011/12
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Revenue Budget summary Quarter 3 (April – December) 2011/12 – Corporate Resources

Service Head	Revised Budget 2011/12 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2011/12 £'000	Projected variance 2011/12 £'000
Corporate Resources	688	69	319	250	1,023	335
TOTAL	688	69	319	250	1,023	335

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 £491k which more than funds the existing overspend noted.

3.2 Sundry Debtors

Sundry Debt is raised by the Council to ensure effective recovery of debts owing. The outstanding balance at 31/12/11 was £514k (balance to 30/09/11 was £797k) which includes:-

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Type of Debt	Amount £'000
Car Parking Fines	30
Lifeline debts	28
Rents/Hire Charges	11
Trade Waste and Cesspool emptying	26
Developer Contributions – s106 monies	1
Housing Schemes	30
Licensing	21
Sponsorship	9
Shared Services	16
Garden Waste	316
Salary Overpayments	4
Elections	14
Trunk	15

There has been a significant increase in the balance outstanding for Garden Waste Collections because the bills for service provision were sent out during December 2011.

The age of the debt is represented as follows:

Age of Debt	Balance as at 30/09/11 £'000	Balance as at 31/12/11 £'000
<i>Under 30 days (not yet due)</i>	654	425
Up to 1 month	27	8
1 – 2 months	2	0
3 – 6 months	77	30
Over 6 months	37	51

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

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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

At 31 December short term investments comprised:

	31 March 2011 £000	31 December 2011 £000
Deposits with DMADF*	0	10,500
Deposits with Banks/Building Societies	12,575	8,750
Total	12,575	19,250

Deposits are at a point in time and overall balances are expected to decrease in the final quarter of the financial year due to e.g. the timing of precept payments.

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 9 months to 31 December the Council received income from investments of £71k together with other interest of £12k.

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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 2012 of £1.529m. However if the underspend as included in this report is realised the balances position will increase to £2.149m.

3.5 CAPITAL RECEIPTS

3.5.1 The Original Capital Programme was approved by Members in January 2011, this has now been updated for the capital bids in the Medium Term Financial Plan, 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	1,625	30
Actual funding to date (April – Sept)	-634		
Estimated use for the remainder of the year	-2,166	-2,145	-4,957
Received in year			
- General Sales	100	550	100
- Sale of freehold at Sherwood Road	675		
Balance c/fwd	1,625	30	-4,827

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. The impact of the sale of the Council House has not been reflected in the above figures due to the unknown timing and amount from any possible sale.

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

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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 – Dec) on Earmarked Reserves
Appendix 2 Virements for approval by Cabinet
Appendix 3 Capital Programme carry forwards into 2012/13

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