

**CABINET**

**4th July 2012**

**FINANCIAL OUTTURN REPORT - 2011/12**

Relevant Portfolio Holder	Councillor Roger Hollingworth, Portfolio Holder for Finance, Partnerships and Economic Development
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

To present members with the financial information for the year ended 31st March 2012. This includes:

- a) Financial Outturn Information 2011/12 for Revenue and Capital Spend.

**2. RECOMMENDATIONS**

- 2.1 **That Cabinet note the outturn financial position on Revenue and Capital as detailed in this report and the transfer to balances of £683K.**

**3. KEY ISSUES**

**Financial Implications**

**Financial Position For The Year**

- 3.1 The Finance Budget Monitoring Report has been presented to Members on a quarterly basis during 2011/12. This report presents a summary of the final financial position for the financial year. This ensures Members have a full financial position statement of the Council's activities before the formal Statement of Accounts document is approved.

Revenue Budget

- 3.2 The Revenue Account produced a year end surplus of £661K compared to a revised budgeted deficit of £389k, an improvement of £1,050K. This is due to a number of factors detailed in this report. In addition during 2011/12 officers were requested to ensure that any expenditure on general non-essential items was reviewed to ensure that the balances position for the Council was protected in light of the severity of the cuts anticipated. The significant underspend has enabled the Council to increase the amount transferred to balances to support future one off budget pressures.
- 3.3 The increase in balances has resulted in a current position of £2.585m of available for one off items of expenditure (minimum approved level £850K).
- 3.4 Within the financial position statement the Council has set aside a number of reserves to ensure sufficient finances are available to fund future commitments including any transition costs associated with shared services and transformation which may be needed to ensure savings are delivered in the future. These will be recommended to Council during July 2012.

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3.5 The Council Revenue Summary is detailed below:-

<b>Service Head</b>	<b>Revised Budget 2011/12 £'000</b>	<b>Actual spend April - Mar £'000</b>	<b>Variance to date April - Mar £'000</b>
<b>Environmental Services</b>	4,105	3,826	(279)
<b>Community Services</b>	2,069	1,707	(362)
<b>Regulatory Services</b>	879	668	(210)
<b>Leisure &amp; Cultural Services</b>	2,033	1,845	(188)
<b>Planning &amp; Regeneration</b>	1,223	1,319	96
<b>Customer Services</b>	50	6	(44)
<b>Finance &amp; Resources</b>	2,165	2,155	(10)
<b>Legal &amp; Democratic Services</b>	1,375	1,272	(103)
<b>Policy, Performance &amp; Partnerships</b>	69	25	(44)
<b>Business Transformation</b>	195	42	(153)
<b>Corporate Services</b>	225	386	161
<b>SERVICE TOTAL</b>	<b>14,388</b>	<b>13,251</b>	<b>(1,136)</b>
<b>Exceptional Income (Fleming VAT)</b>	<b>(271)</b>	<b>(271)</b>	<b>0</b>
<b>Capital Expenditure charged to Revenue</b>	<b>207</b>	<b>207</b>	<b>0</b>
<b>Other Non-service Income</b>	<b>0</b>	<b>(46)</b>	<b>(46)</b>
<b>Interest on Investments</b>	<b>(68)</b>	<b>(99)</b>	<b>(31)</b>
<b>General Transfer to earmarked reserves</b>	<b>134</b>	<b>297</b>	<b>163</b>
<b>COUNCIL SUMMARY</b>	<b>14,390</b>	<b>13,340</b>	<b>(1,050)</b>

Financial Commentary

3.6 The table shows an under spend of £1,050k against the revised budget of £14,390.

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- 3.7 Contributory factors to the overall under spend include:
- a) Significant savings from vacancies across the Council.. A number of vacancies have been held open due to the potential redeployment opportunities for staff as part of the shared service restructures.
  - b) Savings from previous year anticipated costs from concessionary travel as this is now transferred to the County Council (£156k)
  - c) Savings arising from only undertaking urgent repairs and maintenance on the Council House together with a refund from Business Rates (£110k)
  - d) Shortfalls in income from planning fees, land charges and building control fees (£96k)
  - e) Refunds from the underspends realised from the Countywide Regulatory Services arrangement (£226k)
  - f) Savings resulting from having National Referendum and District Elections on the same day (£56K)
  - g) Renegotiation of contracts for IT expenditure (£196k)
  - h) An increase in investment income from the anticipated £68k to £99K.
  - i) Additional income was generated from the cemeteries (£43K)
  - j) The cost of street cleaning was reduced due to efficiencies in the working patterns being introduced (£105K)
  - k) The budget for Car Park income has not been achieved during this financial year resulting in an overspend in the service (£73K)
  - l) Staffing costs have been reduced on the Waste Services after a reduction in Sickness levels (£48K)
  - m) Transformation & IT- this underspend is due to renegotiation of contracts and a reduction in anticipated spend due to a review of general non-essential expenditure (£153K)
  - n) An underspend in Customer Services is due to vacancies within the department and essential only spend (£44K)

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- o) An underspend in CCTV and Lifeline has been achieved due to efficiencies within the shared service (£146K)
- p) Policy and performance savings are a result of the shared service (£22K)

### Capital Budget

3.8 The Capital Budget relates to assets purchased or improvements to Council facilities.

### 3.9 Capital Summary 2011/12

Department	Revised Budget 2011/12 £'000	Actual spend 2011/12 £'000	Variance £'000	Approved Carry Forward £'000
Legal, Equality & Democratic Services	4	18	14	-
Business Transformation	187	208	21	10
Environmental Services	977	864	(113)	66
Regulatory Services	493	207	(286)	425
Planning & Regeneration	53	66	1	-
Community Services	888	606	(282)	201
Leisure & Cultural Services	226	84	(142)	132
<b>TOTAL</b>	<b>2,828</b>	<b>2,053</b>	<b>(787)</b>	<b>834</b>

3.10 The carried forwards were requested at Cabinet on 6th June 2012 and will be recommended to Council in July 2012.

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### Financial Commentary

- 3.11 The main variance areas on Capital Schemes are:-
- a) New software was purchased by the Elections Service which has been funded via revenue underspends.
  - b) Items purchased by IT Services using Revenue budget allocation
  - c) Regulatory Services have received Grant Funding which has financed £141k of expenditure; this was not included in the Capital Budget.
  - d) Savings have been achieved in Environmental Services in the purchase of plant.

### Treasury Management

- 3.12 For the year to 31st March 2011 the Council received net investment income amounting to £99K against budgeted receipts of £68K. This income arises on interest earned on in-house managed funds (cash currently surplus to cash flow requirements that is placed on short-term deposit).
- 3.13 Due to advice received the Council is maintaining its stance of depositing in ultra low risk investments. In our recent Investment Updates we have been advised to use named UK incorporated institutions as investment counterparties whose long-term ratings are currently in the 'double-A' category.
- 3.14 All funds are now managed internally within the Finance department with support from our advisors Arlingclose.

### Revenue Balances

- 3.15 The revenue balances brought forward at 1st April 2011 was £1.918m. The revised estimate assumed that £389K would be transferred from balances as part of 2011/12 final position. The increased level of savings as detailed in this report has meant that an increased addition to balances of £661K has been made. The new level of balances is £2.579m, which can be utilised to fund one off items to deliver the priorities of the Council.

### Legal Implications

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3.16 None.

### **Service/Operational Implications**

3.17 The effective management of financial arrangements ensures the Council objectives can be met.

### **Customer / Equalities and Diversity Implications**

3.18 The effective use of our resources, as detailed in the statement ensures funds are appropriately utilised to meet customer demand.

## **4. RISK MANAGEMENT**

The Financial Services risk register includes the preparation of the accounts and the controls in place to ensure the accounts are closed within the deadline and are accurate and transparent.

## **5. APPENDICES**

None

## **6. BACKGROUND PAPERS**

None.

## **AUTHOR OF REPORT**

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