

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

APRIL - JUNE (QUARTER 1) FINANCE MONITORING REPORT 2012/13

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 2012 (Quarter 1 – 2012/13)

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.
- 2.2 That £50,000 be released from the ICT Refresh Reserves Budget and be approved for planned capital expenditure for the purchase of XP Sunray Servers and additional corporate electronic storage capacity
- 2.3 That £70,000 from the revenue budget be approved for capital expenditure for the purchase of Sunray Devices, Upgrade to Office 2010 and new ESX Servers.
- 2.4 Additional capital funding has been secured from County £20,000 and a grant offered by the Rotary club £15,000 to further improve quality and range at Sanders Park, officers recommend that the budget is increased to reflect these
- 2.5 Approve a virement of £29,000 detailed in appendix 1.

3. KEY ISSUES

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

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Revenue Budget summary Quarter 1 (April – June) 2012/13 – Overall Council

Service Head	Revised Budget 2012/13 £'000	Budget April - June £'000	Actual spend April – June £'000	Variance to date April - June £'000
Environmental Services	4020	252	376	124
Community Services	2,481	421	342	-79
Pre-Regulatory Services	817	64	55	-9
Leisure & Cultural Services	1,979	501	484	-17
Planning & Regeneration	1,051	93	149	56
Customer Services	-29	115	101	-14
Finance & Resources	2,097	491	462	-29
Legal, Equalities & Democratic Services	1,275	229	207	-22
Business Transformation	7	493	468	-25
Corporate Services	648	161	135	-26
SERVICE TOTAL	14,346	2,820	2,779	-41
Interest Payable	9	2	0	-2
Interest on Investments	-75	-18	0	18
COUNCIL SUMMARY	14,280	2,804	2,779	-25
Financial Commentary				
<ul style="list-style-type: none">At the end of quarter 1 and underspend of £25K has been identified by officers. The variances are detailed in the tables below.				

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Capital Budget summary Quarter 1 (April - June) 2012/13 – Overall Council

Department	Revised Budget 2012/13 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Business Transformation	10	10	0	-10
Environmental Services	761	58	58	0
Planning & Regeneration	1,538	9	3	-6
Regulatory Services	116	0	0	0
Community Services	1,102	275	229	-46
Leisure & Cultural Services	611	50	50	0
Budget for Support Services Recharges	100	25	25	0
Total	4,238	427	365	-62
Financial Commentary: <ul style="list-style-type: none">• There are no significant variances on capital at the end of the first quarter.				

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Environmental Services	Quarter 1 (April - June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Environmental Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Waste Management Policy	-4	-1	0	1
Depot	13	253	252	-1
Car Parks / Civil Enforcement Parking	-576	-112	-31	81
Cemeteries	96	13	24	11
Highways	262	44	42	-2
Street Cleansing & Public Conveniences	1298	208	199	-9
Grounds Maintenance	612	99	85	-14
Transport & Waste	2319	-252	-195	57
TOTAL	4020	252	376	124

Financial Commentary

- Car parking income is lower than expected; officers believe this is partially due to the inclement weather conditions experienced so far this year. Actual ticket sales (footfall) reduced by 5101 across all sites, compared to the same period last year. The most significant reduction has been at Recreation Road North Car Park where individual ticket sales reduced by 3800, it is believed that people visiting the new medical centre are using either the medical centre's own car park, or Parkside which has shown an increase in footfall however not the extent that lost.
- The variance to budget within cemeteries is due to reduced income.
- Vacant posts in Grounds and Street Cleansing are providing short term savings, however these posts will be filled this year.
- Officers are working to promote the trade waste and cesspool services to increase income.

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Capital Budget summary Quarter 1 (April – June) 2012/13 Environmental Services

Service	Revised Budget 2012/13 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Depot Site Security	65	0	0	0
Vehicle & Equipment replacement programme	592	58	58	0
North Cemetery Phase 2	79	0	0	0
Cemetery Toilets	25	0	0	0
TOTAL	761	58	58	0
Financial Commentary: <ul style="list-style-type: none">• Small plant has been ordered or delivered, the remaining vehicle purchases or additional freighters is planned for later in the year.				

Community Services	Quarter 1 (April – June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Community Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual spend April – June £'000	Variance to date April - June £'000
Housing Strategy	1,764	224	207	-17
Community Safety & Transport	676	179	117	-62
Community Cohesion	41	18	18	0
TOTAL	2,482	421	342	-79
Financial Commentary <ul style="list-style-type: none">• Housing Strategy is showing a small underspend which is due to a manager vacancy within the department which is due to be filled shortly.• There is an under-spend on Community Safety and Transport due to efficiency				

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

savings achieved by the shared provision of the CCTV and lifeline service

Capital Budget summary Quarter 1 (April – June) 2012/13 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	1,102	275	229	-46
TOTAL	1,102	275	229	-46

Financial Commentary:

- 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.
- Expenditure has been incurred on the Perryfields Housing scheme into 12/13 which is progressing as planned to the 4 year development programme with BDHT.

Revenue Budget summary Quarter 1 (April – June) 2012/13 – Leisure and Cultural Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Parks & Open Spaces	440	19	18	-1
Allotments	50	0	0	0
Promotions	209	40	40	0
Sports & Recreation Development	281	24	19	-5
Property, Assets & Facilities	149	281	273	-8

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Management				
Leisure Services	850	137	134	-3
TOTAL	1,979	501	484	-17
Financial Commentary <ul style="list-style-type: none">• Running in line with the Shared Service business case and no major variances have arisen in the first quarter of 2012/13 within the service.				

Capital Budget summary Quarter 1 (April – June) 2012/13 Leisure and Cultural Services

Service	Revised Budget 2012/13 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Sports Facilities	379	50	50	0
Sanders Park	60	0	0	0
Play Areas	118	0	0	0
Other Schemes	54	0	0	0
TOTAL	611	50	50	0
Financial Commentary: <p>Additional funding has been secured from County and a grant offered by the Rotary club to further improve Sanders Park, this money is specifically for Sanders Park officers recommend that the budget is increased to reflect these contributions.</p>				

Planning and Regeneration	Quarter 1 (April - June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Planning and Regeneration

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Building Control	-40	-37	-32	5
Development Control	376	-7	45	52
Strategic Planning	440	90	86	-4
Economic & Tourism Development	244	45	40	-5
Emergency Planning	10	3	3	0
Land Charges	-75	-27	-16	11
Town Centre Development	96	26	23	-3
TOTAL	1,051	93	149	56

Financial Commentary;

- Income from planning application fees is lower than budgeted levels, which has resulted in an overspend within Development Control.
- The overspend within Land Charges is due to income from search fees being lower than budgeted levels and a legislative requirement stating that any income in excess of expenditure must be reinvested within the service.

Capital Budget summary Quarter 1(April – June) 2012/13 Planning and Regeneration

Service	Revised Budget 2012/13 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Town Centre Development - Project Management	38	9	0	-9
Town Centre Development – Public Realm	1,000	0	0	0

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Parkside school - new offices	500	0	0	0
TOTAL	1,538	9	0	-9

Financial Commentary:

- Worcestershire County Council have not yet invoiced any project management costs for 2012/13.
- Work has started on the Public Realm but no costs have yet been incurred as at Quarter 1.

Regulatory - Client	Quarter 1 (April - June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Regulatory Client

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000
Environmental Health	994	91	83	-8
Licensing	-177	-27	28	-1
TOTAL	817	64	55	-9

Financial Commentary:

- . Environmental Health transferred to Regulatory Services 1st June 2010.

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Worcestershire Regulatory Services	Quarter 1 (April - June) 2012/13
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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) 2012/13 Regulatory Services

Service	Revised Budget 2012/13 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance To date April – June £'000
Worcestershire Enhanced Two Tier Programme (WETT)	116	0	0	0
TOTAL	116	0	0	0

Financial Commentary:

- The expenditure is jointly funded by all partners to the Joint Committee in accordance with the business case. The budget for 12/13 is £1,049k, BDC share at 11.05% £116k

Customer Services	Quarter 1 (April - June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Customer Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Customer Services	-29	115	101	-14
TOTAL	-29	115	101	-14

Financial Commentary;

The underspend within Customer Services is due to a number of vacancies within the department.

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Finance and Resources	Quarter 1 (April - June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Finance and Resources

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual spend April - June £'000	Variance to date April - June £'000
Central Overheads	865	216	216	0
Accounts & Financial Mgmt	55	154	148	-6
Human Resources & Welfare	0	53	50	-3
Grants & Donations	96	80	78	-2
Revenues & Benefits	1,081	-12	-30	-18
TOTAL	2,097	491	462	-29

Financial Commentary

- The underspend within the Revenues and Benefits section is due to a number of vacancies within the department.

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Legal, Equalities and Democratic Services	Quarter 1 (April - June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Legal, Equalities and Democratic Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April – June £'000	Actual spend April - June £'000	Variance to date April - June £'000
CMT	0	12	12	0
Democratic Services & Member Support	1,104	119	110	-9
Elections & Electoral Services	164	32	21	-11
Legal Advice & Services	7	66	64	-2
TOTAL	1,275	229	207	-22
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.				

Business Transformation	Quarter 1 (April - June) 2012/13
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Revenue Budget summary Quarter 1 (April – June) 2012/13 – Business Transformation

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual Spend April - June £'000	Variance to date April - June £'000
IT Services	7	446	426	-20
Business Transformation	0	15	14	-1
Policy & Performance	0	32	28	-4
TOTAL	7	493	468	-25

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Financial Commentary

- The underspend within the department is mainly due to vacancies within the department but this is due to utilised in quarter 2

Capital Budget summary Quarter 1 (April – June) 2012/13 Business Transformation

Service	Revised Budget 2012/13 £'000	Budget April – June £'000	Actual spend April – June £'000	Variance to date April – June £'000
Member ICT Facilities	10	10	0	-10
TOTAL	10	10	0	-10

Financial Commentary:

- Reviews are currently being made for the members IT requirements.

Revenue Budget summary Quarter 1 (April – June) 2012/13 – Corporate Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - June £'000	Actual Spend April - June £'000	Variance to date April - June £'000
Corporate Resources	648	96	82	-14
Corporate Admin / Central Post / Printing	0	65	53	-12
TOTAL	648	161	135	-26

Financial Commentary

- There are some small underspends, which are expected, in the first quarter of 12/13 these will be utilised going into quarter 2

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

3.3 Sundry Debtors

Sundry Debt is raised by the Council to ensure effective recovery of debts owing. The outstanding balance at 30/06/12 was £519k, net of credit balances (Balance to 31/03/12 was £455k) which includes:-

Type of Debt	Amount £'000
Car Parking Fines	12
Lifeline debts	39
Rents/Hire Charges	28
Building Regulations	2
Trade Waste and Cesspool emptying	67
Housing Schemes	25
Elections	14
Licensing	15
Shared Services	277
Garden Waste	27
Miscellaneous	13

The age of the debt is represented as follows:

Age of Debt	Balance as at 31/03/12 £'000	Balance as at 30/06/12 £'000
Under 30 days (not yet due)	334	264
Up to 1 month	18	156
1 – 2 months	7	6
3 – 6 months	50	46
Over 6 months	46	47

Debt 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.

4. 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.

4.1 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/building societies	Long Term: minimum 'A-'	£3million
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.

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

At 30 June short term investments comprise:

	31 March 2012 £000	30 June 2012 £000
Deposits with DMADF*	2,750	0
Deposits with Banks/Building Societies	6,000	12,200
Total		

- *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.

4.2 Income from investments

An investment income target of £75k has been set for 2012/13 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 £18k.

5. REVENUE BALANCES

5.1 Revenue Balances

The revenue balances brought forward at 1 April 2012 were £2.580m (subject to audit). Excluding the impact of any projected over or under spends it is anticipated that £113k will be transferred from balances during 2012/13 to fund revenue expenditure; giving a current projected balance at 31 March 2013 of £2.467m.

6. CAPITAL RECEIPTS

- 6.1 The Capital Programme was approved by Members in January 2012, the effect of the level of Capital Spend to 2014/15 on capital receipts is estimated below:

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

Capital Programme	2012/13 £'000	2013/14 £'000	2014/15 £'000
Balance b/fwd	3,358	896	-3961
Actual funding to date (April – June)	219	0	0
Estimated use for the remainder of the year	2,343	4,957	5,253
Received in year	100	100	100
Balance c/fwd	896	-3,961	-9,114

- 6.2 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.

7. LEGAL IMPLICATIONS

- 7.1 None

8. SERVICE/OPERATIONAL IMPLICATIONS

- 8.1 Already included above

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

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

10. CUSTOMER IMPLICATIONS/EQUALITIES AND DIVERSITY IMPLICATIONS

- 10.1 Performance Improvement is a Council Objective

BROMSGROVE DISTRICT COUNCIL

CABINET

5 SEPTEMBER 2012

11. APPENDICES

Appendix 1 Virements to be approved

12. BACKGROUND PAPERS

Available from Financial Services

13. KEY

None

AUTHORS OF REPORT

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