

**BROMSGROVE DISTRICT COUNCIL**

**Overview & Scrutiny Board**

**10 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 Overview & Scrutiny Board on the Council's financial position for the period April - June 2012 (Quarter 1 – 2012/13)

**2. RECOMMENDATIONS**

- 2.1 That Overview & Scrutiny Board note the current financial position on Revenue and Capital as detailed in the report.

**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.

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

<b>Service Head</b>	<b>Revised Budget 2012/13 £'000</b>	<b>Budget April - June £'000</b>	<b>Actual spend April – June £'000</b>	<b>Variance to date April - June £'000</b>
<b>Environmental Services</b>	4020	252	376	124
<b>Community Services</b>	2,481	421	342	-79
<b>Pre-Regulatory Services</b>	817	64	55	-9
<b>Leisure &amp; Cultural Services</b>	1,979	501	484	-17

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<b>Planning &amp; Regeneration</b>	1,051	93	149	56
<b>Customer Services</b>	-29	115	101	-14
<b>Finance &amp; Resources</b>	2,097	491	462	-29
<b>Legal, Equalities &amp; Democratic Services</b>	1,275	229	207	-22
<b>Business Transformation</b>	7	493	468	-25
<b>Corporate Services</b>	648	161	135	-26
<b>SERVICE TOTAL</b>	<b>14,346</b>	<b>2,820</b>	<b>2,779</b>	<b>-41</b>
<b>Interest Payable</b>	9	2	0	-2
<b>Interest on Investments</b>	-75	-18	0	18
<b>COUNCIL SUMMARY</b>	<b>14,280</b>	<b>2,804</b>	<b>2,779</b>	<b>-25</b>
<b>Financial Commentary</b>				
<ul style="list-style-type: none"><li>At the end of quarter 1 and underspend of £25K has been identified by officers. The variances are detailed in the tables below.</li></ul>				

**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
<b>Business Transformation</b>	10	10	0	-10
<b>Environmental Services</b>	761	58	58	0
<b>Planning &amp; Regeneration</b>	1,538	9	3	-6
<b>Regulatory Services</b>	116	0	0	0

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<b>Community Services</b>	1,102	275	229	-46
<b>Leisure &amp; Cultural Services</b>	611	50	50	0
<b>Budget for Support Services Recharges</b>	100	25	25	0
<b>Total</b>	<b>4,238</b>	<b>427</b>	<b>365</b>	<b>-62</b>

**Financial Commentary:**

- There are no significant variances on capital at the end of the first quarter.

<b>Environmental Services</b>	<b>Quarter 1 (April - June) 2012/13</b>
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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
<b>Waste Management Policy</b>	-4	-1	0	1
<b>Depot</b>	13	253	252	-1
<b>Car Parks / Civil Enforcement Parking</b>	-576	-112	-31	81
<b>Cemeteries</b>	96	13	24	11
<b>Highways</b>	262	44	42	-2
<b>Street Cleansing &amp; Public Conveniences</b>	1298	208	199	-9
<b>Grounds Maintenance</b>	612	99	85	-14
<b>Transport &amp; Waste</b>	2319	-252	-195	57
<b>TOTAL</b>	<b>4020</b>	<b>252</b>	<b>376</b>	<b>124</b>

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**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.

**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
<b>Depot Site Security</b>	65	0	0	0
<b>Vehicle &amp; Equipment replacement programme</b>	592	58	58	0
<b>North Cemetery Phase 2</b>	79	0	0	0
<b>Cemetery Toilets</b>	25	0	0	0
<b>TOTAL</b>	<b>761</b>	<b>58</b>	<b>58</b>	<b>0</b>

**Financial Commentary:**

- Small plant has been ordered or delivered, the remaining vehicle purchases or additional freighters is planned for later in the year.

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<b>Community Services</b>	<b>Quarter 1 (April – June) 2012/13</b>
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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
<b>Housing Strategy</b>	1,764	224	207	-17
<b>Community Safety &amp; Transport</b>	676	179	117	-62
<b>Community Cohesion</b>	41	18	18	0
<b>TOTAL</b>	<b>2,482</b>	<b>421</b>	<b>342</b>	<b>-79</b>

**Financial Commentary**

- 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 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
<b>Strategic Housing</b>	1,102	275	229	-46
<b>TOTAL</b>	<b>1,102</b>	<b>275</b>	<b>229</b>	<b>-46</b>

**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.

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**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
<b>Parks &amp; Open Spaces</b>	440	19	18	-1
<b>Allotments</b>	50	0	0	0
<b>Promotions</b>	209	40	40	0
<b>Sports &amp; Recreation Development</b>	281	24	19	-5
<b>Property, Assets &amp; Facilities Management</b>	149	281	273	-8
<b>Leisure Services</b>	850	137	134	-3
<b>TOTAL</b>	<b>1,979</b>	<b>501</b>	<b>484</b>	<b>-17</b>
<b>Financial Commentary</b>				
<ul style="list-style-type: none"><li>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.</li></ul>				

**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
<b>Sports Facilities</b>	379	50	50	0
<b>Sanders Park</b>	60	0	0	0
<b>Play Areas</b>	118	0	0	0
<b>Other Schemes</b>	54	0	0	0

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<b>TOTAL</b>	<b>611</b>	<b>50</b>	<b>50</b>	<b>0</b>
<b>Financial Commentary:</b> 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.				

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

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

<b>Financial Commentary;</b> <ul style="list-style-type: none"><li>• Income from planning application fees is lower than budgeted levels, which has resulted in an overspend within Development Control.</li><li>• 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.</li></ul>
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**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
<b>Town Centre Development - Project Management</b>	38	9	0	-9
<b>Town Centre Development – Public Realm</b>	1,000	0	0	0
<b>Parkside school - new offices</b>	500	0	0	0
<b>TOTAL</b>	<b>1,538</b>	<b>9</b>	<b>0</b>	<b>-9</b>

**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.

<b>Regulatory - Client</b>	<b>Quarter 1 (April - June) 2012/13</b>
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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
<b>Environmental Health</b>	994	91	83	-8
<b>Licensing</b>	-177	-27	28	-1
<b>TOTAL</b>	<b>817</b>	<b>64</b>	<b>55</b>	<b>-9</b>

**Financial Commentary:**

- . Environmental Health transferred to Regulatory Services 1<sup>st</sup> June 2010.

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<b>Worcestershire Regulatory Services</b>	<b>Quarter 1 (April - June) 2012/13</b>
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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
<b>Worcestershire Enhanced Two Tier Programme (WETT)</b>	116	0	0	0
<b>TOTAL</b>	<b>116</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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

<b>Customer Services</b>	<b>Quarter 1 (April - June) 2012/13</b>
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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
<b>Customer Services</b>	-29	115	101	-14
<b>TOTAL</b>	<b>-29</b>	<b>115</b>	<b>101</b>	<b>-14</b>

**Financial Commentary;**

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

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<b>Finance and Resources</b>	<b>Quarter 1 (April - June) 2012/13</b>
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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
<b>Central Overheads</b>	865	216	216	0
<b>Accounts &amp; Financial Mgmt</b>	55	154	148	-6
<b>Human Resources &amp; Welfare</b>	0	53	50	-3
<b>Grants &amp; Donations</b>	96	80	78	-2
<b>Revenues &amp; Benefits</b>	1,081	-12	-30	-18
<b>TOTAL</b>	<b>2,097</b>	<b>491</b>	<b>462</b>	<b>-29</b>

**Financial Commentary**

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

<b>Legal, Equalities and Democratic Services</b>	<b>Quarter 1 (April - June) 2012/13</b>
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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
<b>CMT</b>	0	12	12	0
<b>Democratic Services &amp; Member Support</b>	1,104	119	110	-9
<b>Elections &amp; Electoral Services</b>	164	32	21	-11
<b>Legal Advice &amp; Services</b>	7	66	64	-2
<b>TOTAL</b>	<b>1,275</b>	<b>229</b>	<b>207</b>	<b>-22</b>

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**Financial Commentary;**

- 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**

**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
<b>IT Services</b>	7	446	426	-20
<b>Business Transformation</b>	0	15	14	-1
<b>Policy &amp; Performance</b>	0	32	28	-4
<b>TOTAL</b>	<b>7</b>	<b>493</b>	<b>468</b>	<b>-25</b>

**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
<b>Member ICT Facilities</b>	10	10	0	-10
<b>TOTAL</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>-10</b>

**Financial Commentary:**

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

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**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
<b>Corporate Resources</b>	648	96	82	-14
<b>Corporate Admin / Central Post / Printing</b>	0	65	53	-12
<b>TOTAL</b>	<b>648</b>	<b>161</b>	<b>135</b>	<b>-26</b>
<b>Financial Commentary</b>				
<ul style="list-style-type: none"><li>• There are some small underspends, which are expected, in the first quarter of 12/13 these will be utilised going into quarter 2</li></ul>				

**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:

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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:

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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.

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
<b>Total</b>		

- \*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:

<b>Capital Programme</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
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

**11. APPENDICES**

Appendix 1 Virements to be approved by Cabinet.

**12. BACKGROUND PAPERS**

Available from Financial Services

**13. KEY**

None

**AUTHORS OF REPORT**

Sam Morgan Financial Services Manager  
Kate Goldey Senior Business Support Officer