

CABINET

6th March 2013

**APRIL – DECEMBER (QUARTER 3) FINANCE MONITORING REPORT
2012/13**

Relevant Portfolio Holder	Roger Hollingworth, Portfolio Holder for Finance, Partnerships and Economic Development
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas, Head of Resources
Wards Affected	All Wards
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

To report to Cabinet on the Council's financial position for the period April - December (Quarter 3 - 2012/13) and approval of a number of budget amendments.

2. RECOMMENDATIONS

- 2.1 The Cabinet is requested to note the current financial position on Revenue and Capital as detailed in the report and to RECOMMEND that:**
- 2.2 £30,000 from the ICT revenue budget be approved for capital expenditure for the purchase of new computer equipment,**
- 2.3 Capital funding totalling £45,000 is reallocated to Barnsley Hall project as detailed in 3.1.3,**
- 2.4 £32,000 of Section 106 funding from Holy Cross Lodge in Clent is carried forward to 2013/14,**
- 2.5 the remaining £49,600 of Section 106 funding for the scheme at Heath Close is carried forward into 2013/14,**
- 2.6 £15,000 capital funding for repairs & maintenance of bridges is carried forward to 2013/14,**
- 2.7 the £200,000 capital funding for affordable housing development is carried forward to 2013/14,**
- 2.8 the £25,000 capital funding for Cemetery toilets be carried forward to 2013/14,**
- 2.9 the £10,000 capital funding for members ICT facilities be carried forward to 2013/14.**

3. KEY ISSUES

Financial Implications

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

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Revenue Budget summary Quarter 3 (April - Dec) 2012/13 - Overall Council

Service Head	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Environmental Services	4,040	1,431	1,571	140	4,262	222
Community Services	2,492	1,062	924	-138	2,336	-156
BDC Reg Client	803	167	128	-39	752	-51
Leisure & Cultural Services	1,994	1,442	1,417	-25	1,982	-12
Planning & Regeneration	1,078	267	432	165	1,273	195
Customer Services	-47	308	301	-7	-50	-3
Finance & Resources	979	683	750	67	1,116	137
Legal, Equalities & Democratic Services	1,236	634	596	-38	1,164	-72
Business Transformation	11	994	1,025	31	28	17
Corporate Services	1,993	1,442	1,282	-160	1,880	-113
SERVICE TOTAL	14,579	8,430	8,426	-4	14,743	164
Interest on Investments	-75	-56	-79	-23	-95	-20
Interest payable	9	4	0	-4	0	-9
COUNCIL SUMMARY	14,513	8,378	8,347	-31	14,648	135

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Capital Budget summary Quarter 3 (April - December) 2012/13 - Overall Council

Department	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected Outturn £'000	Projected Variance £'000
Business Transformation	130	127	89	-38	120	-10
Environmental Services	761	571	82	-489	736	-25
Planning & Regeneration	1,538	1,538	57	-1,481	288	-1,250
Regulatory Services	116	4	4	0	58	-58
Community Services	1,102	1,102	541	-561	556	-546
Leisure & Cultural Services	743	187	186	-1	600	-143
Budget for Support Services Recharges	100	75	75	0	100	0
Total	4,490	3,604	1,034	-2,570	2,458	-2,032

Financial Commentary:

- The main projected variance is on Planning and Regeneration which relates to the funding for the Public Realm works in the Town Centre together with the Parkside development. Recommendations have been made at Cabinet and are awaiting approval at Council that this funding be carried forward to be spent in 2013/14.
- Within Leisure & Cultural Services and Community Services it is proposed that the funding be carried forward to be spend in 2013/14.
- Recommendations have been made at Cabinet and awaiting approval at Council that the underspend within Regulatory Services be carried forward.

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3.1.1 Environmental Services - Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Environmental Services**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Waste Management Policy	-4	-3	-7	-4	-8	-4
Depot	-19	511	503	-8	-30	-11
Car Parks / Civil Enforcement Parking	-576	-623	-506	117	-373	203
Cemeteries / Crematorium	96	31	23	-8	87	-9
Highways	254	110	44	-66	178	-76
Streets Cleansing	1,297	588	612	24	1,333	36
Grounds Maintenance	612	282	265	-17	571	-41
Waste	2,289	535	638	103	2,417	128
Garage	25	-50	-48	2	24	-1
Land Drainage	39	29	35	6	47	8
Climate Change	27	21	12	-9	16	-11
TOTAL	4,040	1,431	1,571	140	4,262	222

Financial Commentary

- Car parking income as reported in the first and second quarters is projecting a significant shortfall for the year; the reduction in income is due to the inclement weather conditions, the opening of the medical centre which has its own car park, a reduction in excess charge notices issued. Savings have been made within the service to reduce impact where possible and officers have met with Wychavon District Council, who now manage the car parks, to discuss how the situation might be improved.

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**Capital Budget summary Quarter 3 (April - December) 2012/13
Environmental Services**

Service	Revised Budget 2012/13 £'000	Budget April - Dec 2012/13 £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Depot Services	65	49	23	-26	65	0
Vehicle & Equipment replacement programme	592	444	58	-386	592	0
North Cemetery - Phase 2	79	59	0	-59	79	0
Cemetery Toilets	25	19	1	-18	0	-25
TOTAL	761	571	82	-489	736	-25

Financial Commentary:

- Small plant has not yet been ordered; the tendering for the remaining vehicles is in progress.
- A carry forward request has been made for the toilets; the work will not be completed within the current financial year.

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3.1.2 Community Services Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Community Services**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Housing Strategy & CMT	1,753	629	646	17	1,759	6
Community Safety & Transport	682	390	235	-155	521	-161
Community Cohesion	57	43	43	0	56	-1
TOTAL	2,492	1,062	924	-138	2,336	-156

Financial Commentary:

- 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 3 (April - December) 2012/13
Community Services**

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Strategic Housing	1,102	1,102	541	-561	556	-546
TOTAL	1,102	1,102	541	-561	556	-546

Financial Commentary:

- There has been a reduction in the demand for grant applications being received by the Authority.
- £200,000 to be carried forward to 2013/14 for the affordable housing programme with BDHT.

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3.1.3 Leisure and Cultural Services Quarter 3 (April-December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Leisure and Cultural Services**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Parks & Open Spaces	440	126	113	-13	430	-10
Allotments	50	16	15	-1	49	-1
Promotions	203	118	145	27	240	37
Sports & Recreation Development	281	139	129	-10	270	-11
Property, Assets & Facilities Management	144	536	524	-12	137	-7
Leisure Services / Sports Centres & Mgt	876	507	491	-16	856	-20
TOTAL	1,994	1,442	1,417	-25	1,982	-12

Financial Commentary

- Sponsorship income from roundabouts is lower than the budgeted level as several islands have come to the end of their agreement in the second and third quarters.
- Within Property, Assets & Facilities Management utility bills at the Council House are lower than anticipated and income from investment properties is greater than expected. However, there have been also been a number of essential legislative works carried out at the Council House to ensure the building is compliant.
- The underspend on Leisure Services, Sports Centres & Management is due to the following reasons: the budget for the Artrix operating grant was increased in line with inflation but the agreement is based on a flat rate per annum with no annual increase, projected expenditure on the Leisure Services options appraisal has decreased (an amount of which will need to be carried forward at year end) and projected expenditure on Dolphin Centre maintenance has decreased.

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Capital Budget summary Quarter 3 (April - December) 2012/13 Leisure and Cultural Services

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Sports Facilities	473	50	50	0	442	-31
Sanders Park	95	95	95	0	95	0
Play Areas	121	3	3	0	25	-96
Other Schemes	54	39	38	-1	38	-16
TOTAL	743	187	186	-1	600	-143

Financial Commentary:

- The delays in the Barnsley Hall project have led to increased costs because the Council has had to re-tender the contract works as the original process took place in 2009 and the quotations were no longer valid. Therefore, officers recommend that unspent funding previously allocated to other schemes is used to support the project and to manage the increased cost within the overall capital programme at no extra cost, as follows: £14,752 previously allocated to Battlefield Brook (this will now be addressed through external funding sources and a partnership contribution isn't required at this stage), £11,000 of Section 106 funding which was allocated to Wythall Teenage Sports Facility (superseded now the Selsdon Close Section 106 is available) & £19,350 of Section 106 funding from the playing pitch improvements scheme.
- £32,000 of Section 106 funding has been received from a development at Holy Cross Lodge in Clent. Officers are currently developing proposals for a youth play scheme in the area following a review of available schemes across the area and to ensure the most appropriate use of the funding. This will not take place until 2013/14 so officers request that the funding is carried forward.
- Planning permission for the Play Area scheme at Heath Close will be considered for approval on 4th March. Work will then commence officers estimate that only 20% of the scheme will be completed in this financial year and request that the remaining £49,600 is carried forward into 2013/14.
- There is a £15,000 partnership scheme with Worcestershire County Council for repairs & maintenance of bridges. They have done investigative digs and testing of the bridge but it appears likely that the project will not take place until next financial year. Therefore, officers request that this project is carried forward to 2013/14 whilst they await confirmation from the County.

3.1.4 Planning and Regeneration Quarter 3 (April - December) 2012/13

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**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Planning and Regeneration**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Building Control	-40	-109	-7	102	-3	37
Development Control	376	14	87	73	473	97
Economic & Tourism Development	245	134	45	-89	241	-4
Emergency Planning	10	8	9	1	18	8
Land Charges	-75	-84	-22	62	1	76
Strategic Planning	466	235	252	17	457	-9
Town Centre Development	96	69	68	-1	86	-10
TOTAL	1,078	267	432	165	1,273	195
Financial Commentary:						
<ul style="list-style-type: none">• Building Control, Development Control and Land Charges are estimating a shortfall in income due to a reduction in demand for the services.						

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Capital Budget summary Quarter 3 (April - December) 2012/13 Planning and Regeneration

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Town Centre Development - Project Management	38	38	38	0	38	0
Town Centre Development - Public Realm	1,000	1,000	19	-981	250	-750
Parkside School	500	500	0	-500	0	-500
TOTAL	1,538	1,538	57	-1,481	288	-1,250

Financial Commentary:

- Project Management are waiting to confirm the costs with WCC but spend will take place this financial year.
- Only a small amount of work is planned for current year, therefore it is requested the scheme be carried forward.
- There is currently no spend on Parkside School and projected that the budget will need to be carried forward into next financial year.

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3.1.5 Regulatory - Client Quarter 3 (April - Dec) 2012/13

Revenue Budget summary Quarter 3 (April - Dec) 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	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Environmental Health	980	300	267	-33	932	-48
Licensing	-177	-133	-139	-6	-180	-3
TOTAL	803	167	128	-39	752	-51
Financial Commentary:						
<ul style="list-style-type: none">• Environmental Health transferred to Regulatory Services 1st June 2010						

3.1.6 Worcestershire Regulatory Services Quarter 3 (April - Dec) 2012/13

Revenue Budget summary 2 (April - Dec) 2012/13 - 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 - December) 2012/13
Regulatory Services**

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Worcestershire Enhanced Two Tier Programme (WETT)	116	4	4	0	58	-58
TOTAL	116	4	4	0	58	-58
Financial Commentary:						
<ul style="list-style-type: none">• Environmental Health transferred to Regulatory Services 1st June 2010• A request has been made at cabinet to carry forward the capital budget to 2013/14 but this has not been approved at Council						

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3.1.7 Customer Services Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Customer Services**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Customer Services	-47	308	301	-7	-50	-3
TOTAL	-47	308	301	-7	-50	-3

Financial Commentary:

- Underspend relates to vacant posts and minimal spend only.

3.1.8 Finance and Resources Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Finance and Resources**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Central Overheads	0	13	34	21	21	21
Accounts & Financial Mgmt	-29	375	380	5	-42	-13
Human Resources & Welfare	-50	219	191	-28	-42	8
Revenues & Benefits	1,058	76	145	69	1,179	121
TOTAL	979	683	750	67	1,116	137

Financial Commentary

- There are increased insurance premiums within Central Overheads.
- The underspend within Accounts and Financial Management area is due to savings from cash collection service now contract.
- Within Human Resources the saving identified is due to reduced expenditure on corporate training, efficiencies have been achieved sharing training with Redditch Borough Council.
- Overspends within revenues and benefits is due to payments for discretionary rate relief and increased housing benefit payments.

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3.1.9 Legal, Equalities and Democratic Services Quarter 3 (April - Dec) 2012/13

Revenue Budget summary Quarter 3 (April - December) 2012/13 - Legal, Equalities and Democratic Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Democratic Services & Member Support	1,104	358	326	-32	1,077	-27
Elections & Electoral Services	160	93	92	-1	156	-4
Legal Advice & Services & CMT	-28	183	178	-5	-69	-41
TOTAL	1,236	634	596	-38	1,164	-72

Financial Commentary:

- The legal underspend is largely due to maternity leave and the fact that posts were not filled until part way through the financial year as a result of the shared service restructure. In addition half a post remains vacant in the legal team to support the transformational work that has been done in housing, revenues and benefits which has revealed compelling evidence to support the need for additional debt management and income maximisation support to be made available to our customers. The Head of Service has undertaken some work to identify costs historically allocated to debt recovery and realigned the same in a trial exercise to support the provision of income maximisation and debt advice to customers. Whilst there is an under spend currently identified in the area it is likely that this will reduce before the end of the financial year as the support for this trial continues.

3.1.10 Business Transformation Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Business Transformation**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Policy and Equalities	1	85	67	-18	-15	-16
IT Services	-40	819	872	53	-8	32
Business Transformation	50	90	86	-4	51	1
TOTAL	98	994	1,025	31	28	17

Financial Commentary

- The underspend within the IT services section is due to renegotiation of IT contracts
- £30,000 to be approved for capital expenditure funded from revenue for purchase of new computer equipment
- There are underspends in Policy and Equalities due to staff vacancies

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Capital Budget summary Quarter 3 (April - December) 2012/13 Business Transformation

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Member ICT Facilities	10	7	0	-7	0	-10
XP Sunray Servers	38	38	30	-8	38	0
Additional Electronic Storage	12	12	12	0	12	0
Sunray Devices	18	18	18	0	18	0
Office 2010	22	22	15	-7	22	0
ESX Servers	30	30	14	-16	30	0
TOTAL	130	127	89	-38	120	-10

Financial Commentary:

- A review is currently being made of the requirement for members ICT facilities, a request has been made to carry forward any underspend on ICT facilities.

3.1.11 Corporate Resources Quarter 3 (April - December) 2012/13

Revenue Budget summary Quarter 3 (April - December) 2012/13 - Corporate Resources

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Corporate Resources	1,993	1,245	1,103	-142	1,900	-93
Corporate Admin / Central Post / Printing	0	197	179	-18	-20	-20
TOTAL	1,993	1,442	1,282	-160	1,880	-113

Financial Commentary

- There is small underspend on printing unit due to external contracts running more efficiently.

4. TREASURY MANAGEMENT

- 4.1 The Council's Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.
- 4.2 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 of approved institutions.
- 4.3 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.
- 4.4 At 31st December short term investments comprised:

	31st March 2012 £000	31 st December 2012 £000
Deposits with DMO*	2,750	2,500
Deposits with Banks/Building Societies	6,000	17,490
Total	8,750	19,990

- *Investments with the DMO 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 DMO.

Income from investments and other interest

- 4.5 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.

- 4.6 In the 9 months to 31st December the Council received income from investments of £79k.

5. REVENUE BALANCES

Revenue Balances

- 5.1 The revenue balances brought forward at 1 April 2012 were £2.580m. 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. At the end of the third quarter it is anticipated that a further £135K will need to be used from balances to support revenue expenditure thus reducing the expected balances to £2.332m.

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:-

Capital Programme	2012/13 £'000	2013/14 £'000	2014/15 £'000
Balance b/fwd	3,358	1,866	-
Actual funding to date (April – Dec)	484	0	0
Estimated use for the remainder of the year	1108	5200	5,253
Received in year - General Sales - Sale of freehold at Sherwood Road	100	100	100
Borrowing Requirement/awaiting Capital receipts		3,234	5,153
Balance c/fwd/	1,866	-	-

- 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. It is anticipated that during 2013/14 Bromsgrove District Council will need to borrow £3.2 million to support capital expenditure.

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

Legal Implications

None.

Service/Operational Implications

All included in financial implications.

Customer / Equalities and Diversity Implications

None as a direct result of this report

7. RISK MANAGEMENT

- 7.1 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.

8. APPENDICES

None

9. BACKGROUND PAPERS

None

7. KEY

AUTHOR OF REPORT

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