

BROMSGROVE DISTRICT COUNCIL

CABINET

29 JULY 2009

FINANCIAL OUTTURN REPORT 2008/09

Responsible Portfolio Holder	Councillor Geoff Denaro Cabinet Member for Finance
Responsible Head of Service	Jayne Pickering, Head of Financial Services

1. SUMMARY

To report to Cabinet on the Council's financial position at 31ST March 2009.

2. RECOMMENDATIONS

- 2.1 That Cabinet recommends to Council the approval of the increase to the Capital Programme in 2009/10 of £1.143m and reduction of the same amount in 2010/11 as included in this report (Street Scene and Community).
- 2.2 That Cabinet recommend to Council the increase in the 2009/10 Capital Programme of £1.009m in relation to the carry forward requests as identified at Appendix 2.
- 2.3 That Cabinet note the outturn position on revenue and capital as detailed in this report.
- 2.4 That Cabinet recommends to Council the approval of the net transfer to earmarked reserves of £0.854m as detailed in section 7.2 of this report.

3. BACKGROUND

- 3.1 The financial year 2008/09 has been reported on a quarterly basis through the integrated finance and performance report. Members have already received quarter 4 performance information at an earlier meeting; therefore the information presented in this report is purely financial.

4. FINANCIAL POSITION FOR THE YEAR

4.1 The Council Summary plus individual department financial statements are detailed below:

Revenue Budget summary – Overall Council 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Street Scene & Community	8,041	8,308	267
Planning & Environment Services	4,345	4,237	-108
E-Government & Customer Services	243	44	-199
Financial Services	1,518	1,519	1
Corporate Services	764	937	173
Legal & Democratic	885	836	-49
Human Resources & Organisational Development	-20	48	68
TOTAL	15,776	15,929	153

Financial Commentary

The outturn shows the major pressures arise mainly in Street Scene and Community. This is due in part to the decision to not transfer the sports centres to the Leisure Trust together with increased costs relating to the improved travel concessions scheme. Further information relating to current year pressures may be found in the Street Scene and Community tables.

The Corporate Services overspend relates to reserves set aside for future expenditure, as detailed in the relevant section.

Ongoing pressures relating to travel concessions were considered as part of the Medium Term Financial plan approved by Council in January 2009.

To offset the net expenditure on services there has been a significant increase in income generated from investments, as previously reported. This equates to £977k more than originally estimated. This is due to the return that the Council achieved on the sale of gilts and bonds together with the favourable market conditions in the early part of 2008/09 and the revisions to the Capital Programme which released additional funds to be invested.

The net impact of the overspend on services offset by the additional income is a surplus of £824k which results in a reduced requirement to transfer any funds from balances to meet financial resources. The transfer from balances is £231k in 2008/09 which leaves the remaining £1.792m available for one off items of expenditure (minimum approved level £850k).

Capital Budget summary 2008/09

Department	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance £'000
Street Scene and Community	2,643	2,452	-191
Planning & Environment (inc Housing)	2,338	1,735	-603
E-Government & Customer Services	4,984	4,799	-185
Financial Services	34	28	-6
Legal, Equality & Democratic Services	120	14	-106
TOTAL	10,119	9,028	-1,091

Financial Commentary

The Capital Programme is monitored monthly by the Asset Management Group along with the Heads of Service and Service Accountants to ensure projects are delivered within budget and timescale. The first phase of the Spatial Project has been completed within project timescales, a few issues are to be addressed, with the final invoice due for payment when all outstanding issues have been resolved.

There is one issue that needs addressing in relation to the Capital Programme.

- The new co-mingle recycling system is to be implemented from April 2010. To enable the Council to meet the requirements of this new service, additional bins will have to be purchased to replace the current green bins that are used for green waste. The budget to fund the cost of the new bins (£473k) was approved in January 2009 to be utilised in 2010/11 budget. However, the bins will have to be ordered and purchased in 2009/10 to enable the council to commence the service in April 2010.
- In addition, the new vehicles that have been planned to be purchased in 2010/11 to deliver the service will also have to be ordered and purchased in 2009/10 to meet the April deadline for commencement. (£670k).
- The additional funds will be required from Capital receipts in 2009/10 rather than 2010/11.

4.2 Revenue Budget summary – Street Scene & Community 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Community Safety	711	667	-44
Parks & Recreation	632	644	12
Promotions	401	445	44
Sports Centres	939	1,012	73
Sports Development	211	177	-34
Streets & Grounds	2,405	2,334	-71
Car Parks	-842	-796	46
Depot Misc	165	-9	-174
SS&C Mgt/admin	-53	0	53
Transport & Waste	3,040	3,309	269
Travel Concessions	432	512	80
Waste Policy	0	13	13
TOTAL	8,041	8,308	267

Financial Commentary

- The overspend for Parks and Open Spaces are due to additional staffing costs required to cover maternity leave and to meet the operational needs of the service. These costs relate to the service restructure and enhancement plans which will realise savings/enhanced services as from April 2009.
- Overspend on Promotions relates to the poor attendance of the Civic Bonfire, additional arts marketing to promote the extended programme and operational and redundancy costs of the TIC.
- Sports Centres overspend relates to non achievement of the savings as a result of the decision to not continue with the Trust transfer and redundancy costs following the Dolphin Centre service restructure and the closure of Haybridge Sports Centre. Members will be aware that officers have now realigned the services at the Dolphin Centre to realise the financial savings required and completed the surrendering of our interest at the Haybridge site.
- Sports Development projected under spend relates to the new Sports Development Offices being in post for only 10 months in this financial year and additional revenue generated by the team
- Transport and Waste overspends relate mainly to
 - increased hire costs – two vehicles have been permanently hired

during recent months due to the continuing unreliability of the side arm vehicles. Members have already agreed a replacement programme for refuse vehicles and new vehicles are anticipated in April 2009. When breakdowns have caused delays, an additional round has been utilised to empty all the bulk bins servicing the flats.

- Increased use of diesel – Due to vehicle breakdowns an increasing number of vehicles are being diverted to Redditch or Pershore to unload. This is because the Bromsgrove transfer station cannot accept waste other than in containers.
- Increased Agency costs are due to an increase in sickness levels particularly long term sickness. Posts have to be replaced with agency staff. Regular sickness reviews are undertaken and there are a number of cases now at stage 2 of the process due to continuing absence of some individuals.
- The Overspend on travel concessions is due to the additional use of the scheme by customers that was not reflected in the grant transferred to the District from the Government
- Ticket sales were down on expected due to economic conditions. Other operators experienced a 6.5% to 10% drop due to these conditions. To achieve an increase of 3.7% on the previous year in ticket sales in such conditions when other operators are experiencing decreases is a relatively good performance.

Capital Budget summary 2008/09

Service	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Cemeteries	7	0	-7
Community Safety	166	131	-35
Parks, Play areas & Open Spaces	409	367	-42
Leisure Centres	956	919	-37
Culture and Community General	129	156	27
Replacement Vehicles	911	828	-83
Site works	65	51	-14
TOTAL	2,643	2,452	-191

Financial Commentary

- The 10 year rolling programme for vehicles continues with new vehicles and equipment now being received for the street cleansing, garage, highways and ground maintenance services. Many vehicles have already been delivered, including new vans / tipper trucks for cleansing, garage, highways, and grounds, and new mowers and equipment for grounds.
- Community safety CCTV scheme has been completed and has come in £35k under budget.
- Work has continued on the Youth Schemes for Bromsgrove and Alvechurch and also on several play area sites within the District.
- Phase II work at the Dolphin centre was completed March 2009, a request has been made to carry forward £16k for retention payments. All equipment for the new fitness suite has been purchased and it is now fully operational.

4.3 Revenue Budget summary – Planning & Environment 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Building Control	9	30	21
Development Control	1,101	971	-130
Environmental Health	961	875	-86
Licensing	-5	-44	-39
Planning Administration	-132	-13	119
Strategic Housing	1,926	1,945	19
Strategic Planning	315	273	-42
Economic Development	118	111	-7
Retail Market	52	89	37
TOTAL	4,345	4,237	-108

Financial Commentary

- The current under-spends are due to a number of vacancies within the department of which some have recently been filled resulting in a reduced underspend by the year end. The remainder of vacant posts have been reviewed as part of a wider Departmental Review that is looking into efficiencies and savings as part of the three year financial plan.
- Overspends in relation to planning administration is due to the shortfall on income generated for land charges and search fees due to the current economic climate and the provision of the service by private companies.

Capital Budget summary 2008/09

Service	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance £'000
Strategic Housing	2,215	1,680	-535
Town Centre	123	55	-68
TOTAL	2,338	1,735	-603

Financial Commentary

- Grants to RSL's – Various schemes are now being funded to ensure the provision of affordable housing for rent within the District. £254k is also committed with the RSL to continue this provision of accommodation.
- Town Centre – Work continues on this on-going project with Worcestershire County Council to redevelop the town centre.
- Disabled Facilities Grants – Revised procurement procedures have been adopted to speed up the grant application process, 108k has been committed for grants that are awaiting completion.
- Work has commenced on the refurbishment of the Town Centre Toilet with completion planned for August 2009.

4.4 Revenue Budget summary – E-Government & Customer Services 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance £'000
E-Government	149	1	-148
Customer Service Centre	113	44	-51
TOTAL	244	45	-199

Financial Commentary

- The underspends are mainly due to renegotiated contracts for software and the impact of a number of vacancies within E-Government and the CSC.

Capital Budget summary 2008/09

Service	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
E-Government	4,984	4,799	-185
TOTAL	4,984	4,799	-185

Financial Commentary

Phase I of the Spatial Project is now completed on target with only a few minor issues to be addressed the final invoice will be paid when these outstanding issues have been resolved.

4.5 Revenue Budget summary – Financial Services 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance £'000
Central Overheads	117	140	23
Accountancy	30	73	43
Internal Audit	10	0	-10
Grants & Donations	91	88	-3
Revenues & Benefits	1,217	1,218	-53
TOTAL	1,518	1,519	0

Financial Commentary

The overspend within Accountancy is due additional costs in relation to bank charges from debit and credit cards. The Head of Financial Services has received a report on comparable bank charges across the district and is reviewing these charges with HSBC.

The savings within Revenues and Benefits are as a result of the net effect of agency staff costs offset by additional income received from the recovery of housing benefit overpayments.

Capital Budget summary 2008/09

Service	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Finance	34	28	-6
TOTAL	34	28	-6

Financial Commentary

- The Purchase Order Processing (POP) system was rolled out corporately throughout the

Council in January 2009 after being trialled within the Finance and IT Sections. Development has also been carried out on the Agresso accounting system for the collection of Direct Debits by the Finance Section, this went live on the 1st April 2009 with collections now being taken on behalf of the Dolphin Centre.

4.6 Revenue Budget summary – Corporate Services Department 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Policy & Performance	34	40	6
Corporate Management	638	801	163
Corporate Projects	92	96	4
TOTAL	764	937	173

Financial Commentary

As a result of the Council's overall revenue outturn it has been possible to set aside funds in anticipation of costs relating to the shared services agenda. The required charge to revenue has been made corporately and is reflected in the Corporate Management overspend.

4.7 Revenue Budget summary – Legal, Equalities & Democratic Services 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Administration Services	2	0	-2
Committee & Member Services	775	781	6
Elections & Registration	159	154	-5
Facilities Management	-50	-99	-49
Legal Services	-1	0	1
TOTAL	885	836	-49

Financial Commentary

The under spend for the year due mainly to savings in Facilities Management budgets for insurance and business rates together with income received for small areas of land.

Capital Budget Summary 2008/09

Service	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Facilities Management	120	14	-106
TOTAL	120	14	-106

Financial Commentary

- The budget includes funding for a number of alterations at the Council House. The Asset Management Group is currently considering the use of the council house and the appropriate alterations will be made following this review.

4.8 Revenue Budget summary – HR & OD 2008/09

Service Head	Revised Budget 2008/09 £'000	Actual spend 2008/09 £'000	Variance 2008/09 £'000
Human Resources & Organisational Development	-20	48	68
TOTAL	-20	48	68

Financial Commentary

- The overall out-turn for the financial year is £68k over-spent. This is partly due to the vacancy management provision as the department is fully staffed, combined with retention of a member of staff in payroll to assist Redditch in the payroll transfer. Costs associated with employment tribunals have also been incurred.

4.9 Sundry Debtors

4.9.1 Sundry Debt is raised by the Council to ensure effective recovery of debts owing. The outstanding balance at 31/03/09 was £396k which includes:-

- £36k of car parking fines
- £43k lifeline debts
- £50k rents/ hire charges
- £21k building regulations
- £19k trade waste and cesspool emptying
- £21k Cemeteries

- £8k Developer contributions
- £32k Other external contributions
- £18k External grants
- £59k Housing schemes
- £19k CCTV
- And £70k in respect of other services provided by the Council to other organisations (e.g. contracts with BDHT for legal work)

The age of the debt is represented as follows:

Under 30 days £310k
 Up to 1 month £21k
 1-2 months £3k
 3 – 6 months £27k
 Over 6 months £35k

Debts over 2 months are currently with the legal department for consideration and further recovery and include £28k of car parking fines.

5.0 TREASURY MANAGEMENT

5.1 Investment Interest

- 5.1.1 For the period to 31 March 2009 the Council received net investment income amounting to £1,434k against predicted year receipts of £457k. This income is a combination of interest earned on in-house managed funds (cash currently surplus to cash flow requirements that is placed on short-term deposit) and the investment income arising on the externally managed funds (HSBC fund managers). The increased interest has arisen due to slippage on the capital programme which has made additional surplus cash available for deposit, combined with enhanced interest rates achieved as a result of the market conditions earlier in the year.

Following discussions with our treasury advisors the Council withdrew its funds from the HSBC managed portfolio in March 2009, crystallising gains on the underlying investments in gilts and bonds. Within the current climate it was deemed advisable for the Council to ensure investments were both low risk and subject to minimal volatility.

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 where the institutions can participate in the government's Scheme AND whose long-term ratings are currently in the 'double-A' category.

- 5.1.2 All funds are now managed internally within the Finance department with support from our advisors Arlingclose.

6.0 EFFICIENCY SAVINGS

As part of the budget round for 2008/09 a number of efficiency savings were approved. These challenging targets were allocated across all services as detailed in Appendix 1 totalling £629k. The initial efficiency target for 2008/09 was estimated at £694k. This included £25k sponsorship which has not been achieved due to the current economic climate and £40k of payroll savings which have been offset by the costs arising from the delays in implementing the transfer due to job evaluation.

7.0 REVENUE BALANCES AND EARMARKED RESERVES

7.1 Revenue Balances

The revenue balances brought forward at 1 April 2008 were £2.023m. The revised budget requirement for use of balances in 2008/09 was £1.074m. The reduced level of deficit as detailed in this report has meant a limited transfer from balances of £231k. The new level of balances is £1.792m. , which can be utilised to fund one off items to deliver the priorities of the Council.

7.2 Earmarked Reserves

The Council maintains a number of reserves which have been set up voluntarily to earmark resources for future spending plans. The balance on these reserves is shown below:

Earmarked Reserve	Balance 1 April 2008	Net Movement in Year	Balance 31 March 2009	Purpose
	£000	£000	£000	
Building Control Partnership	6	4	10	Funds associated with partnership arrangements on Building Control
Neighbourhood Office/Committees	0	54	54	Devolved budgets for area committees together with neighbourhood partnership office
Economic regeneration	0	49	49	Includes Town Centre and regenerative small business grants.
Organisational Development	0	101	101	Organisational training & development
Shared Services	0	262	262	To fund shared services work
Single Status/Job Evaluation		309	309	To fund costs associated with the implementation of Single Status
Local Development Framework	0	143	143	Development of Regional Core Strategy – potential costs of public examination
Housing Schemes	0	14	14	To fund survey work and

				expected upturn in homelessness cases due to recession.
Planning Delivery Grant	397	-57	340	Accumulation of unused Planning Delivery Grant
Replacement Reserve	536	0	536	Sums set aside to fund future replacement of vehicles and ICT equipment
Other	0	28	28	Planned expenditure on other equipment and maintenance
Litigation Reserve	140	-90	50	Funds set aside based on potential litigation at 31 March 2009.
Leisure/Community Safety Reserve	43	37	80	Unspent funding to be used for ring fenced leisure/safety programmes
Total	1,122	854	1,976	

Included in the reserves statement are a number of new funds established to ensure sufficient funds are available to deliver key projects across the Council. The material new reserves are to support the shared service agenda and the implementation and future costs associated with Job Evaluation.

8. FINANCIAL IMPLICATIONS

None other than those covered in the report

9. LEGAL IMPLICATIONS

None

10. COUNCIL OBJECTIVES

11. RISK MANAGEMENT

Covered in the report.

12. CUSTOMER IMPLICATIONS

13. EQUALITIES AND DIVERSITY IMPLICATIONS

14. OTHER IMPLICATIONS

Please include the following table and spell out any particular implications in the relevant box. If there are no implications under a particular heading, please state 'None':-

Procurement Issues	None
Personnel Implications	None

Governance/Performance Management – subject of the report
Community Safety including Section 17 of Crime and Disorder Act 1998 None
Policy None
Environmental None

15. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

APPENDICES

- Appendix 1 Efficiency Savings 2008/09
Appendix 2 Capital Carry Forward Requests 2008/09

CONTACT OFFICERS

Hugh Bennett, Assistant Chief Executive
Jayne Pickering, Head of Financial services
John Outhwaite, Senior Policy & Performance Officer