

**BROMSGROVE DISTRICT COUNCIL**

**CABINET**

**04 NOVEMBER 2009**

**SEPTEMBER (QUARTER 2) INTEGRATED FINANCE & PERFORMANCE REPORT**

Responsible Portfolio Holder	Councillor Roger Hollingworth Leader of the Council Councillor Geoff Denaro Cabinet Member for Finance
Responsible Head of Service	Hugh Bennett Assistant Chief Executive Jayne Pickering, Head of Financial Services

**1. SUMMARY**

To report to Cabinet on the Council's performance and financial position at 30<sup>th</sup> September 2009.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet notes that 62% of PI's for which data is available are Improving or Stable.
- 2.2 That Cabinet notes that 58% of PI's for which data is available are achieving their Year to Date target.
- 2.3 That Cabinet notes that 80% of PI's for which data is available are predicted to meet their target at year end.
- 2.4 That Cabinet notes the successes and areas for potential concern as set out in the 'Council Summary' below.
- 2.5 That Cabinet note the current financial position on Revenue and Capital as detailed in the report and consider the proposed actions to mitigate the overspend on revenue.
- 2.6 That Cabinet note the release of previously approved earmarked reserves of £249k, as set out in Appendix 5.
- 2.7 That Cabinet approves the budget virements listed in Appendix 6.
- 2.8 Cabinet recommend to full Council to reduce the Capital Programme 2009/10 by £1.148m as detailed in Appendix 7 to reflect the projects, that due to the factors detailed in this

report will not be delivered during 2009/10. These projects are recommended to be included in the 2010/11 Capital Programme.

### 3. **BACKGROUND**

3.1 This is the second integrated quarterly finance and performance report for 2009/10.

3.2 The integration of finance and performance demonstrates that the Council is taking a wider view of the impact of financial resources when performance changes and the link between the two measures.

### 4. **PROGRESS IN THE QUARTER**

4.1 An integrated performance and finance report for each department, plus a council summary, is shown on the following pages.

<b>4.1.1 Overall Council Summary</b>	<b>Quarter 2 (September 30th) 2009/10</b>
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#### **Performance Summary**

No. of PI's improving <b>(I)</b>	23	No. of PI's meeting YTD target	23	No. of PI's where est. outturn projected to meet target	32
No. of PI's Stable <b>(S)</b>	5	No. of PI's missing YTD target by < 10%	11	No. of PI's projected to miss target by < 10%	4
No. of PI's worsening <b>(W)</b>	17	No. of PI's missing YTD target by >10%	6	No. of PI's projected to miss target by >10%	4

#### **Achievements**

- Sickness absence has reduced significantly for the second month running. In September sickness absence was less than half the figure in July.

#### **Issues**

- The PI's meeting their year to date target figure of 58% is lower than this time in previous years. Although 80% are still predicted to meet target at the year end a 22 percentage point gap presents a degree of risk.

## Revenue Budget summary – Overall Council

Service Head	Revised Budget 2009/10 £'000	Profiled Budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Corporate Services</b>	801	397	408	11	826	25
<b>E-Government &amp; Customer Services</b>	61	1,105	1,172	67	166	105
<b>Financial Services</b>	1,541	560	550	-10	1,587	46
<b>Legal, Equalities &amp; Democratic Services</b>	955	902	875	-27	918	-37
<b>Human Resources &amp; Organisational Development</b>	0	239	268	29	22	22
<b>Planning &amp; Environment Services</b>	4,944	1,042	995	-47	5,056	112
<b>Street Scene &amp; Community</b>	8,457	2,330	2,476	146	8,499	42
<b>SERVICE TOTAL</b>	<b>16,759</b>	<b>6,575</b>	<b>6,744</b>	<b>169</b>	<b>17,074</b>	<b>315</b>
<b>Interest on Investments</b>	<b>-166</b>	<b>-83</b>	<b>-43</b>	<b>40</b>	<b>-105</b>	<b>61</b>
<b>COUNCIL SUMMARY</b>	<b>16,593</b>	<b>6,492</b>	<b>6,701</b>	<b>209</b>	<b>16,969</b>	<b>376</b>

### Financial Commentary

There is a significant overspend to the end of September together with a projected deficit to the end of the financial year. The main reasons for the present and predicted overspend include:

- Impact of the downturn in the housing market on the land charges and building control income targets.
- Significant increase in printing charges compared to those originally anticipated.
- Increases in bank charges due to impact of the demand in use of card transactions together with the high cost of cash transactions processed.
- Shortfall on the income anticipated from investments due to the rates of return being less than predicted estimates. The majority of the cash is currently invested in the Debt Management Office which is paying only 0.28% interest on the funds invested.

There are a number of actions that will be put in place to mitigate the overspend, these include:

- Transfer of an element of funds into a low risk but higher yield investment. Following discussions with treasury advisors it is understood that the Council can achieve 2.5%

on limited investments with similar protection as presently in place.

- A freeze on vacancies. The Council is currently holding a vacancy freeze in consideration of the future joint arrangements with both Redditch and the WETT programme. The freeze will ensure that business critical services are maintained whilst providing savings for the remainder of the financial year.
- Review of non-essential expenditure. Corporate Management Team are to discuss the process of ordering items with the aim to only fund areas of essential spend to ensure services are delivered to the customer and to reduce any non-essential spend on general office services.
- Review of contracts in place to identify any where renegotiation can be undertaken to reduce costs in the short term.
- Marketing of Council services to maximise income generation over the 2<sup>nd</sup> half of the year.

It is anticipated that these actions will reduce the overspend. Future reports will monitor the financial position to Members.

## Capital Budget summary April-Sept 2009

Department	Revised Budget 2009/10 £'000	Actual spend April - Sept £'000	Variance To date April – Sept £'000	Projected outturn £'000	Projected variance £'000
<b>Corporate Services</b>	75	16	-59	16	-59
<b>E-Government &amp; Customer Services</b>	304	50	-254	245	-59
<b>Financial Services</b>	6	2	-4	6	-
<b>Legal, Equality &amp; Democratic Services</b>	86	0	-86	0	-86
<b>Planning &amp; Environment (inc Housing)</b>	2,418	624	-1,794	1,488	-930
<b>Street Scene and Community</b>	2,681	372	-2,309	2,385	-296
<b>Budget for Support Services Recharges</b>	133	-	-133	133	-
<b>TOTAL</b>	<b>5,703</b>	<b>1,064</b>	<b>-4,639</b>	<b>4,273</b>	<b>-1,430</b>

### Financial Commentary

- The £700k budget for the development of affordable housing has been earmarked for housing at the Perryfield Lane site. A request has been made to carry forward this budget into 2010/11 as the Council are awaiting a grant from the Housing and Communities Agency to enable work to commence.
- The £203k budget earmarked for improvement works at Houndsfield Lane Caravan Park will not be spent in this financial year and a request has been received to roll the budget forward into 2010/11, to await the outcome of a bid to the Housing and Communities Agency for a grant to match fund the project.
- The £360k budget for District Wide Sports Enhancement is being procured with work due to commence either later in 2009/10 or in some cases in 2010/11 to allow for the continuation of sports provision within the district.

<b>4.1.2 Street Scene &amp; Community</b>	<b>Quarter 2 (September 30<sup>th</sup>) 2009/10</b>
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### Performance Summary

No. of PI's improving (I)	11	No. of PI's meeting YTD target	14	No. of PI's where est. outturn projected to meet target	18
No. of PI's Stable (S)	2	No. of PI's missing YTD target by < 10%	6	No. of PI's projected to miss target by < 10%	2
No. of PI's worsening (W)	8	No. of PI's missing YTD target by >10%	0	No. of PI's projected to miss target by >10%	0

### Achievements

- Dolphin centre fitness suite memberships have exceeded 750.
- The completion of the street Theatre and Bandstand programme across 4 areas of the district to inc. Hagley, Rubery & Wythall.
- Reviewed and revised the Bonfire Programme and the establishment of a formal partnership with Primrose Hospice for the market and pre sale of event tickets.
- The opening to the public of the new Swanslength play area funded via the DCSF, which was designed in consultation with local school children.
- The completion of the CCTV & Life line shared service business case and the agreement of elected members to pursue a fully integrated shared service.
- The formal endorsement and launch of the 2009 refresh of the Community Safety Partnership's Partnership Plan for 2008 to 2011.
- Expansion of the council's sponsorship offer and several networking presentation that have resulted in several potential sponsorship packages being developed.
- The review of the allotment and play area provision and the commencement of operational changes in line with the PPG17 report to members Inc the preparation of future budget bids to support the recommendations with in the report.
- Success bid to the ASA for the provision of free swimming lesson to targeted over 60 groups by the Dolphin Centre and sports development teams.
- The running of the first disability sports festival in Bromsgrove attend by 25 competitors.
- The expansion of the councils adult mobility programme to the Wythall area in partnership with Worcestershire NHS.
- The opening of the Bromsgrove Gymnastics Club by the Sport Development Team.
- Over 60 community coaching sessions undertaken during the school summer holidays.
- The development of a Disabled Children's Obesity programme in Bromsgrove in partnership with Chadsgrove School and Worcestershire PCT to launch in January 2010.
- The opening of Twin MUGAs in Sanders Park through successful partnership with local young people to obtain £80K funding.
- Green Flag award for Sanders Park
- The opening of the town centre toilets.
- Increased car parking usage.
- Guidance and operational support provide to several new community events through out the District Inc the Fairfield Festival and the Rubery Tattoo.
- The rolling out of the Eco Schools assessment programme across the district.

- The implementation of the a promotions campaign for the changes to the waste collection service Inc PC forums and associate presentations
- MRF at Norton on schedule for operation later in year (November 2<sup>nd</sup>) in advance of service change in April 2010
- Members training session – 8<sup>th</sup> July successfully delivered and received
- Depot sickness forum now established and meeting regularly. (Trades Unions and Managers). Sickness/absence showing significant improvement by end September.
- Street Theatre displays on service change completed
- Work begun on a local, joint, Climate Change strategy and action plan
- Meeting arranged with HSE to discuss any outstanding issues from their report into side arm vehicles. No concerns outstanding. HSE satisfied with work carried out and progress to replacement of fleet.

### **Issues**

- The Artrix SLA has been delayed and further discussions are ongoing. A meeting is booked for Oct 09 and officers are hopeful that a final SLA can be agreed with in the next 2 months.
- Dolphin Centre usage is lower than anticipated, but under review. Initial indications are that the lower usage is from group/club bookings such as children's parties and swimming galas.
- Due to capacity issues football pitch enhancement works are behind schedule and will be re programmed following the procurement stage of the process.

## Revenue Budget summary – Street Scene & Community

Service Head	Revised Budget 2009/10 £'000	Profiled Budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Community Safety</b>	722	326	262	-64	707	-15
<b>Parks &amp; Recreation</b>	690	145	188	43	751	61
<b>Promotions</b>	309	104	228	124	327	18
<b>Sports Centres</b>	947	310	368	58	1,000	53
<b>Sports Development</b>	178	67	74	7	182	4
<b>Streets &amp; Grounds</b>	2,498	687	675	-12	2,500	2
<b>Car Parks</b>	-793	-427	-483	-55	-884	-91
<b>Depot Misc</b>	44	7	11	4	-48	-4
<b>SS&amp;C Mgt/admin</b>	88	233	230	3	116	27
<b>Transport &amp; Waste</b>	3,368	631	623	-8	3,306	-62
<b>Travel Concessions</b>	493	246	253	7	521	28
<b>Waste Policy</b>	0	0	25	25	21	21
<b>TOTAL</b>	<b>8,457</b>	<b>2,330</b>	<b>2,476</b>	<b>146</b>	<b>8,499</b>	<b>42</b>

### Financial Commentary

- Car Parking income remains positive and ahead of target it is anticipated that the budget figures will be exceeded by £135k however due to budget pressures in other areas the overall increase will be in the region of £92k. These implications will be taken into account during the current business planning cycle and the MTFP base budget adjusted accordingly.
- Travel Concessions is likely to be over spent by the end of the year, with expected expenditure of £680k, therefore making a net overspend of approximately £28k. This is due to the increased demand of the service.
- The current under spend relating to Community Safety reflects the establishment of the shared service with Redditch Borough Council and relates to the transfer of BDC staff to RBC employment, these funds will be drawn down within the next 4 months in line with the service level agreement.
- The CCTV overspend relates to the sickness cover requirement to meet our code of practice and operating standards, this cost is however offset against additional income generation through the monitoring of 3<sup>rd</sup> party CCTV systems.
- The life line service is forecasting additional income of £20,000 above its baseline



budget following the restructure of the service in early 2009. Additional activities include increase market penetration and diversification, increase networking and promotional activities and the undertaking of engagement to redefine service delivery.

- The cemetery budget is of concern following lower income generation than expected, officers are reviewing the situation with a view to identifying potential issues and opportunities for example a review of fee's and charges. The other area of concern relates to the Old cemetery and the cost of maintenance work on the tree stock following the tree survey by colleagues in the planning section. Officers are also progressing the new phases at the North Cemetery and this has resulted in unavoidable cost being incurred to ensure the new layouts and designs meet legislative requirements.
- The events programme is over spent at this stage following the pilot roll out of the bandstand programme across the district, officers are now preparing a budget bid to confirm the roll out in future years following positive feedback from residents.
- The sponsorship budget target will not be met this year primarily due to the delay in obtaining licenses for road traffic islands resulting in a delay in promoting these services. Officers will focus on this matter once the annual Civic bonfire is completed and look to mitigate the shortfall. However at present the budget target is not expected to be realised until 2010/11.
- Due to a number of essential one off maintenance and operational requirements indentified following the Dolphin Centre service restructure and as a result of the enhanced service provided, the DC expenditure budget would have been over spent by around £35k. These additional costs would have been offset by the increased income generation achieved on site and overall the service would have been delivered on and under budget. However as the car parking refunds have now been factored into the centre's overall budget it is predicted that the centre will be £53k over spent.
- The recession has bought about an increase nationally in abandoned dogs, resulting in higher kenneling costs.
- Loss of income from Hire of Burcot room £32k, and BDHT street cleansing SLA of £50k.
- Work is continuing on sickness reduction at the depot and already showing improvement if this trend can be sustained a further 10-20k could be saved in agency costs, reducing the current service overspend.
- All services are being reviewed to identify if any non essential expenditure exists to further reduce overspend.

## Capital Budget summary April-September 09/10

Service	Revised Budget 2009/10 £'000	Actual spend April - Sept £'000	Variance to Date April – Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Cemeteries</b>	25	0	-25	25	-
<b>Community Safety</b>	54	0	-54	54	-
<b>Parks, Play areas &amp; Open Spaces</b>	793	148	-645	498	-245
<b>Leisure Centres</b>	16	0	-16	16	-
<b>Culture and Community General</b>	20	5	-16	20	-
<b>Replacement Vehicles</b>	1070	216	-853	1069	-1
<b>Street Scene General</b>	703	3	-700	703	-
<b>TOTAL</b>	<b>2,681</b>	<b>372</b>	<b>-2,309</b>	<b>2,385</b>	<b>-296</b>

### Financial Commentary:

- The £80k Capital project at Sanders Park for the multi use games area has now been completed, with the new games area open for use.
- The new park at Barnsley Hall is a £215k Capital project which is at the procurement stage, with works due to commence in the 3<sup>rd</sup> quarter of 2009/10. It is expected to be completed by March 2010.
- Works at the Dolphin Centre are complete with only the retention to be paid in 2009-10.
- The £360k budget for District Wide Sports Enhancements is in the procurement stages with the majority of the works due for completion in the final quarter of 2009-10.
- £1.2m of vehicles and bins have been ordered and delivery is expected in the third quarter.

<b>4.1.3 Planning &amp; Environment Services</b>	<b>Quarter 2 (September 30<sup>th</sup>) 2009/10</b>
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### Performance Summary

No. of PI's improving <b>(I)</b>	5	No. of PI's meeting YTD target	3	No. of PI's where est. outturn projected to meet target	4
No. of PI's Stable <b>(S)</b>	1	No. of PI's missing YTD target by < 10%	2	No. of PI's projected to miss target by < 10%	1
No. of PI's worsening <b>(W)</b>	2	No. of PI's missing YTD target by >10%	3	No. of PI's projected to miss target by >10%	3

### Achievements

- The Head of Planning and Environment Services have been engaged in extensive discussions involving the Worcestershire Enhanced Two Tier (WETT) programme, involving Regulatory Services.
- Building Control have had a BSI Audit on their processes undertaken and have been re-accredited.
- Taxi Licensing has been transferred to Redditch on a trial basis of 6 months to ascertain the feasibility of a permanent transfer and to accommodate a request by the Principal Licensing Officer to undertake reduced hours.
- Development Control performance remained strong for the quarter:
  - Major = 100%
  - Minor = 85%
  - Other = 87%
- Discussions continuing with St. Modwen re viability of delivering Longbridge.
- Changes discussed with Finance with regard to changes to the POP system to speed up DFG delivery

### Issues

- The RRS Panel Report is likely to report imminently
- At the time of considering this report Members should be aware of the proposed housing figures for the Council up to 2026.

## Revenue Budget summary – Planning & Environment

Service Head	Revised Budget 2009/10 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Building Control</b>	-26	-69	-27	42	44	70
<b>Development Control</b>	1,007	45	24	-21	1,001	-6
<b>Environmental Health</b>	1,065	308	291	-17	1,031	-34
<b>Licensing</b>	-17	-17	-42	-25	-22	-5
<b>Planning Administration</b>	25	87	106	19	54	29
<b>Strategic Housing</b>	2160	377	359	-18	2,157	-3
<b>Strategic Planning</b>	583	248	224	-24	568	-15
<b>Economic Development</b>	119	61	52	-9	131	12
<b>Retail Market</b>	28	2	8	6	92	64
<b>TOTAL</b>	<b>4,944</b>	<b>1,042</b>	<b>995</b>	<b>-47</b>	<b>5,056</b>	<b>112</b>

### Financial Commentary

- There is a loss of income within building control, Land charges and Development control which is projected to increase and show as an overspend for year end, this is due to the current economic climate and the provision of the service by private companies.
- 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.
- It is expected that there will be an overspend within Economic Development due to the loss of income generation for miscellaneous rents.
- Although the town centre stalls are generating income the majority of the overspend within the retail market is related to the loss of income from the market hall. Some of the overspend is also due to a temporary need to hire a vehicle to assist with the transportation of the stalls from storage to the town centre, the hire of this vehicle has now ceased. There has also been a need to hire agency staff to assist with the setup of stalls within the town centre.

### Capital Budget summary April-Sept 2009/10

Service	Revised Budget 2009/10 £'000	Actual spend April - Sept £'000	Variance to Date April – Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Strategic Housing</b>	2,075	401	-1,674	1,157	-918
<b>Town Centre</b>	343	223	-120	331	-12
<b>TOTAL</b>	<b>2,418</b>	<b>624</b>	<b>-1,794</b>	<b>1,488</b>	<b>-930</b>

#### Financial Commentary

- There has been expenditure of £206k on Disabled Facilities Grants, this is traditionally lower than budgeted up to quarter 2. Performance is being closely monitored and the whole DFG process is currently under review to identify service improvements both 'in house' and through the work of the North Worcestershire Care and Repair Service who carry out DFG works to private dwellings in the District.
- There has been increased expenditure on Energy Efficiency grants for home insulation projects with £29k being spent to date, with a further £18k planned to be spent in 2009/10.
- The £700k budget for the development of affordable housing in the district has been earmarked for 100% affordable housing at the Perryfields Road Site. This scheme is still in the planning/ review stages and scheme preparation is ongoing.

<b>4.1.4 E-Government &amp; Customer Services</b>	<b>Quarter 2 (September 30<sup>th</sup>) 2009/10</b>
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### Performance Summary

No. of PI's improving (I)	1	No. of PI's meeting YTD target	2	No. of PI's where est. outturn projected to meet target	3
No. of PI's Stable (S)		No. of PI's missing YTD target by < 10%		No. of PI's projected to miss target by < 10%	
No. of PI's worsening (W)	2	No. of PI's missing YTD target by >10%	1	No. of PI's projected to miss target by >10%	

### Achievements

- Change of the core CRM system from e-shop to One Serve from the 6<sup>th</sup> July
- Go-live with Smart Point, screen scraping technology, from the 1<sup>st</sup> August
- Production of shared service business case for ICT services with Redditch BC.
- Delivery of shared elections service.
- Successfully joined the Bromsgrove network with the Redditch network to enable the sharing of systems such as elections.
- Go live with a new website design. The system used to manage the content is simpler to use enabling staff to keep their content current.
- Started the development of the Uniform system to support green bin collection service.

### Issues

- Sickness has been issue with staff either having or exhibiting swine flu symptoms during this period – this has a direct impact on performance especially because it was also the main holiday period when other staff where committed to annual leave
- The general down turn in the economy is driving demand in the second quarter the CSC has seen increased enquiries in relation to Council Tax which is placing pressure on the service centre to maintain PI's.
- Difficulties filling the Principal Web Developer post. External candidates have not had the experience required. Agencies have been contacted and a few candidates interviewed. Unfortunately no one was suitable. Looking at the possibility of an internal secondment to fill the post for a three month period.
- The new corporate printers are not providing the savings they should. An initial meeting with suppliers has taken place to review how they calculated the projected savings.

## Revenue Budget summary – E-Government & Customer Services

Service Head	Revised Budget 2009/10 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Customer Service Centre</b>	61	252	206	-46	20	-41
<b>E-Government</b>	0	853	966	113	146	146
<b>TOTAL</b>	<b>61</b>	<b>1,105</b>	<b>1,172</b>	<b>67</b>	<b>166</b>	<b>105</b>

### Financial Commentary

- The underspend within the Customer Service Centre is mainly related to a number of vacancies within the department.
- The overspend within E-Government is mainly related to charges for printing together with the Revenue charges for the Spatial Project. A review is currently being undertaken to review the printing charges across the Council.
- Some of the overspend within the department is also related to the software and telephone budgets which are currently under review.

## Capital Budget summary April-September 2009/10

Service	Revised Budget 2009/10 £'000	Actual spend April - Sept £'000	Variance to date April – Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>E-Government</b>	304	50	-254	245	-59
<b>TOTAL</b>	<b>304</b>	<b>50</b>	<b>-254</b>	<b>245</b>	<b>-59</b>

### Financial Commentary

- All of E-Government's schemes are carry forwards from 2008-09, with the exception of the newly added Shared Services Phase 1 Scheme, which is to facilitate joint working with Redditch Borough Council.
- E-Government has seen delays due to the need for actions to be completed by external bodies, this has led to the majority of the schemes being unspent up to quarter 2. However, by the end of Quarter 3 it is expected that a large amount of the schemes will be completed as orders are being placed in October 2009.

**4.1.5 Financial Services****Quarter 2 (September 30th)  
2009/10****Performance Summary**

No. of PI's improving <b>(I)</b>	4	No. of PI's meeting YTD target	3	No. of PI's where est. outturn projected to meet target	5
No. of PI's Stable <b>(S)</b>	1	No. of PI's missing YTD target by < 10%	2	No. of PI's projected to miss target by < 10%	1
No. of PI's worsening <b>(W)</b>	3	No. of PI's missing YTD target by >10%	1	No. of PI's projected to miss target by >10%	0

**Achievements**

- Support to External Audit in the final accounts process
- Completion of the 2008/09 Housing Benefit Subsidy Claim and estimate 2009/10
- Continued to process benefit claims quickly using the VRA system
- Supported BDHT in the verification of documents at their offices to improve service to customers
- Initial discussions with Capita to assess new developments in revenues and benefit systems
- Preliminary discussions relating to the medium term financial plan with CMT and Cabinet
- Supported the WETT business cases in the provision of financial information
- Reported the final accounts outcomes and Internal Audit performance to the Audit Board
- Fraud sanctions 60% above target for 2009/10
- Single person discount review continuing to match data received

**Issues**

- No clarity from the DWP in relation to financial support to the continuation of the VRA system. To continue with using system into 2010/11 when further details should be available from DWP.
- Legal support sought over business rate debtors to challenge their non-payment of debt
- Issues arising from the final accounts report being discussed further with External Audit



## Revenue Budget summary – Financial Services

Service Head	Revised Budget 2009/10 £'000	Profiled Budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Central Overheads</b>	120	60	32	-28	138	18
<b>Accountancy</b>	28	300	314	14	55	27
<b>Internal Audit</b>	0	43	59	16	10	10
<b>Grants &amp; Donations</b>	89	44	38	-6	83	-6
<b>Revenues &amp; Benefits</b>	1,304	113	107	-6	1,301	-3
<b>TOTAL</b>	<b>1,541</b>	<b>560</b>	<b>550</b>	<b>-10</b>	<b>1,587</b>	<b>46</b>

### Financial Commentary

- Due to the significant increase in the number of gym members at the Dolphin Centre there has been an increase in the number of Direct Debits to be processed for this membership within the Finance Section a temporary member of staff has been employed to assist with this increased demand.
- The Council is pursuing a VAT claim with Customs and Excise to address liability of prior year VAT payments (Fleming case). The value of the claim is significant and therefore there is a cost associated with bringing the case to court (£5k).
- Due to the difficulties in recruiting an internal audit manager an arrangement has been made with Worcester City to provide this support. It is proposed that the WETT programme will include Internal Audit from 2010/11 but there is a current overspend to meet the requirement of internal control across the Council.
- Within the accountancy and revenues and benefits section there has been an increase in the charges from giro bank and HSBC. The Council benefited from a period of free banking which has now been removed and this has contributed to the overspend. A comparison with other district charges has been prepared and the Head of Financial Services with the Procurement Officer is to meet with the Bank Manager to discuss our banking terms.

## Capital Budget summary April-September 2009/10

Service	Revised Budget 2009/10 £'000	Actual spend April - Sept £'000	Variance to Date April – Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Finance</b>	6	2	-4	6	-
<b>TOTAL</b>	<b>6</b>	<b>2</b>	<b>-4</b>	<b>6</b>	<b>-</b>

### Financial Commentary

- Work on the introduction of the POPs system throughout the Council has now been completed, the remaining budget is required to extend the system with the development of Commitment Accounting.

**4.1.6 Corporate Services Department****Quarter 2 (September 30<sup>th</sup>)  
2009/10****Performance Summary**

No. of PI's improving <b>(I)</b>	0	No. of PI's meeting YTD target	1	No. of PI's where est. outturn projected to meet target	1
No. of PI's Stable <b>(S)</b>	1	No. of PI's missing YTD target by < 10%	0	No. of PI's projected to miss target by < 10%	0
No. of PI's worsening <b>(W)</b>	0	No. of PI's missing YTD target by >10%	0	No. of PI's projected to miss target by >10%	0

**Achievements**

- The CCPP team completed the Council's annual report, which was made much more difficult this year with the switch from BVPIs to the new National Indicators (NIs). The Annual Report continued to show a rapid rate of improvement (72% of targets exceeded).
- The Customer Access Strategy has been approved by Cabinet and the portfolio holder now chairs the Customer First Board. Customer First Part 3 workshops have almost completed and team managers are now presenting their customer first action plans to senior managers and the portfolio holder.
- The Council continues to produce good communications material on a shoestring, with the latest edition of Together Bromsgrove being published and two "Bromsgrove Bites Back" days, linked to street theatre, held in the town centre. The press office continues to be active.
- The Local Strategic Partnership is now chaired by the Leader with the Vice Chairman representing the private sector. The Community Strategy has been fundamentally reviewed, making a stronger link to the Local Area Agreement and improving the performance monitoring arrangements.
- The new (09/10) Improvement Plan was approved by Cabinet in the second quarter and Members have been briefed on CAA. We are currently awaiting our first Organisational Assessment, as part of the wider Worcestershire CAA.
- The CCPP team has been actively supporting Financial Services work on developing VFM measures for the Council. This work is expected to be complete in quarter 3. The CCPP team has also been actively supporting the Joint CEO in communicating the shared services agenda.
- The Council Plan 2010/2013 part 1 has been completed and reported to Cabinet. This has helped Members set the priorities for the year ahead, which will shape the forthcoming budget round. The team have now kicked off the 2010/1011 service business plan round.
- The team continue to support the Joint CEO in overseeing projects in the Council, through the Programme Management Board. A very positive external audit report on

our project management arrangements was received in quarter 1, which was reported to the Audit Board in quarter 2.

- Community engagement work has included: reporting the results of the Place Survey, developing a number of approaches with young people, in particular, “U Decide”, an eco-schools project and links to Democracy Week.
- Bromsgrove Urban and Rural Transport (BURT) went live on 21 September 2009.
- The CEO secretariat continues to provide a good service to the Leader, Chairman and senior officers.
- The post room’s operations have been reviewed and continue to improve.

### **Issues**

- There are no major concerns or issues for the team, beyond helping the Council retain a strategic focus on delivering its vision of community leadership and excellent services. To this end, the team will be working with PMB in the autumn, undertaking a series of benchmarking visits to councils who have made the jump from Weak to Excellent. The aim will be to find out what these councils did and what excellence looks like. The results will be reported back to PMB and Cabinet. The team is also supporting the Older Persons scrutiny exercise, which will report early in 2010 and is a key theme to be addressed.

## Revenue Budget summary – Corporate Services Department

Service Head	Revised Budget 2009/10 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Policy &amp; Performance</b>	100	277	296	19	120	20
<b>Corporate Management</b>	686	113	104	-9	685	-1
<b>Corporate Projects</b>	15	7	8	1	21	6
<b>TOTAL</b>	<b>801</b>	<b>397</b>	<b>408</b>	<b>11</b>	<b>826</b>	<b>25</b>

### Financial Commentary

- The corporate projects section includes expenditure and income on the “TRUNK” project. Expenditure will continue throughout the year to get the centre up and running. Contributions have been made by Worcestershire County Council, West Mercia Police, BDHT among others, as well as Bromsgrove Council to aid this project. There is currently an expected overspend within this project due to costs for the staff members at the centre. This is being addressed with Worcestershire County Council to ask them to fund the additional post.
- Other projected overspends within the corporate area are being mitigated by in year savings identified and/or plans to limit spending.

## Capital Budget Summary April-September 2009

Service	Revised Budget 2009/10 £'000	Actual spend April - Sept £'000	Variance to date April – Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Corporate</b>	75	16	-59	16	-59
<b>TOTAL</b>	<b>75</b>	<b>16</b>	<b>-59</b>	<b>16</b>	<b>-59</b>

### Financial Commentary

A second-hand minibus has been purchased and licenses for software obtained for free, so we are expecting this scheme to come in considerably under budget.

**4.1.7 Legal, Equalities & Democratic Services****Quarter 2 (September 30<sup>th</sup>)  
2009/10****Performance Summary**

No. of PI's improving (I)	0	No. of PI's meeting YTD target	1	No. of PI's where est. outturn projected to meet target	1
No. of PI's Stable (S)	1	No. of PI's missing YTD target by < 10%	0	No. of PI's projected to miss target by < 10%	0
No. of PI's worsening (W)	0	No. of PI's missing YTD target by >10%	0	No. of PI's projected to miss target by >10%	0

**Achievements**

- Equality and Diversity Conference held on 26<sup>th</sup> September 2009 – Over 60 delegates attended and all day event on the issues that affect our minority communities and a workshop to include specific ways in which equality can be incorporated into the areas that we have identified as Council priorities.
- Electoral Shared Service between Bromsgrove District Council and Redditch Borough Council is now operational and working well. Phase two is now being scoped and will enable the live links with the gazetteer and Customer Service Centres for both authorities and will enhance the service delivery to the customer in both districts.
- All officers are now in post to support the Overview and Scrutiny process and as a result a number of preliminary sessions have occurred with the various facets of this process with a combined work programming workshop scheduled in October.
- Member visit to Waltham Forest to look at best practice for Planning Policy
- All legal officers now trained and operation on case management system for debt recovery
- Large scale voluntary registration project being undertaken for RBC all continues within timescales and meeting income target
- Standards Board for England interviewed members of the Standards Committee as BDC has been identified as being an area of good practice in relation to the processes that it has developed to manage the Standards functions.

**Issues**

- There has been an huge increase in work relating to ethical standards and this is placing an enormous pressure on the team and will result in cost implications outside of existing budgets.

## Revenue Budget summary – Legal, Equalities & Democratic Services

Service Head	Revised Budget 2009/10 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Committee &amp; Member Services</b>	899	239	214	-25	875	-24
<b>Elections &amp; Registration</b>	166	66	40	-26	146	-20
<b>Facilities Management</b>	-110	384	368	-16	-128	-18
<b>Legal Services</b>	0	213	253	40	25	25
<b>TOTAL</b>	<b>955</b>	<b>902</b>	<b>875</b>	<b>-27</b>	<b>918</b>	<b>-37</b>

### Financial Commentary

- There have been some vacant posts within the department at the beginning of the financial year which have been filled recently.
- There has also been some savings within Facilities Management budgets for insurance and business rates.
- It is projected to be a slight overspend at year end within Legal services mainly due to an employment tribunal which will be offset against underspends within the department

## Capital Budget Summary April-September 2009

Service	Revised Budget 2009/10 £'000	Actual spend April – Sept £'000	Variance to Date April – Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Facilities Management</b>	86	0	-86	0	-86
<b>TOTAL</b>	<b>86</b>	<b>0</b>	<b>-86</b>	<b>0</b>	<b>-86</b>

### Financial Commentary

At this stage, it is deemed unlikely that the capital budget for Facilities Management will be spent in this financial year. If any of the budget is spent, then it will be in Quarter 4 of 2009/10. This budget is being retained as a contingency and will remain unspent until a decision has been made on the future of the Council's facilities.

**4.1.8 Human Resources & Organisational Development (HR & OD)**

**Quarter 2 (September 30th) 2009/10**

**Performance Summary**

No. of PI's improving (I)	1	No. of PI's meeting YTD target	0	No. of PI's where est. outturn projected to meet target	0
No. of PI's Stable (S)	0	No. of PI's missing YTD target by < 10%	0	No. of PI's projected to miss target by < 10%	0
No. of PI's worsening (W)	0	No. of PI's missing YTD target by >10%	1	No. of PI's projected to miss target by >10%	1

**Achievements**

- Delivery of Market Forces Supplement Policy
- Delivery of Redundancy Selection Criteria
- Delivery of Safeguarding Young Children/Vulnerable Adults Recruitment policy as part of Corporate commitment to Safeguarding these vulnerable groups.
- Sickness absence levels going down/improving
- Resolution of 2 complex long term sickness absence cases.
- JE Appeals progressing well, with positive feedback from staff and trade unions that they feel confident that they have been given a genuine opportunity to represent their case and be heard.
- Working with colleagues from Redditch Borough Council to progress the Joint harmonisation of Terms and Conditions of Employment project.
- Delivering of proposals for Joint Chief Executive Appraisal, in conjunction with Redditch Borough Council.
- Supported Joint Chief Executive in respect of timetable and consultation process for formation of the new Single Joint Management Team
- Contributed to the Joint Bromsgrove/Redditch Councils bid to host the Worcestershire Shared Service for Regulatory Services (which has subsequently been confirmed as the strongest bid. Consequently Bromsgrove is the recommended host for the proposed service).
- Active involvement in Worcestershire Heads of HR project group managing/overseeing the HR implications arising from the 3 detailed business cases for sharing services.
- Facilitation of Pensions surgeries over 2 days for employees at the Depot.
- Participation in West Midlands Recruitment Portal Project Group.
- Progressing with Customer First Part 3 programme in respect of HR team priority actions, and preparation for presentation to Senior Management Team.
- Commencement of LEAN programme for payroll (and offshoot of NVQ training that flows from that programme)
- Responding flexibly to changing organisational priorities i.e. management induction, PDR Scheme.
- Delivery of annual Management Conference; and for the first year extending this to Redditch Borough Council as part of our commitment to shared services.
- Delivery of individual support package for members of CMT at both Bromsgrove and Redditch Councils in preparation for the formation of the Single Joint Management Team
- Workforce Planning project – progressing well and responding to changing environment. Re-launch of qualifications questionnaire as part of the project.
- Raising awareness of Members to their roles and responsibilities in respect of Health

and Safety.

- Launch of electronic staff Personal Safety Register to evidence Corporate commitment to zero tolerance towards unacceptable behaviour to staff.
- Delivery of corporate Health and Safety awareness training, manual handling and backcare training.

#### **Issues**

- Some challenges with the JE Appeals timetable, as the appeals have been heard, it has become clear that the time taken for most appeals has been longer than anticipated, but these have all been overcome, with the cooperation and understanding of employees and trade union representatives.
- Capacity of HR team over the next 6 months given the current organisational agenda for change; specifically the HR issues in connection with the shared services agenda between Redditch and Bromsgrove, harmonizing terms and conditions of employment project, the Worcestershire Shared Services agenda, managing the HR implications of the proposals for the 2010/11 budget.
- The HR implications of the uncertainty arising from the formation of the new Single Joint Management Team
- Managing the implications of the additional day's annual leave as part of the 2009 nationally negotiated pay award
- The potential for Swine Flu to break out and become a significant concern in respect of operational service delivery; which may require the redeployment of staff (including the HR team), which will need to be risk assessed.
- Possible extension of self certification period (21 days) in order to manage the implications of Swine Flu – and the effect that this may have upon local sickness absence figures.
- Drop in demand for Corporate training (to be re-launched in 2010)



## Revenue Budget summary – HR & OD

Service Head	Revised Budget 2009/10 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date April - Sept £'000	Projected outturn 2009/10 £'000	Projected variance 2009/10 £'000
<b>Human Resources &amp; Organisational Development</b>	0	239	268	29	22	22
<b>TOTAL</b>	<b>0</b>	<b>239</b>	<b>268</b>	<b>29</b>	<b>22</b>	<b>22</b>

### Financial Commentary

- There are overspends in relation to JE additional costs – additional staffing required and also vacancy management as the department is fully staffed.
- There are also remains of costs for Payroll at beginning part of the financial year to assist Redditch in the payroll transfer

## 4.2 Sundry Debtors

Sundry Debt is raised by the Council to ensure effective recovery of debts owing. The outstanding balance at 30/09/09 was £386k (balance to 30/06/09 was £460k) which includes:-

Type of Debt	Amount £'000
Car Parking Fines	50
Lifeline debts	33
Rents/Hire Charges	71
Building Regulations	8
Trade Waste and Cesspool emptying	38
Developer Contributions	82
Housing Schemes	24
Dolphin Centre Membership	17
Licensing	11
Services Provided to other organisations eg BDHT	26

The age of the debt is represented as follows:

<b>Age of Debt</b>	<b>Balance as at 30/06/09 £'000</b>	<b>Balance as at 30/09/09 £'000</b>
Under 30 days (not yet due)	372	220
Up to 1 month	19	17
1 – 2 months	14	90
3 – 6 months	14	16
Over 6 months	41	43

Debts over 90 days are currently under review and recovery by the legal team.

## **5.0 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.

### **5.1 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:

<b>Financial Asset Category</b>	<b>Criteria (Fitch ratings)</b>	<b>Maximum Investment</b>
Deposits with banks	Short Term: F1+/F1 Support: 1,2,3 Long Term: minimum 'AA-' /A	£3million/£2million
Deposits with building societies	Short Term: F1+/F1 Support: 1,2,3 Long Term: minimum 'AA-' /A	£3million/£2million
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. Fitch's short term ratings indicate the potential level of default within a 12 month period. F1+ is the best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment

At 30 September 2009 short term investments comprise:

	31 March 09 £	30 Sept 09 £
Deposits with Banks/Building Societies	8,425	10,550
Deposits with Debt Management Office (DMADF)*	5,500	5,000
<b>Total</b>	<b>13,925</b>	<b>15,550</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.

## **5.2 Income from investments**

An investment income target of £166k has been set for 2009/10 using a projected return rate of 1.5 – 1.75 %. During the year bank base rates have dropped to 0.5% with little expectation of any upward increase in rates in the near future.

In the first half of 2009/10 the Council received income from investments of £43k. In order to maximise available returns within our risk criteria the Council is currently working with our treasury advisors with the view to placing a proportion of our

investments in bonds issued by Multilateral Development Banks. These bonds meet the Government's criteria for specified investments (i.e. offering high security and high liquidity)

## 6.0 EFFICIENCY SAVINGS

As part of the budget round for 2009/10 a number of efficiency savings were approved. These challenging targets were allocated across all services as detailed in Appendix 5. To date the efficiency savings total £294k for 2009/10.

## 7.0 REVENUE BALANCES AND EARMARKED RESERVES

### 7.1 Revenue Balances

The revenue balances brought forward at 1 April 2009 were £1.753m. Following approval of the use of balances in 2009/10, it is anticipated that the remaining balance will be £1.507m. If the overspends projected in this report are not mitigated by the actions proposed by the Heads of Service, the overspend of £376k will also have to be funded from balances reducing them further to £1.131m.

### 7.2 Earmarked Reserves

The Council maintains a number of reserves which have been set up to earmark resources for future spending plans. The funding to be utilised from these reserves equates to £249k. Details are shown in Appendix 5.

## 8.0 CAPITAL RECEIPTS

8.1 Capital Programme was approved by Members in January 2009, the effect of the level of Capital Spend to 2011/12 on capital receipts is estimated below:

Capital Programme	2009/10 £'000	2010/11 £'000	2011/12 £'000
Balance b/fwd	6,256	2,234	1,689
Actual funding to date (April – June)	-442		
Estimated use for the remainder of the year	-3,346	-1,788	-1,137
Budget Virement between years	*-1,143 **273	1,143	
Received in year	100	100	100
Use of Replacement Reserve	536		
Balance c/fwd	2,234	1,689	652

\* Proposed approval of budget virement between years to allow for the purchase of vehicles and bins for co-mingled recycling collection.

\*\* Agreed approval of budget virement from the 2009/10 capital programme into 2008/9 to all for the purchase of refuse vehicles.

- 8.2 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 that the Council may make during each year within the Programme.
- 8.3 As part of the Use of Resources assessment the Council must demonstrate that it has a robust Capital Programme that is delivered on time and within budget.
- 8.4 Details of projects that due to a number of factors will not be delivered in 2009/10 are included in Appendix 7. It is proposed that these are transferred into 2010/11 and reviewed again as part of the Medium Term Financial Plan.
- 8.5 The revision to the Capital Programme will release a further £1.148m which will be available for investment.

## **9. FINANCIAL IMPLICATIONS**

Covered in the report

## **10. LEGAL IMPLICATIONS**

None

## **11. COUNCIL OBJECTIVES**

## **12. RISK MANAGEMENT**

Covered in the report.

## **13. CUSTOMER IMPLICATIONS**

## **14. EQUALITIES AND DIVERSITY IMPLICATIONS**

**15. OTHER IMPLICATIONS**

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

**16. 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	Performance Summary for April - September 2009
Appendix 2	Detail Performance report for April - September 2009
Appendix 3	Detailed figures to support the performance report
Appendix 4	Efficiency Savings 2009/10
Appendix 5	Current Position (April – September) on Earmarked Reserves
Appendix 6	Virements for approval by Cabinet
Appendix 7	Capital Programme Budget Carry Forward Request 2009/10 to 2010/11

## **CONTACT OFFICERS**

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