

EXECUTIVE COMMITTEE

20th November 2012

APRIL - SEPTEMBER (QUARTER 2) - FINANCE MONITORING REPORT 2012/13

Relevant Portfolio Holder	Councillor Phil Mould, Portfolio Holder for Corporate Management.
Portfolio Holder Consulted	
Relevant Head of Service	Teresa Kristunas, Head of Finance and Resources
Wards Affected	All Wards
Ward Councillor Consulted	
Non Key Decision	

1. SUMMARY OF PROPOSALS

This report details the Council's financial position for the period April to September 2012 (Quarter 2 - 2012/13).

2. RECOMMENDATIONS

The Executive Committee is asked to RESOLVE that

the current financial position on Revenue and Capital be noted, as detailed in the report.

3. KEY ISSUES

- 3.1 This report provides details of the financial information across the Council. The aim is to ensure Officers and Members can make informed and considered judgement of the overall position of the Council.

Financial Implications

- 3.2 The Council set a balanced budget in February 2012 for the financial year 2012/13. Within the budget were included savings of £654K which were not fully identified. These included savings relating to Shared Services, Transformation, and general vacancies within the Council.

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**Revenue Budget summary Quarter 2 (April – September) 2012/13 –
Overall Council**

- 3.3 The current financial position for services delivered within the Borough is detailed in the table below.
- 3.4 Internal recharges have not been included in these figures to allow comparison for each service area.

Service Head	Budget 2012/13 £'000	Budget April - September £'000	Actual spend April - September £'000	Variance to date April - September £'000	Projected Outturn £'000	Projected Variance Full Year £'000
Environmental Services	3,642	1,994	1,999	5	3,637	-5
Community Services	2,182	1,042	1,037	-5	2,169	-13
Regulatory Services	573	293	284	-9	563	-10
Leisure & Cultural Services	3,915	1,986	2,012	26	3,944	29
Planning & Regeneration	1,694	756	782	26	1,778	84
Customer Services	793	393	358	-35	727	-66
Finance & Resources	5,418	2,951	3,042	91	5,508	90
Legal, Equalities & Democratic Services	1,153	602	606	4	1,114	-39
Business Transformation	1,086	597	597	0	1,086	-
Head of Housing Services	924	462	451	-11	913	-11
Corporate Services	1,190	772	781	9	1,179	-11
SERVICE TOTAL	22,570	11,848	11,949	101	22,618	48

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Financial Commentary

3.5 Environmental Services

- a) There is an assumption that S106 income will be received during the year for maintenance of adopted land, and cleansing. If this money is not received there would be an unavoidable pressure up to the value of 112k.
- b) On street parking enforcement income is projecting a shortfall of 35k.
- c) Bereavement Services income has projected a shortfall of 14k due to the closure while capital works were being completed.
- d) Savings have been made within waste management of 30k.

3.6 Leisure & Cultural Services

- a) The Learn Direct service is projecting a shortfall of income due to a change in the funding stream and a lower than expected number of users. The shortfall is expected to be £20K.
- b) Salary costs are higher than expected for 4th Tier Managers due to additional responsibilities following the shared service. This is estimated at £23K.
- c) The Community Centres have not made the savings expected of £20K. As 2 sites were due to be closed, this has not yet been achieved and work is ongoing.
- d) There is additional income forecasted elsewhere within the Service which is projected to partially off-set the overspends identified above.

3.7 Legal, Equalities & Democratic Services

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

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maximisation and debt advice to customers. Whilst there is an underspend 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.

3.8 Planning & Regeneration

- a) There is an overspend on Building Control of £28K; this is due to redundancy costs following the shared service.
- b) There are a number of vacant units at the in the Business Centres, resulting in lower than expected rents on this service. This service is expected to cost an additional £48K.
- c) The salaries for the 4th tier Managers within the service have been regarded due to the additional responsibility relating to managing a shared service. £9K

3.9 Customer Services

The underspend within the customer services department is due to a number of vacancies that exist within the department and spending has been reduced to a minimum.

3.10 Finance and Resources

- a) Benefit Services have made savings of 28k due to services being shared with Bromsgrove District Council, however the variance to date and outturn will show an overspend due to increased payments in benefits due to the economic downturn. HRA 45K, homelessness 10k (additional B&B costs), rent allowance 20k.
- b) Investment Properties forecast an overspend due to increased NNDR on some of the properties and also underachieved rent of 43k.

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3.11 Capital Budget summary Quarter 12 (April - September) 2012/13 – Overall Council

Department	Budget 2012/13 £'000	Actual spend April – September £'000	Remaining Balance 2012/13 £'000
Business Transformation	115	31	84
Environmental Services	3,817	2,116	1,701
Regulatory Services	100	0	100
Community Services	952	234	718
Leisure & Cultural Services	150	29	121
Finance & Resources	745	250	495
Housing Services (inc HRA)	8,597	4,913	3,684
Total	14,476	7,573	6,903

Financial Commentary:

- The Capital expenditure is on track to be spent during this financial year.
- The Budget for Regulatory Services will be spent during the latter half of the year.
- There is an underspend on Community Services due to a lower take up of grants available to the public such as DFG's
- Financial Services is awaiting invoices from WCC who manage the building on our behalf.

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Treasury Management

- 3.12 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.

Credit Risk

- 3.13 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.

- 3.14 At 30th September 2012, short-term investments comprise:

	30th September 2012 £000
Deposits with Banks/Building Societies	4,500

Income from investments

- 3.15 An investment income target of £79k has been set for 2012/13 using a projected rate of return of 0.75% - 1.50%. During the past financial year, bank base rates have remained at 0.50% and current indications are projecting minimal upward movement for the short-term.
- 3.16 In the 6 months to 30th September, the Council earned income from investments of £45k. The Council is on track to achieve the budget on investments for 2012.
- 3.17 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.

General Fund Balances

- 3.18 The General Fund Balance as at the 31st March 2012 is £1,289K; the budget set in February 2012, amended on 23rd July 2012 included an estimated use of balance of £192K.

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- 3.19 Any overspend on Revenue Budgets would have to be funded from Balances, thus affecting future year budgeted use of balances.

Legal Implications

- 3.20 No Legal implications have been identified.

Service/Operational Implications

- 3.21 Sound performance management and data quality are keys to achieving improved scores in the Use of Resources judgement. This performance report supports that aim.

Customer / Equalities and Diversity Implications

- 3.22 Performance Improvement is a Council Objective.

4. RISK MANAGEMENT

Risk considerations are covered within the report.

5. APPENDICES

None.

6. BACKGROUND PAPERS

None.

AUTHOR OF REPORT

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