

**EXECUTIVE
COMMITTEE**

12th March 2013

**APRIL – DECEMBER (QUARTER 3) - 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	N/A
Non Key Decision	

1. SUMMARY OF PROPOSALS

This report details the Council's financial position for the period April to December 2012 (Quarter 3 – 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. At the end of the 3rd quarter £579K of the savings has now been identified, failure to make all the savings will mean that an increased use of balances will be required.

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**Revenue Budget summary Quarter 3 (April – December) 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 - December £'000	Actual spend April – December £'000	Variance to date April - December £'000	Projected Outturn £'000	Projected Variance Full Year £'000
Environmental Services	3,661	3,030	2,962	-68	3,614	-47
Community Services	2,172	1,638	1,493	-145	2,006	-166
Regulatory Services	573	422	411	-11	560	-13
Leisure & Cultural Services	3,388	2,549	2,575	26	3,389	1
Planning & Regeneration	1,694	1,212	1,266	54	1,782	88
Customer Services	812	599	542	-57	708	-104
Finance & Resources	5,425	1,238	1,198	-40	5,363	-62
Legal, Equalities & Democratic Services	1,104	793	782	-11	1,094	-10
Business Transformation	1,077	816	799	-17	1,077	0
Head of Housing Services	924	693	672	-21	884	-40
Corporate Services	1,427	1,067	841	-226	1,201	-226
SERVICE TOTAL	22,257	14,057	13,541	-516	21,678	-579
Unidentified Savings						-654
Savings to Find						75

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Financial Commentary

3.5 Environmental Services

- There is a £35k projected shortfall in On Street Parking Enforcement. This has been partly offset by salary savings within the service.
- A receipt of £54k from the Worcestershire County Council for the 2012/13 Waste Funding agreement accounts for the surplus on the Service.
- The S106 income has been received for maintenance of adopted land, and cleansing. As reported in Qtr 2, there was a possibility that, had this money not been received, there would have been an unavoidable pressure up to the value of 112k.

3.6 Leisure & Cultural Services

- The Learn Direct service is projecting a shortfall of income due to changes in the funding stream process and a lower than expected uptake of places. This has been built into the 2013/14 budget process as a pressure.
- Salary costs are higher than expected due to additional staffing costs relating to the shared service.
- There is a projected shortfall in income at Arrow Vale Sports Centre due to the following reasons: The new fitness facility opened part way through the year due to schools preference for the works to take place during the summer period. However, membership numbers are showing growth so officers are hopeful that the shortfall will be addressed in 2013/14. There has also been a reduction in demand for the astro-turf pitch due to the investment required in the facility and an increase in competition.
- There is a projected shortfall of sponsorship income due to the following reasons: previously we used to receive a contribution towards the Christmas lights but this is no longer available, and the budget assumed that roundabouts sponsorship would be operational for a full year but due to operational implications the policy was not approved until October 2012.
- Additional income is forecast elsewhere within the Service which is projected to partially off-set the over spend identified above. This includes an improved profit figure for the Palace Theatre.
- An earmarked reserve that is no longer required is being used to offset part of the overspend.

3.7 Legal, Equalities & Democratic Services

The budget variance in Democratic Services is a result of overall savings in the Members allowances budget and monies allocated to Members expenses for the period 2012/13.

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3.8 Planning & Regeneration

- Redundancy costs, associated with setting up Building Control shared service, have created an over spend in year.
- The Business Centres are showing an over spend due to the cost of the caretakers, and a reduction in income due to vacant units.

3.9 Customer Services

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

3.10 Finance and Resources

- Benefit Services have made savings of 30k due to the Management 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.
- There is however a £50K saving expected on rent allowances.
- Revenue Services has gone through transformation and following changes to systems are no longer taking as many council tax payers to court; this has resulted in a reduction in income.
- Investment Properties forecast an over spend due to increased NNDR on some of the properties and also underachieved rent.
- Human Resources will be showing a projected underspend due to a saving on the Corporate Training budget.

3.11 Community

- There is an under spend due to efficiency savings achieved by the shared provision of the CCTV and lifeline service.
- There is also a further underspend on Community Safety and Anti Social Behaviour as more of these services is to be funded from the HRA.

3.12 Business Transformation

- Work continues with the Locality and Joined up working transformation.

3.13 Housing Services

- The under spend is attributable to a vacant post within Housing Project Management

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- The dispersed units are on target to breakeven, there was a budgeted deficit of £15K.

3.14 Corporate Services

- Savings have been identified within the financing charges and also a budget for corporate redundancies that was funded from 2011/12.

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

Department	Budget 2012/13 £'000	Actual spend April – December £'000	Remaining Balance 2012/13 £'000
Business Transformation	116	41	75
Environmental Services	3,737	1,463	2,274
Regulatory Services	100	4	96
Community Services	991	313	678
Leisure & Cultural Services	162	125	37
Finance & Resources	945	335	610
Housing Services (inc HRA)	8,597	3,580	5,017
Total	14,648	5,861	8,787

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Financial Commentary:

- A review of the system for distributing Disabled Facilities Grant and Home Repairs Assistance is current under review, to simplify the process and encourage higher take up.
- Work on the Crematorium has progressed well, and will be complete by the end of the year.
- Environmental services Town Centre landscape scheme has been presented to members, and is currently seeking feedback from public consultation.
- There has been an under spend on replacement fleet; officers are reviewing the requirements inline with transformation, to ensure the correct vehicles are purchased for the transformed method of service delivery.

Treasury Management

- 3.16 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

- 3.17 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.
- 3.18 At 31st December 2012, short-term investments comprise:

	31st December 2012 £000
Deposits with Banks/Building Societies	3,500

Income from investments

- 3.19 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.

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- 3.20 In the 9 months to 31 December, the Council earned income from investments of £30k. Although this is not on target it is offset by reduced borrowing costs.
- 3.21 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

- 3.22 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.
- 3.23 Any overspend on Revenue Budgets would have to be funded from Balances, thus affecting future year budgeted use of balances.

Legal Implications

- 3.24 No Legal implications have been identified.

Service/Operational Implications

- 3.25 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

- 3.26 Performance Improvement is a Council Objective.

4. RISK MANAGEMENT

Risk considerations are covered within the report.

5. APPENDICES

None.

6. BACKGROUND PAPERS

None.

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