

# **EXECUTIVE COMMITTEE**

6th December 2011

## **APRIL – SEPTEMBER (QUARTER 2) - FINANCE MONITORING REPORT 2011/12**

Relevant Portfolio Holder	Councillor Michael Braley, 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 September 2011 (Quarter 2 – 2011/12).

### **2. RECOMMENDATIONS**

**The Executive Committee is asked to RESOLVE that**

- 1) the current financial position on Revenue and Capital be noted, as detailed in the report; and**  
**to RECOMMEND that**
- 2) the re-allocation of £40,000 of Regional Housing Pot grant currently allocated to Interim Management Order to Houses in Multiple Occupation (HMO) Grants be approved.**

### **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 A separate finance report for each department plus a council summary is shown on the following pages.
- 3.3 The Council set a balanced budget in February 2011 for the financial year 2011/12. Within the budget were included savings of £927K which were not fully identified. These included savings relating to shared services, Transformation, vacancies with the Council and changes to Terms and Conditions.

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**Revenue Budget summary Quarter 2 (April – September) 2011/12 –  
Overall Council**

- 3.4 The current financial position for services delivered within the Borough is detailed in the table below.
- 3.5 Internal recharges have not been included in these figure to allow comparison from budget to actual.

<b>Service Head</b>	<b>Budget 2011/12 £'000</b>	<b>Budget April - September £'000</b>	<b>Actual spend April – September £'000</b>	<b>Variance to date April - September £'000</b>	<b>Projected Variance £'000</b>
<b>Environmental Services</b>	3,430	1,907	1,783	(124)	(104)
<b>Community Services</b>	1,962	961	888	(73)	(30)
<b>Regulatory Services</b>	1,347	684	678	(6)	0
<b>Leisure &amp; Cultural Services</b>	3,404	1,690	1,608	(82)	40
<b>Planning &amp; Regeneration</b>	2,029	1,000	823	(177)	(125)
<b>Customer Services</b>	921	490	450	(40)	(10)
<b>Finance &amp; Resources</b>	5,759	2,821	2,615	(206)	(92)
<b>Legal, Equalities &amp; Democratic Services</b>	1,314	702	590	(112)	(26)
<b>Policy, Performance &amp; Partnerships</b>	589	317	285	(32)	0
<b>Business Transformation</b>	883	504	466	(38)	0
<b>Head of Housing Services</b>	1,053	526	488	(38)	(30)
<b>Corporate Services</b>	327	164	127	(37)	(30)
<b>SERVICE TOTAL</b>	<b>23,018</b>	<b>11,766</b>	<b>10,801</b>	<b>(965)</b>	<b>(407)</b>

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## **Financial Commentary**

- 3.6 Owing to the additional number of staff who are now entitled to claim essential car user allowance together with the increase in the HMRC (Her Majesty's Revenue and Customs) mileage rate, there is a projected saving of £8,000 to be delivered against the anticipated saving of £115,000.
- 3.7 Other main variances on both anticipated savings and current underspends include:
- i) An additional £14,000 New Homes Bonus than budgeted;
  - ii) External Funding to Waste collection of £101,000;
  - iii) Various savings from Vacant Posts;
  - iv) There is a £66,000 saving from the cost of Internal Audit following its transfer to WETT.
- 3.8 The Finance Team is working with Service Managers to identify further savings and underspends to deliver the required savings whilst ensuring that the quality of service delivered to the community is not affected.

## **Capital Budget summary Quarter 2 (April - September) 2011/12 – Overall Council**

<b>Department</b>	<b>Budget 2011/12 £'000</b>	<b>Actual spend April – September £'000</b>	<b>Balance To 31st March 2011 £'000</b>
<b>Business Transformation</b>	163	138	25
<b>Environmental Services</b>	3,544	1,246	2,298
<b>Planning &amp; Regeneration</b>	47	5	42
<b>Regulatory Services</b>	152	5	147
<b>Community Services</b>	1,413	402	1,011

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<b>Leisure &amp; Cultural Services</b>	6,765	6,694	71
<b>Finance &amp; Resources</b>	657	26	631
<b>Head of Policy, Performance &amp; Partnerships</b>	180	-	180
<b>Housing Services (inc HRA)</b>	7,116	4,076	3,040
<b>Total</b>	<b>20,037</b>	<b>12,592</b>	<b>7,445</b>

**Financial Commentary:**

- The major variances are due to the fact some capital projects have not yet been started during 2012.
- The Abbey Stadium Project is due to be completed by April 2012.
- Finance Officers are working with Heads of Service to establish the timetable for major projects.

## **Treasury Management**

- 3.9 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**

- 3.10 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.

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3.11 At 30th September 2011, short-term investments comprise:

	30th June 2011 £000	30th September 2011 £000
Deposits with Banks/Building Societies	10,500	15,800

**Income from investments**

- 3.12 An investment income target of £132k has been set for 2011/12 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.
- 3.13 In the 3 months to 30 September, the Council earned income from investments of £41k. The Council is on track to achieve the budget on investments for 2011.

**General Fund Balances**

- 3.14 The General Fund Balance as at the 31st March 2011 is £1,564,495; the budget set in February 2011 included an estimated use of balance of £494,956.

**Legal Implications**

- 3.15 No Legal implications have been identified.

**Service / Operational Implications**

- 3.16 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**

- 3.17 Performance Improvement is a Council Objective.

**4. RISK MANAGEMENT**

Risk considerations are covered within the report.

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## **5. APPENDICES**

- Appendix 1 - Environmental Services
- Appendix 2 - Community Services
- Appendix 3 - Regulatory Services
- Appendix 4 - Leisure & Cultural Services
- Appendix 5 - Planning & Regeneration
- Appendix 6 - Customer Services
- Appendix 7 - Finance & Resources
- Appendix 8 - Legal, Equalities & Democratic Services
- Appendix 9 - Policy, Performance & Partnerships
- Appendix 10 - Business Transformation
- Appendix 11 - Housing Services
- Appendix 12 - Corporate Services.

## **6. BACKGROUND PAPERS**

None.

## **AUTHOR OF REPORT**

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