Rossendalealive BOROUGH COUNCIL

ITEM NO. E1

Subject:	Financial Monitoring 2012/13		**Status:**	For Publication	
Report to:	Cabinet		**Date:**	Cabinet 27th June 2012	
Report of:	Finance Manager		**Portfolio Holder:**	Finance and Resources	
Key Decision:	☐	Forward Plan ☒	General Exception ☐	Special Urgency ☐	
Community Impact Assessment:		Required:	~~Yes~~/No	Attached:	~~Yes~~/No
Biodiversity Impact Assessment		Required:	~~Yes~~/No	Attached:	~~Yes~~/No
Contact Officer:	**Janice Crawford**		**Telephone:**	**01706 252416**	
Email:	**janicecrawford@rossendalebc.gov.uk**				

1.	**RECOMMENDATION(S)**
1.1	The Members note the contents of the report.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to update Members on the financial monitoring position for 2012/13 as at the end of May. This report covers

- the first 2012/13 normal monthly budget monitoring for the General Fund and the Capital Programme along with movements on key reserves
- the cash position of the Council and any significant Treasury management matters
- interim Balance Sheet and progress on collecting all forms of income and debts.

3. CORPORATE PRIORITIES

3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **A Clean and Green Rossendale –** creating a better environment for all, this priority focuses on clean streets and well managed open spaces**.**
- **A Healthy and Successful Rossendale –** supporting vibrant communities and a strong economy, this priority focuses on health inequality, building resilient communities and supporting businesses.
- **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

Strong financial control ensures the effective management of the Council's resources, which then enables the provision and delivery of value for money services.

4. RISK ASSESSMENT IMPLICATIONS

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Financial monitoring of General Fund service departments focuses on the key risk areas of employee costs, income, implementation of agreed budget savings, emerging issues and opportunities and in particular service department net expenditure.
- Budget setting for future years is now treated as an integral part of financial monitoring during the current year. Progress to identify and implement further savings to meet the challenges in the medium term financial strategy are reported here as they begin to impact upon the 2012/13 revised forecasts.

- Risks associated with treasury management practices are managed within the Council’s Treasury Management Strategy and Treasury Management Practices documents (approved in February 2010 and updated in February 2012).
- The delivery of capital receipts continues to be a prime area of focus for the Council in supporting its corporate priorities, both in 2012/13 and in the years to come.

5. BACKGROUND AND OPTIONS

The monthly financial monitoring report for the end of May 2012 is attached at Appendix 1.

General Fund (revenue) – pages 4 to 23

5.1 The forecast for General Fund activity as at the end of May compared to the budget for 2012/13 shows a favourable variance of £233k. Page 2 of the report attached shows a table breaking this variance down into £498k of favourable movements and £266k of adverse cost pressures.

Since those variances represent part-year figures, officers have been working to understand both the full-year impacts of the changes and their recurring nature. As can be seen in the right hand side of the table on page 2, there are a net £53k of savings which can definitely be carried forward to the 2013/14 budgets, whilst £81k of net savings are still under review. These investigations will now form the starting point for budget savings discussions with departments.

Given the current procedures for carrying forward budget underspend, this could result in £116k being transferred to the Corporate Directorate Investment Reserve, leaving the General Fund Reserve forecast at £1,070k at 31st March 2013.

5.4 **Earmarked Revenue Reserves – page 24 to 25**

The opening balance of cash-backed Earmarked Reserves was £5,152k.

Utilisation deferred from 2011/12, including the conclusion of the Marl Pits project and the Valley Centre demolition, will require £887k.

A further £193k was planned to be utilised as part of the original budget.

New utilisation plans total £874k, which leaves an estimated £3,422k at the end of March 2013, reducing to £1,836k by March 2015.

5.5 **Government Grants Unapplied – page 26**

The balance on the Government Grants Unapplied account at the 1st April was £815k.

The Disabled Facilities Grant (DFG) for 2012/13 has already been received and this is expected to be topped up by £200k from Green Vale Homes for works to their properties. With the deferred usage of Housing Capital Pot carried over from 2011/12 added to the planned £170k spend, this makes a potential £804k total spend on DFG works in 2012/13.

A one-off grant of £84k has been received to help with any costs of implementing the Localisation of Council Tax. As yet no definite costs have been identified against this income.

5.6 **Treasury & Cash Management pages 27 to 29**

The cash position at the end of May rose to £6,838k from an opening balance of £5,545k on the 1st April.

Over £76k of interest income has already been secured by the favourable rates obtained for two 364 day deposits back in February and March; hence the interest income expectations have been raised by £11k compared to the original budget of £90k.

Officers would urge caution in expecting future favourable performance on interest income, given that the predictions for the increase in interest rates has been delayed further last month by our treasury management advisors.

5.7 The collection of current year sundry income continues to perform well. With the April issue of many bills payable by installments the debtor-days indicator has dropped to 73 days, but this is similar to the May 2011 position.

Of the £419k outstanding at the end of March, 61% has now been collected. This means that of the £2,665k of debts raised in 2011/12 almost 94% has been collected.

The level of doubtful debts has risen to £139k against a current provision of £109k. Officers recommend deferring any decision to make further provision until progress can be determined on the collection of installments on the April bills.

5.8 **Capital Receipts – page 30 & 32**

The original capital budget forecast £100k income for the Council from asset sales during 2012/13 and to the end of May £3k had been received. The total sale receipts for the year are still expected to reach the original budget.

In addition £250k has been received pertaining to a development in Bacup which has already been earmarked to enable engineering facilities to be developed at Henrietta Street depot to enable the eventual transfer of the larger site.

Green Vale Homes have notified staff that the VAT shelter entitlement for Q4 will be £77k above that predicted in the 2011/12 accounts and this money should be arriving in mid June. This will be treated as the initial contribution towards to the original budget of £346k.

The level of usable receipts brought forward at 1st April was £1,011k, of which £359k was ring-fenced for housing projects. Projects continued from 2011/12 will require £556k of these receipts and new projects in 2012/13 will require £681k, including the application for the £250k noted above. This leads to an expected balance on the capital receipts reserve at March 2013 of £153k, of which £29k would remain ring-fenced for housing projects.

5.9 **Capital Programme – page 31 & 32**

The original capital programme for 2012/13 was £936k.

Projects brought forward from 2011/12 have added a further £2,965 and the funding plans can be seen in the second table on page 31. New projects for 2012/13 have added £471k to this, creating a revised capital programme for 2012/13 of £4,372k.

Spending has focussed on the continuing Marl Pits project with £1,697k ordered at the beginning of the year and £395k of that paid by the end of May. In £47k of DFG grants have been paid as has the second and final instalment of the Valley Centre demolition costs.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 Predictions for the General Fund Reserve balance at 31st March 2013 are now marginally above the target £1m recommended in the Medium Term Financial Strategy. However, the Council must maintain tight control on its costs and pursue the delivery of savings planned into the original budget.

6.2 Officers must also continue to investigate and implement projects to contribute towards the medium term financial strategy challenges and members will note the full-year effective savings comments within this report as evidence of ongoing progress.

7. MONITORING OFFICER

7.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

8.1 Unless specifically commented upon within the report, there are no implications for consideration.

9. CONSULTATION CARRIED OUT

9.1 Directors, Heads of Services and Budget Holders

10. CONCLUSION

10.1 Robust monitoring of the General Fund is essential to control risks expressed in section 4.

10.2 Despite a successful outcome to 2011/12 both in terms of finance and performance, the challenge remains for Council to continue its efficiency agenda in order to realise its medium term saving target of over £1m.

Background Papers	
Document	Place of Inspection
Monthly detailed financial monitoring statements for each service area	Financial Services
Final Accounts working papers	Financial Services