

Subject:	Financial Monitoring 2012/13	Status:	For Publication
Report to:	Cabinet	Date:	5 th September 2012
Report of:	Finance Manager	Portfolio Holder:	Finance and Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Community Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: 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 July. This report covers
- the regular 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
 - 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 July compared to the budget for 2012/13 shows a favourable variance of £227k. Page 2 of the report attached shows a table breaking this variance down into £533k of favourable movements and £305k of adverse cost pressures.

Since those variances represent part-year figures, officers are 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 £92k of savings which can definitely be carried forward to the 2013/14 budgets, whilst £85k 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 £113k being transferred to the Corporate Directorate Investment Reserve, leaving the General Fund Reserve forecast at £1,067k 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.

Though a further £193k was planned to be utilised as part of the original budget, the requirements for those projects has now dropped to £170k.

New utilisation plans total £899k, which leaves an estimated £3,432k at the end of March 2013, reducing to £1,843k 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 being 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 July rose to £10,675k from £9,565k at the end of June and an opening balance of £5,545k on the 1st April.

Over £99k of interest income has already been secured by the favourable rates obtained for two 364 day deposits back in February and March and two 3-month deposits entered into in April and July. The total interest income expectations have risen by £32k compared to the original budget of £90k.

Officers would urge caution in expecting similar favourable performance on interest income in future years, given that our treasury management advisors are now predicting that the base rate of 0.5% will remain unchanged until around March 2014.

- 5.7 Of the £803k outstanding at the end of July 26% relates to prior years and 61% is under 30 days old. Overall, the collection of current year sundry income continues to perform well with just 19% of invoices raised in Q1 still being outstanding at the end of July and many of the debts raised in April being collectable throughout the year by installment.

The level of doubtful debts is now £133k against which the Council has a current provision of £109k. At the end of the financial year officers will consider an additional contribution to the bad debt provision to cover debts arising from the 2012/13 invoices.

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 July £3k had been received from general sale receipts. In addition, the Council has received £250k pertaining to a development in Bacup, which is already earmarked to fund the engineering works required to facilitate the eventual transfer of a larger site.

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.

The Q4 VAT shelter entitlement from Green Vale Homes was £77k above that predicted in the 2011/12 accounts. This is being treated as the initial contribution towards to the original budget of £346k for 2012/13, but no indication has yet been received for the Q1 entitlement.

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 of the £250k noted above. This leads to an expected balance on the capital receipts reserve at March 2013 of £95k, 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 £603k paid and a further £1,206k ordered by the end of July. In addition, £185k of DFG grants have been paid against total grants approved of £384k.

Other spending to date includes the conclusion of the Valley Centre demolition contract and payment of £80k to Accrington & Rossendale College regarding Stubblelee.

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