

Subject:	Financial Monitoring 2011/12	Status:	For Publication
Report to:	Cabinet	Date:	15 th February 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:	Yes /No	Attached: Yes /No
Biodiversity Impact Assessment	Required:	Yes /No	Attached: Yes /No
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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 2011/12 as at the end of December. This report covers
- the 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
 - 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 will be reported here as they begin to impact upon the 2011/12 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 2011).
- The delivery of capital receipts continues to be a prime area of focus for the Council in supporting its corporate priorities, both in 2011/12 and in the years to come.

5. BACKGROUND AND OPTIONS

The monthly financial monitoring report for the end of December 2011 is attached at Appendix 1.

5.1 General Fund (revenue) – pages 4 to 23

The forecast for General Fund activity as at the end of December compared to the budget for 2011/12 shows a favourable variance of £116k (£126k favourable in November). Most of the changes during December were minor, though several restructures have now been completed. Any one-off restructure costs within 2011/12 have been met by in-year salary savings and the full year savings being carried forward to the 2012/13 draft budgets, as noted in the report pages 6 to 23, total £214k.

5.2 Earmarked Revenue Reserves – page 24 to 25

The opening balance of cash-backed Earmarked Reserves was £5,306k.

During December there has been a review of the planned requirements from the Core Strategy Reserves over the medium term which has resulted in some slippage of usage into 2012/13 and beyond.

At the end of March 2012 the value of useable Earmarked Reserves is now predicted to be £3,430k reducing to £1,190k by March 2015.

5.3 Government Grants Unapplied – page 26

The balance on the Government Grants Unapplied account at the 1st April was £1,413k.

Following changes to housing capital projects and their funding during quarter 3 the estimated closing balance at 31st March 2012 is £625k.

The Capital Resources and Programme reports to members at the budget-setting meetings in February will propose that the £373k balance of the Housing Capital Pot grant be used to support the Disabled Facilities Grant programme until 2014/15.

5.4 Treasury & Cash Management pages 27 to 29

The cash position at the end of December rose to £13,836k, despite investment in the Valley Centre in mid November. The cash position will now fall towards year-end as Council Tax and Business Rate revenues reduce for the final two months of the year.

Interest income expectations have been raised to a favourable £18k as cash balances continue to be high and investments in late November and December pushed average returns marginally above the Sector model portfolio.

Officers are considering the potential for a special-tranche 364-day investment in mid February which could earn significantly better interest income for 2012/13.

5.5 The collection of current year sundry income continues to perform well. With the issue of some large quarter 3 bills in December the debtor days performance has slipped back to 47 days (35 days in November), though this still compares favourably with the target of 80 days.

The total value outstanding at the end of October was £357k, with 94% of invoices issued in April to November having now been collected. The estimate of doubtful debts is £90k, still well within the provision available of £124k. Though a potential write-off exercise is underway ahead of the year-end close-down, no further bad debt provision is recommended at present.

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

The original capital budget forecast £100k income for the Council from asset sales during 2011/12. To the end of December £69k had been received for asset sales and a further £14k received for repayment of previous equity release loans. The total sale receipts for the year are still expected to reach the original budget.

To the end of Q2 the Green Vale Homes VAT shelter entitlement was still on track to meet the original budget of £328k. No updates have yet been received for Q3 or for the expected values in 2012/13.

The balance on the Useable Capital Receipts reserve at March 2012 is still predicted to be £332k, with £229k ring-fenced for housing and £103k available for other projects.

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

With the addition of the Edgeside Play Area project in November and no further changes in December, the revised capital programme now stands at £8,461k.

Spending in December focussed on £72k of Disabled Facilities grants, a further £55k of works to complete the Clare House renovations, Whitworth Memorial Gardens are complete whilst Victoria Park and Edgeside play areas are planned for January & February. Plans continue for the demolition of the Valley Centre which will incur costs to move utilities.

5.8 **Council Tax collection rates – page 32**

Current year Council Tax collection rates are very marginally down on this time last year with 85.9% of collectable cash having been received by the end of December compared with 86.1% in December 2010. The target collection rate for the year is 97.8%.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 Predictions for the General Fund Reserve balance at 31st March 2012 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 predictions of 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 £1m.

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

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