

Cabinet – 9 November 2011

Corporate Financial Performance 2011/12

Portfolio: Councillor C Towe – Finance and Personnel

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

The report details the year-end forecast for revenue and capital, which is based on the financial position for the second quarter of the year (to 30 September 2011). The report sets out a projected revenue underspend of c£130k. The capital programme is currently forecast to be underspent by £369k.

2. Recommendations

Cabinet are requested to:

- Note a net projected revenue underspend of c£130k, 0.02% of the gross budget which includes the effects of identified corrective action plans.
- Note re-phasing of projects on the capital programme of c£1.1m into 2012/13, subject to Cabinet approval at year-end.
- Note a forecast underspend on the capital programme of £369k and approve revised allocations as set out in **Table 3** and section 4.9 of the report.
- To note the planned allocation of funding to earmarked reserves as detailed in **Table 2**.

3. Background information

Cabinet receives regular financial reports to allow it to monitor the financial performance of the council and consider plans for corrective action. It is not unusual for there to be projected variances during the course of the year. The council has a strong track record of managing financial pressures and maintaining financial stability is a key requirement.

4. Resource and legal considerations

- 4.1 Managers are required to deliver their service targets and improvements within budget. The RAG status of this report is green.

4.2 General Reserves

General reserves are currently in line with the medium term financial strategy.

4.3 Progress of efficiencies/fees and charges/policy changes 2011/12

Council on 24 February 2011 approved a total of £19.404m of planned savings with £17.253m being new savings and £2.151m being full year effects of previous years' savings. To date c £1m is not expected to be realised. Action plans to mitigate these pressures in year have been identified.

4.4 Progress of spend approved for new investment in 2011/12

Council approved investment of c£7.9m which includes new investment and the full year effect of previously approved investment. To date this is projected to be fully utilised against the purpose for which it was given.

4.5 Revenue Budget 2011/12

Managers currently reporting overspends are continuing to identify and take action to reduce spending. The main areas of overspend variance have been widely reported. The currently predicted forecast for 2011/12, which is an underspend of £130k or 0.02% of the gross budget, is insignificant on a gross budget of £711m and therefore currently predicting to outturn on budget.

4.6 Forecast Analysis 2011/12

Table 1 illustrates the financial position by Directorate.

Table 1: Forecast revenue analysis 2011/12 by Directorate as @ September			
Directorate	Net Budget £m	Actual £m	Variance £m
Regeneration	8.508	8.542	0.034
Neighbourhood	45.072	45.316	0.244
Resources	28.862	28.729	(0.133)
Children's	42.113	41.877	(0.236)
Social Care	66.337	66.312	(0.025)
Central budgets	55.197	55.183	(0.014)
Total	246.089	245.959	(0.130)

4.7 Earmarked reserves

A number of projects have been identified during the year for which funding has been allocated to create / replenish an earmarked reserve. **Table 2** gives details of the reserves to be created / replenished.

Table 2 : Earmarked Reserves	
Detail	£
Free swimming	85,000
Pleck boxing club	164,572
Potholes	150,000
Roll out of sickness absence centre	89,000
Planning appeals	50,000
Total	538,572

4.8 Capital Programme 2011/12

The revised capital programme reported to Cabinet 27 July 2011 totalled c£112.670m. Amendments have taken place since last reported which are detailed in **Table 3** below, resulting in a revised programme of c£112.513m.

Table 3 : Amendments to Capital Programme 2011/12	
	£m
Programme as reported to Cabinet 27 July 2011	112.670
Pelsall common play area – new funding	0.050
Pathfinder short break – confirmation of funding	0.142
Red routes – confirmation of grant	(0.325)
Devolved capital - confirmation of grant	(0.028)
Barr Beacon language college – approval of additional s106 contributions	0.013
Aids and adaptations – additional contributions	0.059
Information of social care grant contribution – confirmation of funding	(0.023)
Allotment improvement programme - confirmation of funding	0.023
Disaster recovery - second data centre - confirmation of funding	(0.082)
Arboretum gallery garden - new funding	0.020
Adult social care property rationalisation - confirmation of funding	(0.006)
Revised capital programme	112.513

The mainstream capital programme currently shows re-phasing of projects of c£1.16m from 2011/12 to 2012/13 as shown in **Table 4**.

Table 4 : Re-phasing of projects from 2011/12 to 2012/13	
Project	£m
Eldon House reprovion – project delayed until May 2012	0.255
Integrated children's system – system due to be complete in 2013	0.040
Freer Street structural works – delays due to planning issues	0.326
Investment in ICT technology to support smarter workplaces	0.040
George rose park development – delays in tenders due to Darlaston Academy	0.248
Modernisation – all schools – funding to be allocated to specific schemes in 2012/13	0.224
Schools access initiative – funding to be allocated to specific schemes in 2012/13	0.030
Total	1.163

The mainstream capital programme currently shows predicted underspends of c£369k as shown in **Table 5**.

Table 5 : Underspends 2011/12	
Project	£m
Preventative adaptations	(0.369)
Total	(0.369)

- 4.9 The authority will be undertaking a strategic acquisition in Pelsall Lane at the cost of £62.5k which will be funded from the above reported underspend, resulting in a revised underspend of c £306k.

5. Citizen impact

Demonstration of financial stability and sound financial management promotes public confidence and credibility.

6. Community safety

None directly associated with this report.

7. Environmental impact

None directly associated with this report.

8. Performance and risk management issues

- 8.1 Managers are required to deliver service and improvement targets on time, to standard and within budget. The performance management system uses a red, amber, green (RAG) indicator to show the current status. The current position is green but senior managers are still being tasked with reviewing their areas to ensure they mitigate any further pressures in year.
- 8.2 Risk management is embedded in budget preparation, monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed. A number of assumptions have been made in the forecast figures by managers. There are risks attached to this that could impact adversely on the current position and which are being actively and robustly managed.

9. Equality implications

None directly associated with this report.

10. Consultation

The report is prepared in consultation with the Chief Finance Officer, relevant managers and executive directors.

Background papers: Various financial working papers.

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31 October 2011

Signed:



Councillor Towe
Portfolio holder – Finance & Personnel

31 October 2011