

## REPORT FOR DECISION



Agenda  
Item

**MEETING:** **CABINET  
OVERVIEW & SCRUTINY COMMITTEE**

**DATE:** **28 NOVEMBER 2012  
5 DECEMBER 2012**

**SUBJECT:** **CORPORATE FINANCIAL MONITORING REPORT –  
APRIL 2012 TO SEPTEMBER 2012**

**REPORT FROM:** **CABINET MEMBER FOR FINANCE & RESOURCES**

**CONTACT OFFICER:** **STEVE KENYON, ASSISTANT DIRECTOR OF  
RESOURCES (FINANCE & EFFICIENCY)**

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**TYPE OF DECISION:** **CABINET (KEY DECISION)**

**FREEDOM OF  
INFORMATION/STATUS:** This paper is within the public domain

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**SUMMARY:** The report informs Members of the Council's financial position for the period to September 2012 and projects the likely outturn at the end of 2012/13.

The report also includes Prudential Indicators in accordance with CIPFA's Prudential Code.

**OPTIONS &  
RECOMMENDED OPTION** Members are asked to note the financial position of the Council as at 30 September 2012, and to approve the s151 officer's assessment of the minimum level of balances.

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### IMPLICATIONS:

**Corporate Aims/Policy  
Framework:**

**Statement by the s151 Officer:**

Do the proposals accord with Policy Framework? Yes.

The report has been prepared in accordance with all relevant Codes of Practice.

There may be risks arising from remedial action taken to address the budget position;

these will be identified by Directors at the quarterly Star Chamber meetings.

**Statement by Executive Director of Resources:**

Successful budget monitoring provides early warning of potential major overspends or underspends against budgets which Members need to be aware of.

This report draws attention to the fact that, based on the most prudent of forecasts, several budget hotspots exist which will need remedial action.

Members and officers will be examining these areas in more detail at the Star Chambers.

This report is particularly significant as it informs Members of the baseline financial position from which the Council sets its 2013/14 budget.

**Equality/Diversity implications:**

No

**Considered by Monitoring Officer:**

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

**Are there any legal implications?**

Yes

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

**TRACKING/PROCESS**

**ASSISTANT DIRECTOR: Steve Kenyon**

Chief Executive/ Strategic Leadership Team	Cabinet	Overview & Scrutiny Committee	Council	Ward Members	Partners
<b>12/11/12</b>	<b>28/11/12</b>	<b>5/12/12</b>			

## 1.0 INTRODUCTION

- 1.1 This report informs Members of the forecast outturn for 2012/13, based upon current spend for the period to September 2012, in respect of the revenue budget, capital budget and the Housing Revenue Account.
- 1.2 Projections are based on current trends, information, and professional judgement from service managers and finance staff.
- 1.3 The revenue budget projections highlight the fact that budget pressures do still exist in some key areas and it will be necessary to continue to examine options for improving the situation further.

## 2.0 BUDGET MONITORING PROCESSES

- 2.1 Reports will be presented quarterly to facilitate close monitoring of spend and implementation of action plans during the year.
- 2.2 Reports are also presented to the Strategic Leadership Team on a monthly basis. Detailed monitoring information will also be discussed at Star Chamber meetings during the year.
- 2.3 It is intended that improvements will continue to be made to the budget monitoring process, building on the significant developments implemented over the past two years.

## 3.0 SUMMARY OF REVENUE BUDGET POSITION

- 3.1 The table below outlines the annual budget and forecast outturn based upon known factors and the professional views of service managers as at month 6:

Department	Budget £000	Forecast £000	Variance £000	Month 3 £000
Adult Care Services	50,796	50,907	<b>+111</b>	+115
Chief Executives	5,977	6,916	<b>+939</b>	+953
Children's Services	28,672	29,506	<b>+834</b>	+661
Env. & Dev. Services	36,912	37,274	<b>+362</b>	+500
Non-Service Specific	17,916	16,936	<b>-980</b>	-616
<b>TOTAL</b>	<b>140,273</b>	<b>141,539</b>	<b>+1,266</b>	<b>+1,613</b>

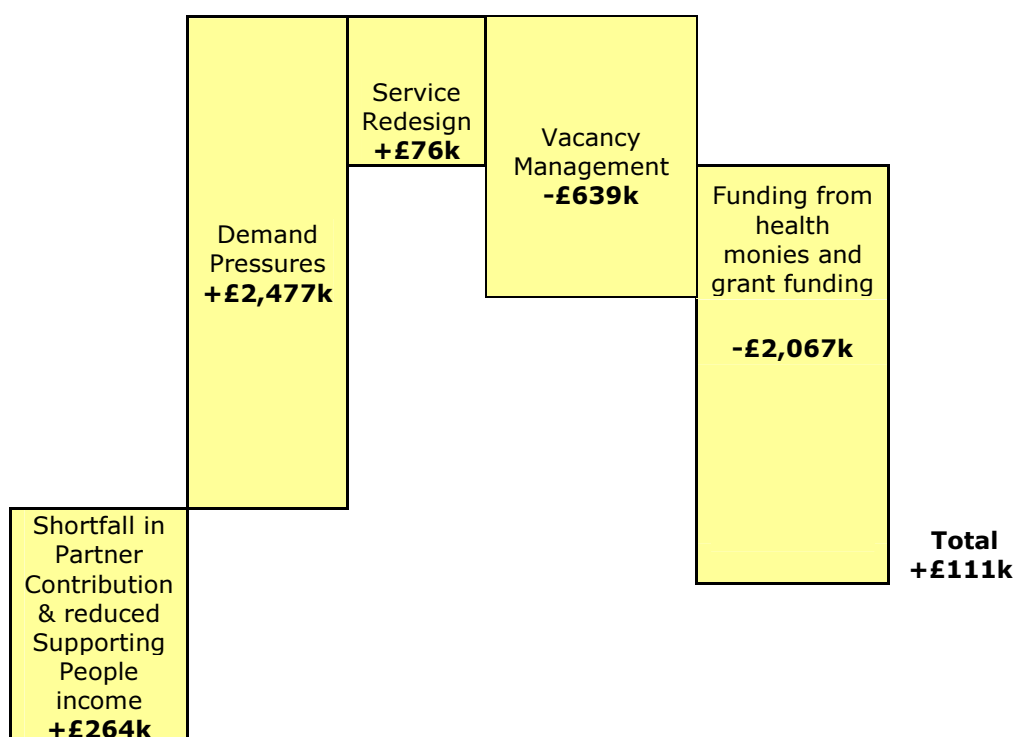
- 3.2 The projected overspend of **£1.266m** represents approximately **0.90%** of the total net budget of £140.273m and an improvement from the position reported at month 3.
- 3.3 Members need to be aware that financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures. Often an area of overspending identified at this point in the year will resolve itself before the end of the year following appropriate remedial action.
- 3.4 However it is felt appropriate to alert Members to potential problems at this stage so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.

## 4.0 SERVICE SPECIFIC FINANCIAL MONITORING

### 4.1 ADULT CARE SERVICES

4.1.1 The current projected overspend for Adult Care Services is **£0.111m**, 0.22% of the net budget of £50.796m. This compares to a projected overspend of £0.115m in the April-June 2012 monitoring report.

4.1.2 Reasons for major variations are illustrated in the chart below;



4.1.3 Further details by service area are outlined below, along with remedial action being taken;

Activity	Variance £'000	Reason	Action Being Taken
Strategic Housing	+108	Shortfall in Partner Contribution & reduced Supporting People income	Options for addressing this are under evaluation and should be implemented during 2012/13, to become effective during 2013/14.
Reduced Supporting People Income	+156	Shortfall in Partner Contribution & reduced Supporting People income	Supporting People funding to Bury was significantly reduced in 2011/12, which has caused pressures in a number of in-house care services supported by this funding stream. Options are being explored in how to address

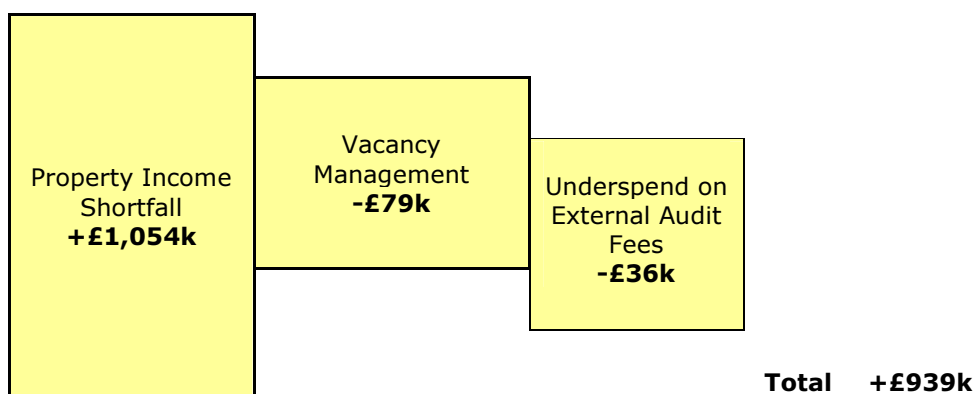
			this issue on a permanent basis, including consideration of attracting alternative income in addition to a thorough review of expenditure budgets.
Care in the Community:  Older People  Adults with Physical Disabilities  Adults with Learning Disabilities  Adults with Mental Health needs	+940  +516  +524  +497	Demand Pressures, especially re: home care/ supported living demand (residential care numbers are falling)	A range of preventative strategies continue to be introduced to manage this demand, such as reablement, triage, improved screening, 'signposting', and crisis response. In addition, all existing high & medium cost care packages are kept under regular review. Adult Care's Procurement Team efficiencies contribute significantly to keeping spending levels down. Non-recurring health funding is being used on an invest to save basis in initiatives that should help to reduce the rate of increase of demand, which will be monitored as part of the evaluation process. However, the full benefits of these measures will not appear until future years. 2012/13 shortfall being met by offsetting savings in other service areas.
Ongoing costs of assets declared surplus to requirements	+76	Service Redesign	Unavoidable in the short term, as it is to the overall benefit of the Council to dispose of assets when capital receipts can be maximised.
Staff Vacancies	-639	Vacancy Management	Combination of gradual recruitment into services recently subject to major restructures, and deliberate holding back in recruiting into non-front line vacancies. There is no correlation between vacancy levels in services and sickness rates.
Use of Health monies and grant funding	-2,067	Funding from health monies and grant funding	Utilisation of historic underspends from Adult Care Specific Grants and a contribution of the Health monies towards the demand pressures within Community Care are ensuring that the net expenditure is balanced in year. Future actions around service

			redesign and invest to save initiatives will ensure that there is reduced reliance in future on grants and short term solutions to the ongoing issue of demand management.
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## 4.2 CHIEF EXECUTIVE'S DEPARTMENT

4.2.1 The Chief Executive's Department is forecasting an overall overspend of **£0.939m**, or 15.7% of a net budget of £5.977m. This compares to a projected overspend of £0.953m in the April-June 2012 monitoring report.

4.2.2 Reasons for major variations are illustrated in the chart below;



4.2.3 Property Services remains the most significant pressure facing the Department, offset by other savings, as follows;

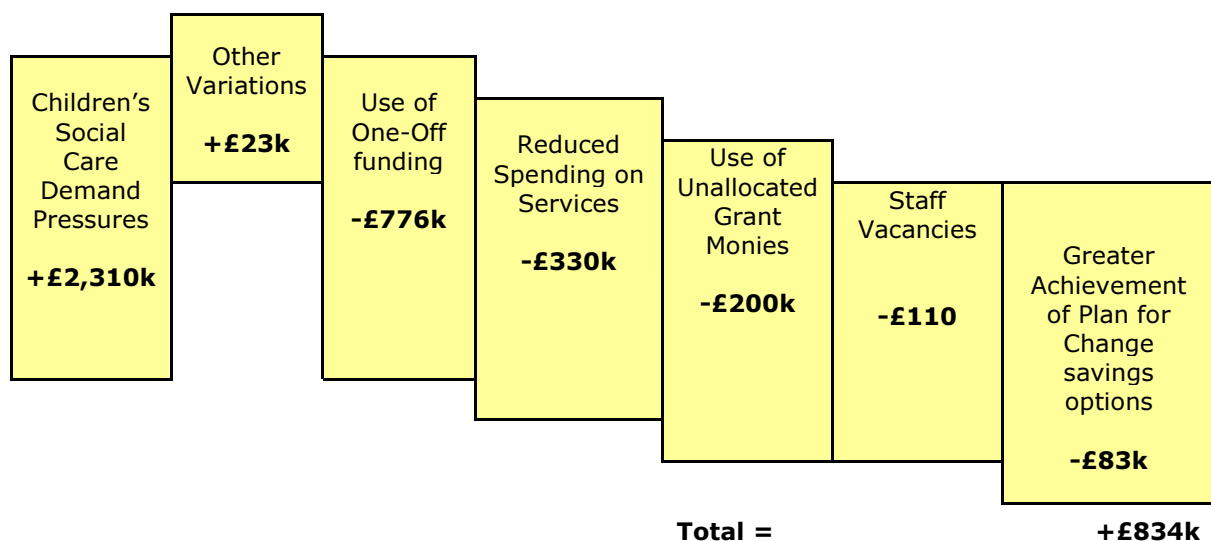
Activity	Variance £'000	Reason	Action Being Taken
Property Services	+1,054	Shortfall in income due to reduced occupancy levels	Efforts are continuing in order to attract replacement tenants for the units at Bradley Fold which were vacated over the previous financial year. Five lettings have been achieved this year, the deals involving 'stepped' rents being payable over the period of each lease. The accounts for the Mill Gate Centre have been scrutinised in detail to ensure that all monies properly due to the Council are being paid and this will be an ongoing process.
Vacancy Management	-79	Non-filling of vacant posts	Monitoring of performance with reduced staffing levels.

External Audit Fees	-36	Rebate received and ending of CPA regime	Unused budgets being offered up as part of 2013/14 savings options.
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### 4.3 CHILDREN'S SERVICES

4.3.1 The overall Children's Services budget is currently projecting an overspending of **£0.834m**, or 2.91% based on net budget of £28.672m. This compares to a projected overspend of £0.661m in the April-June 2012 monitoring report.

4.3.2 Reasons for major variations are illustrated in the chart below;



4.3.3 Further details of the major variations are provided in the table below:

Activity	Variance £'000	Reason	Action Being Taken
Greater achievement of Plan for Change savings options – Home to School Transport for SEN pupils	-83	Improved procurement processes and promoting independent travel for pupils with special educational needs	The savings options within the Plan for Change were planned for 2013/14 and 2014/15. Volunteer pupils have already started these independent travel arrangements, which have created an additional financial benefit in 2012/13.

Early Intervention Grant	-200	Non-allocation of external grant funding to individual services	Rather than allocate these external monies to specific services it has been decided to offset these resources towards the current overspending.
External Grant Funding	-776	Previous years' underspending of external grant monies brought forward	During 2011/12 Children's Services took action to reduce spending in particular areas, including many support by external grants. These unspent monies were brought forward and are being used to meet some of the demand pressures afflicting the department.
Early Years, Redvales SureStart, etc	-250	Non-filling of staff vacancies and reduced spending	The forecast underspend is based on 2011/12 spending levels and will require Early Years and associated children's centres to maintain this level spending. This includes the earlier introduction of the Plan for Change savings
Connexions	-80	Non-filling of staff vacancies and reduced spending	The reduced spending is being used to offset the forecasted overspending in the Youth Service
Youth Service	+80	Shortfall on the salary budget and utility invoices still being received for closed centres	The 2012/13 overspending is being funded by savings within Connexions (see above)
Demand pressures - Community Services (Fieldwork)	+90	Additional external legal costs	Unfortunately, the requirements for legal services for Children's Services continue to be at very high levels. This could have a significant impact on the department's budget in the future especially if in-house provision has insufficient capacity to handle all these vulnerable children's complex cases.



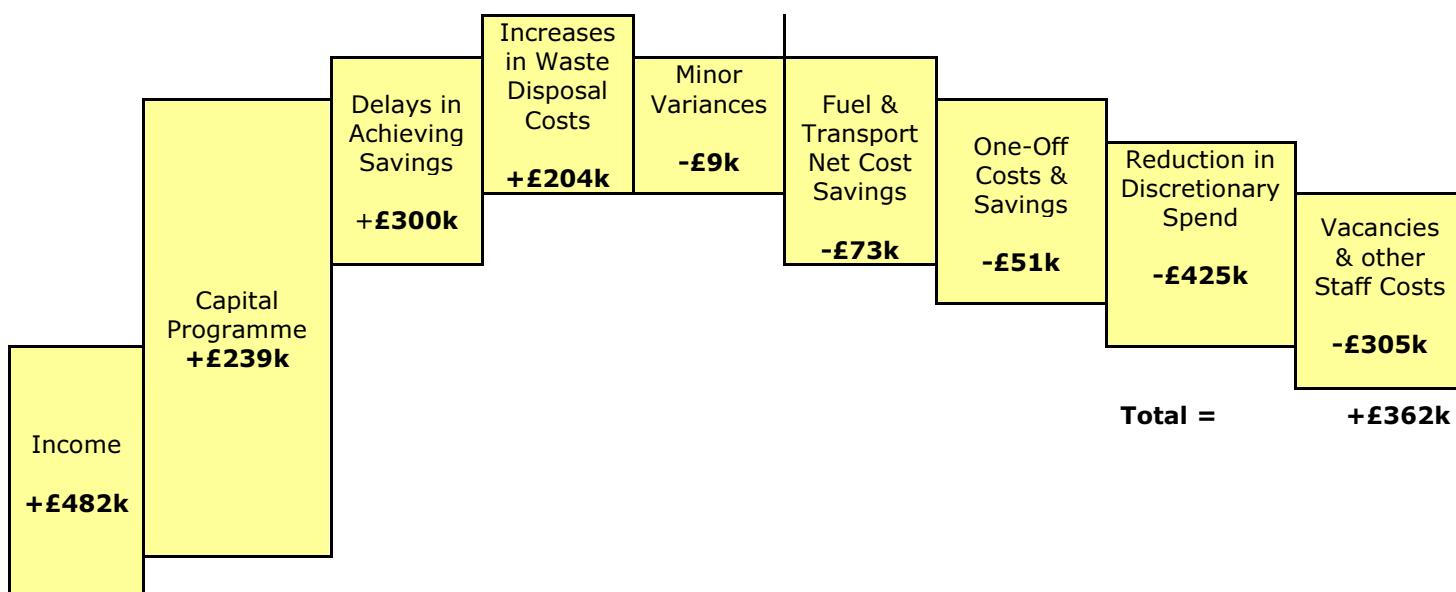
Fostering and Adoption	+80	Increased spending on Special Guardianship and residence orders. Payments to carers are in line with national minimum levels	Payments to carers are in line with the national minimum standard, which increased above the level originally allowed for when setting the Council's 2012/13 budget. The overspend has reduced from month 3 due to savings achieved on Adoption placement fees as children have been placed with Bury families where no fee is charged.
Leaving Care	+300	Spending on housing and further education of 19+ students who have now left our care	Spending on housing for children with complex needs and those living in semi-independent placements has increased by £340,000. The semi-independent placements cost between £40,000 and £50,000 each for a full year. There are 8 of these placements in 2012/13 compared to none in 2011/12.
Demand pressures - Children's Agency Placements	+1,800	Continuing increased Demand	<p>The continuing overspend has increased from 2011/12 level due to an additional seven residential placements, which have been included for a full year at a cost of £3,000 per week each, amounting in total to £1.2 million.</p> <p>A range of preventative strategies have/are being introduced to try and minimise future spend, with all existing high &amp; medium cost care packages being rigorously reviewed. It is estimated that during the next few months this will reduce the cost burden on this budget by approx £300,000.</p>

			<p>However, there is no guarantee that the total expenditure can be reduced as unknown future demand pressures could have a significant impact on the budget.</p> <p>Children's Services constantly strive to minimise the costs of each placement, which are amongst the lowest in the north-west, but it is extremely difficult to contain a budget that is subject to such significant and variable demand pressures.</p>
Other Services	-127	Staff vacancies and reduced spending on various services	Already being implemented.

#### 4.4 ENVIRONMENT AND DEVELOPMENT SERVICES

4.4.1 The department is currently projecting an overspend of **£0.362m**, or 0.98% based on the latest net expenditure budget of £36.912m. This compares to a projected overspend of £0.500m in the April-June 2012 monitoring report.

4.4.2 Reasons for major variations are illustrated in the chart below;



4.4.3 Further details are provided in the table below;

Activity	Variance £'000	Reason	Action Being Taken
Arts Libraries and Adult Learning	-58	Staffing savings offsetting other cost pressures	The total includes £0.035m overspend attributable to ongoing pressures on staffing, premises costs & grant income in the Adult Learning Service. This is lower than month 3 due to extra net income from exam fees and new courses. The Arts and Libraries underspend of £0.093m includes £0.114m of salary savings from posts left vacant pending the libraries review, extra income from art workshops and contributions to salaries from external grants, offset by shortfalls on library income budgets.
Operational Services	+405	Service pressures, reduced income and forecast extra waste disposal costs	<p>Engineering Services are projecting an overspend of <b>£0.252m</b> due mainly to shortfalls of £0.151m in projected car parking income and £0.050m estimated shortfall in contributions to salaries from capital fees. Additional costs of around £0.095m are also expected from delays in achieving savings, including delays in the GMRAPS permit scheme. These extra costs and other minor variances are offset by income from bus lane enforcement which is expected to be £0.053m higher than budget targets.</p> <p>Civic halls have a projected overspend of <b>£0.110m</b> as income levels are not achieving budget targets.</p> <p>Catering has a forecast underspend of <b>£0.150m</b> after allowing for reduced grant. There was no increase in prices from Sept 2012 to maintain meal numbers.</p> <p>Parks services are expecting to overspend by <b>£0.029m</b> mainly due to anticipated delays in achieving PFC review savings, offset by increased cemetery income and restrictions on discretionary spend .</p> <p>Savings from vacancies in Sports Development are contributing <b>£0.021m</b> to the departmental underspend.</p> <p>Leisure Services and Administrative Buildings are forecast to meet their budget targets.</p> <p>Emergency &amp; Security Services are projecting an underspend of <b>£0.052m</b> by generating extra income and restricting spend to essential items only.</p> <p>Waste Management is projecting an overspend of <b>£0.236m</b>. Included in this total is a forecast of £0.494m for extra waste disposal levy charges for the</p>

			<p>year, based on month 6 tonnages sent to landfill which are 868 tonnes higher than assumed in the levy. Tonnages for glass/bottles/cans and for paper are also lower than assumed resulting in less income via the levy. The impact at month 6 is £0.248m. The forecast overspend for the year is offset by a one-off contribution of £0.170m from the levy reserve and an anticipated reduction of £0.120m from implementation of the recycling action plan in the last 6 months of the year.</p> <p>The remaining overspend of £0.032m is mainly a shortfall in trade and bulky waste income, extra fuel costs, and the cost of the recycling action plan, offset by underspends on labour and caddy liners.</p>
Planning, Environmental & Regulatory	+295	Reduced income & savings not achieved	<p>There is a forecast overspend of <b>£0.020m</b> on Environment due to delays in achieving PFC savings and extra fuel costs for pest control, offset by employee cost savings &amp; additional licensing income.</p> <p>The Energy conservation underspend of <b>£0.048m</b> is mainly due to the price for carbon allowances being fixed at the 2011/12 level of £12 compared with the £16 allowed for in the budget.</p> <p>Planning Services are projecting an overspend of <b>£0.363m</b> due to a shortfall of Planning &amp; Building Regulation income. There were 674 planning applications to Sept 2012 compared with 713 in the same period 2011, and there were fewer high value development applications and lower levels of building regulation income. The savings target of £0.100m from the introduction of full cost recovery on planning applications will not be achieved as the government are not now proceeding with this proposal. The forecast includes projected income from the anticipated 15% increase in planning application fees which is expected to come into force later in the year subject to Parliamentary approval.</p>

4.4.4 These hotspots are offset by underspending across various Trading Services of £0.280m, which includes extra savings on discretionary budgets and increased income in some areas since month 3.

#### 4.5 NON-SERVICE SPECIFIC

4.5.1 There is a forecast net underspend of **£0.980m**, or 5.47% based on net budget of £17.916m. This relates primarily to the Council's Treasury Management activity; see section 8.0 for further details. This compares to a projected underspend of £0.616m in the April-June 2012 monitoring report.

## 5.0 CAPITAL BUDGET

### 5.1 Capital Programme

5.1.1 The revised estimated budget for the Capital Programme 2012/13 at the end of September, Month 6 of the year is shown in the table below:

2012/13	£m
Original Capital Programme	14.946
Approved Slippage from 2011/12	13.026
In year additions and other contributions	1.956
Re-profiled projects into 2013/14	(10.311)
<b>Revised Budget for Year at Quarter 2</b>	<b>19.617</b>

5.1.2 The expenditure and funding profile for the Capital Programme together with a detailed breakdown of the Original Approved Programme, the Revised Estimate, Forecast Outturn, Actual Spend up to end of Month 6 and the estimated under/over-spend of the capital programme for 2012/13 is shown in Appendix A.

5.1.3 Members should note that given the complexity and size of some of the larger schemes currently in the Council's Capital Programme the information received from budget holders can vary significantly from one quarterly report to the next and should be read in this context.

5.1.4 At the end of Quarter 2, a total of **£10.311m** of the 2012/13 budget has been identified for re-profiling into the 2013/14 budget. Most of this amount is attributed to Children Services Projects schemes that are mainly funded by grants received from the DfE, to a total of £8.565m.

5.1.5 The Adult Care Services schemes will re-profile externally funded projects of £1.341m. The remainder of re-profiled amount is attributable to £0.282m of Planning schemes, Empty Property Strategy has deferred £0.070m into 2013/14 and there is also a small amount towards the completion of payments for the Goshen Sports Centre.

### 5.2 Expenditure

5.2.1 The Forecast Outturn as at Month 6 is indicated to be **£19.843m** and Budget Managers have reported that they expect to spend up to this amount by 31 March 2013.

5.2.2 The actual expenditure realised by the end of Month 6 is reported at a total of **£7.408m.**

5.2.3 The main areas of spend in the first quarter relate to:

- Children's Services - £2.279m
- Planning Schemes - £0.267m
- Leisure Services Projects - £0.359m
- Disabled Facilities grants - £0.115m

- Housing Public Sector schemes - £2.046m
- Housing Public Sector Disabled Facilities Adaptations - £0.187m

### 5.3 Variances

5.3.1 Appendix A gives details of variances for each scheme based on latest available information and at Month 6 shows a slight overspend for the Programme of **£0.226m**. The schemes that are forecasted to overspend are currently analysed by Budget Managers and Financial Management Team and a revised position to resolve this will be shown in the next report at Quarter 3.

5.3.2 Brief reasons for all variances are also provided in Appendix A.

### 5.4 Funding

5.4.1 The funding profile included in Appendix A shows the resources available to cover the capital programme during 2012/13.

5.4.2 Funding for Capital schemes approved for the 2012/13 programme is mainly reliant on external resources. There is **£16m** available for the revised final programme together with Council resources that were unspent and carried forward from previous years. There are also a small number of new schemes approved from Council's own resources that are shown within the adjustments in year to the programme.

5.4.3 The position of the capital receipts and borrowing as at the end of Month 6 is reported below. The figures in the table show the total funding requirement for the revised estimated capital programme and the expected resources that are supported by the Council at the end of Quarter 2 of the year.

<b>2012/13 Use of Council Resources for Capital Investment</b>	<b>£m</b>
Revised Capital Programme for the year	19.617
Use of external funding and contributions	16.128
<b>Balance of programme relying on Council resources</b>	<b>3.489</b>
Use for the year of Capital receipts realised	1.045
Use of Prudential Borrowing (2011/12 schemes b/f)	2.444
<b>Total Council Resources used to support the Capital Budget for Year</b>	<b>3.489</b>

### 5.5 Capital Programme Monitoring

5.5.1 The programme will be monitored closely during the second half of the year to ensure that all schemes completed by the end of the financial year are delivered per agreed time and costs and minimise slippage into 2012/13. Departmental representatives will examine and confirm any action necessary to ensure that effective use of resources and successful completion of schemes is achieved.

## 6.0 HOUSING REVENUE ACCOUNT

- 6.1 The Housing Revenue Account (HRA) relates to the operation of the Council's housing stock and can be viewed as a landlord account. It is required by statute to be accounted for separately within the General Fund and is therefore effectively ring-fenced.
- 6.2 The latest estimates show a projected surplus (working balance carried forward) of £1.000m at the end of 2012/13. See Appendix B.
- 6.3 The major variances are outlined below:
- Heating Charges – The projected outturn is showing an increase in income of £0.014m. This reflects the reduction in void levels at those Sheltered schemes where there is a communal heating system.
  - Revenue Contributions to Capital – The projected outturn is showing an increase in expenditure of £0.548m:
    - £0.498m of this relates to the agreed capital spend on Disabled Facilities Adaptations for HRA dwellings; this was initially included within the budget for 'Depreciation/Impairment of fixed assets – council dwellings' but it is more appropriate to show this as a direct contribution from revenue.
    - The other £0.050m relates to agreed funding for the costs of procurement of capital 'partner' contractors; the current contract framework expires at the end of this financial year.
- 6.4 The two main impacts on the HRA year end balance are normally **void levels** and the **level of rent arrears**, but levels of **Right to Buy sales** can also be a major influence on the resources available.

### ***Voids:***

The rent loss due to voids for April to September was on average 1.42% (as it was for April to June) compared to a void target level set in the original budget of 2%. If this level continues for the rest of the year there would be an increase in rental income of around £0.164m; the projection of rental income in Appendix B has been calculated on this basis.

Six Town Housing have established a 'Voids Team' which brings together existing staff to focus on improving performance.

### ***Arrears:***

The rent arrears at the end of September totalled £0.815m, an increase of 2.9% since the end of March. Of this total £0.319m relates to former tenants and £0.496m relates to current tenants.

The Council is required to make a provision for potential bad debts. The contribution for the year is calculated with reference to the type of arrear, the amount outstanding on each individual case and the balance remaining in the provision following write off of debts. Based on the performance to the end of September, projected for the full year, this provision would require an additional contribution of £0.190m to be made.

The 2012/13 HRA estimates allowed for additional contributions to the provision totalling £0.252m, therefore there is a potential underspend of £0.062m. The estimates contain two provisions, £0.151m for uncollectable debts and £0.101m to reflect the potential impact that welfare benefit changes could have on the level of rent arrears. The assessment of the impact of benefit changes is ongoing so the projected outturn has not been amended to reflect the potential underspend.

***Right to Buy Sales:***

Sales of dwellings declined significantly in recent years, from a peak of 243 in 2003/04 to only 7 sales in 2009/10. There were 18 sales in 2010/11 and 12 sales in 2011/12.

The forecast for 2012/13 was set at 32, this being the level of sales assumed for Bury in the Government's self-financing valuation.

From April 2012 the maximum Right to Buy discount increased from £26,000 to £75,000.

The number of sales has a direct effect on the resources available to the HRA – the average full year rent loss for each dwelling sold is around £3,550.

There have been 3 sales in the period April to September but the level of applications received during this period was 40 compared with 26 applications during the whole of 2011/12. It is difficult to assess what proportion of applications will progress through to sale but at this stage it is felt unlikely that the total number of sales in the year will exceed 18. If this were to be the case then there would be an increase in rental income of around £0.034m; this has not been reflected in the projection of rental income in Appendix B.

## **7.0 PRUDENTIAL INDICATOR MONITORING**

- 7.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The authority's approved Prudential Indicators (affordability limits) for 2012/13 is outlined in the approved Treasury Management Strategy Statement.
- 7.2 The authority continues to monitor the Prudential Indicators on a quarterly basis and Appendix C shows the original estimates for 2012/13 (approved by Council on 22 February 2012) with the revised projections as at 30th September 2012. The variances can be seen in the Appendix together with explanatory notes. The Prudential Indicators were not breached during the first six months of 2012/13.

## **8.0 TREASURY MANAGEMENT**

### **8.1 Investments:**

At the 30th September 2012 the Council's investments totalled £39.4 million and comprised:-

Type of Investment	£ Million
Call Investments (Cash equivalents)	18.4
Fixed Investments (Short term investments)	21.0
<b>Total</b>	<b>39.4</b>



All investments were made in line with Sector's suggested credit worthiness matrices and the approved limits within the Annual Investment Strategy were not breached during the first quarter of 2012/13.

The Council has earned the following return on investments:

Quarter 1 1.73%

Quarter 2 1.76%

This figure is significantly higher than Sector's benchmark return of 0.90% for the year.

## **8.2 Borrowing:**

No new external borrowing was undertaken in the quarter to 30<sup>th</sup> September 2012.

The overall strategy for 2012/13 is to finance capital expenditure by running down cash/investment balances and taking short term temporary borrowing rather than more expensive longer term loans. With the reduction of cash balances the level of short term investments will fall. Given that investment returns are likely to remain low (say) 0.90% p.a. for the financial year 2012/13, then savings will be made by running down investments and taking temporary loans rather than more expensive long term borrowing.

## **9.0 MINIMUM LEVEL OF BALANCES**

9.1 The actual position on the General Fund balance is shown in the following table:

	<b>£m</b>
<b>General Fund Balance 31 March 2012 per Accounts</b>	<b>10.230</b>
Less : Minimum balances to be retained in 2012/13	-4.300
Less : Forecast overspend	-1.266
<b>Available balances at 1 April 2012</b>	<b>4.664</b>

9.2 Based on the information contained in this report, on the risk assessments that have been made at both corporate and strategic level, on the outturn position for 2012/13 and using information currently to hand on the likely achievement of savings options, it is clear that there is no reason to take the minimum level of balances above the existing level of £4.300m.

9.3 In light of the above assessment it is recommended that the minimum level of balances be retained at **£4.300m**.

## **10.0 EQUALITY AND DIVERSITY**

10.1 There are no specific equality and diversity implications.

## **11.0 FUTURE ACTIONS**

- 11.1 Budget monitoring reports will continue to be presented to the Strategic Leadership Team on a monthly basis and on a quarterly basis to the Cabinet; Overview & Scrutiny Committee; and Audit Committee.
- 11.2 Star Chambers were held in August for Quarter 1 and have also been diarised for Quarters 2 & 3.

### **Councillor Tony Isherwood, Cabinet Member for Finance & Resources**

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#### **List of Background Papers:-**

Finance Working Papers, 2012/13 held by the Assistant Director of Resources (Finance & Efficiency).

#### **Contact Details:-**

*Steve Kenyon, Assistant Director of Resources (Finance & Efficiency), Tel. 0161 253 6922, E-mail: [S.Kenyon@bury.gov.uk](mailto:S.Kenyon@bury.gov.uk)*