

**SUBMISSION BY CLLR MJ WILCOX, THE LEADER OF THE COUNCIL & THE CABINET MEMBER FOR
FINANCE, REVENUES & BENEFITS**

The Third Quarter Review of Performance against the Financial Strategy 2011/12

1. Purpose of Report

- 1.1. To provide Members with the opportunity to scrutinise the Council's financial performance to 31 December 2011 and the Revised Estimate for the full year 2011/2012. In particular to assess the performance of specific services which represent a higher risk to the Council by reviewing trends in income, expenditure and cost to the Council.
- 1.2. To provide the views of Members from this Committee to Cabinet at its meeting of 14 February 2012, when Cabinet will be receiving the report.

2. Background

- 2.1 As part of leading the organisation, managers have to account to Members for their management of the financial resources and for the performance of the organisation against what the Council has agreed.
- 2.2 The Strategic Plan 2010-14 sets out the ambition, focus and priorities for 4 years. Each year we produce a delivery plan which sets out the specific actions for the year. 2011/12 is the 4th year of the Strategic Plan, and half year performance against the delivery plan was scrutinised by this Committee on 28 November 2011.
- 2.3 The Medium Term Financial Strategy sets out the allocation of resources and the policies and parameters within which Managers are required to operate. We are required by law to set a 3 year balanced budget. The Strategy covers revenue and capital expenditure and was approved in February 2011, covering the period 2010-14.
- 2.4 This report covers the financial performance for the nine month period up to December for the financial year 2011/12 and measures performance against the Financial Strategy as well as year on year.
- 2.5 For Revenue, aspects like community safety, human rights, financial implications, sustainability issues and risk management are all dealt with as part of the report so have not been separately identified.

3. Community Benefits

- 3.1 The reporting of timely budget performance statements enables Members to critique and scrutinise performance for the efficient and effective use of resources, in the interest of the community, for the delivery of services and key priorities, as set out in the Strategic Plan.
- 3.2 The report also provides an analysis of the impact of the recession on those services which rely on substantial income levels.

4. Financial Implications

- 4.1 To advise Members of the performance against the financial strategy for the period up to 31 December 2011.
- 4.2 Overall there is a contribution from General Reserves of **£0.658m**, compared with a budgeted contribution from General Reserves of **£1.531m**. The **£0.873m** reduction in utilisation of Reserves is principally due to our 2011 Budget Reduction Programme which generated Revenue savings of **£0.881K** (*and Capital Savings of £6K*) for the Council for 2011/12. These Revenue savings have been partially offset by a net budgetary pressure of just **£8K**. This is a combination of movements in the Culture & Leisure areas, as a result of unanticipated falls in income related to a reduction in consumer spending and the economic climate. These are broadly offset by improved Car Park trading, a Business Rates rebate at our Leisure Centres and reduced costs in administration of our Revenue and Benefits service.

- 4.3 This projection is the Revised Estimate for 2011/12 and forms the Reserves basis for the 3 year Medium Term Financial Strategy 2012-15.
- 4.4 The report enables the monitoring of the Revenue Budget and Capital Programme in accordance with the Local Government Act 2003.

5. Risk Management Issues

Risk Description	Likelihood/ Impact	Status	Countermeasure
Local Government Resource Review – Localisation of Business Rates: managing economic, financial and social impact.	High/High	Economic/ Financial/ Social	Council policies will need to be developed to mitigate the impact of the Local Government Resource Review on the Council's Plan for the District 2012-16 and its finances.
Local Government Resource Review – Localisation of support for Council Tax	High/High	Financial	A local scheme will be designed for Lichfield District Council.
The Recession	High/High	Financial/ Economic	Close monitoring of the higher risk key business areas and those areas affected by the downturn.
Planned Capital receipts are not received.	Medium/ High	Financial	The budget for Capital receipts will be monitored as part of the Council's normal budget monitoring procedures.
Achievement of the Council's key Council's priorities	Medium/ High	Financial	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs incl. central Government policy changes, movement in the markets, and changes in the economic climate.

Background Documents:

Strategic Plan 2008/12

Medium Term Financial Forecast 2011 -14

QUARTER 3 REVIEW OF PERFORMANCE AGAINST THE FINANCIAL STRATEGY- OUR REVISED ESTIMATE FOR 2011/12

1 Delivering our Priorities: financial performance for 2011/12

- 1.1 Being *absolutely customer focused* means that we want more of our resources to be focused on those areas which are important to our residents.
- 1.2 Being *performance driven* means that we want to constantly align resources to areas where we want to deliver to a higher standard.
- 1.3 Getting *more for less* has been a key driver for us in each year of our Strategic Plan. Year on year we face higher costs on some areas of spend like fuel.
- 1.4 Year on year we have had to make savings and efficiencies, cutting other costs to afford these increases and achieve the savings.
- 1.5 The global economy is still in a volatile state with the downgrade of United States' credit rating and Europe's continued debt crisis. The volatility is set to continue and investment income especially will continue to be affected. The economic climate has also affected some of the progress on our top priorities which are funded through our capital investment. This impact is common for other Councils.
- 1.6 In this report we account for the financial performance for the period up to the end of December 2011 including the ongoing impact of the recession for the year; the performance in key business risk areas; the overall performance on the Bottom Line, and the performance on the aspects of our priorities which are funded through capital investment.

2 Context for our financial performance

- 2.1 We reported to Council on 22nd February 2011 the total funding gap for 2012/13 and 2013/14 was **£4.723m**. Council approved a Budget Reduction Programme 2011-14 to make savings.
- 2.2 The **Budget Reduction Programme 2011-14** has been completed and reductions amounting to **£4.456m** have been found. In addition, the financial performance in 2010/11 resulted in a contribution *to* our General Reserves, rather than a planned contribution *from* General Reserves, improving reserves by £0.415m. The **Budget Reduction Programme 2011-14** and the financial performance in 2010/11 has improved the Council's financial position by **£4.871m** and has more than achieved the target Budget Gap of **£4.723m**.
- 2.3 This report reflects these reductions in the 2011/12 Budget and is included in the Medium Term Financial Strategy 2012-15 for Council approval on 21 February 2012.
- 2.4 The main Government Funding Grant that the Council receives is the Formula Grant confirmed for 2011/12 and 2012/13. A key funding uncertainty exists in 2013/14 when Formula Grant will be replaced by retaining a share of Local Business Rates according to the Government's Localism Agenda. A prudent estimate of this has been taken into account in the approved Medium Term Financial Strategy.
- 2.5 The Table below shows the reductions/savings achieved since 2008/09, projected to 2013/14.

Total Savings/reductions Reflected in Base Budget up to 2011	Amount taken out of the Budget during Savings Reviews 2008-11						
	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	Total 2008 to 2014 £m
Budget Reduction Programme 2011:			£0.013	£0.887	£1.766	£1.790	£4.456
Expenditure Review 2010 Savings			£1.068	£1.030	£1.156	Built into the base budget	£3.254
Expenditure Review 2009 Savings	£0.080	£0.822	£1.236	£1.253	Built into the base budget		£3.391
Expenditure Review 2008 Savings	£0.372	£0.463	£0.550	Built into the base budget			£1.385
Total Cumulative Savings	£0.452m	£1.285m	£2.867m	£3.170m	£2.922m	£1.790m	£12.486m

3 Impact of the Economic Environment on the Council's financial position

- 3.1 The economic environment has had a significant impact on the District Council's finances. It has been and still remains difficult to accurately predict.
- 3.2 The effects of operating in such an environment are being closely monitored. Predictions were made of the likely impact to Lichfield District Council when the recession first hit in 2008/09. The estimate of this has been accounted for within our 2011/12 Budgets and is assessed by individual services in order to determine as accurately as possible the financial risk to the Council's finances, so that we can take mitigating actions.
- 3.3 We monitored the ongoing impact of the Economic environment on our original 2009/10 Budgets which for **2011/12** was estimated to be **£0.552m**.
- 3.4 Car Park Income continues to experience an impact in 2011/12 with income generation much more difficult.
- 3.5 Interest Income has seen a large deterioration over the 3 years. However because of the economic slow down impacting on capital schemes, the actual impact on interest earned has not been quite as severe as we anticipated, and we have seen a **£(0.086m)** improvement.
- 3.6 Leisure Centres and Commercial Rents continue to be impacted by adverse market conditions, as is the Garrick, where the impact of changed consumer behaviour on shopping and car parking is affecting the day time trade for the Bar & Catering.
- 3.7 Overall, compared to when we first estimated the impact of the economic climate on the Council finances in 2009, there is an additional **£0.643m** budgetary pressure, and this is a prudent estimate.

The table below sets out the impact so far of the Economic Climate on the Council's finances for 2011/12:

Impact of the Economic Downturn on District Council's Finances	2011/12		
	Estimated Impact on Budgets before Recession hit ¹	Probable outturn (as at December 2011)	Variation
	£m	£m	£m
Reduction in Income			
Leisure Centres	0.070	0.223	0.153
Planning Fees	0.029	0.044	0.015
Car Parking Fees	0.291	0.593	0.302
Commercial Rents	n/a	0.103	0.103
Local Land Charges	0.051	0.112	0.061
Interest on Balances	0.111	0.025	(0.086)
Garrick Bar income	n/a	0.095	0.095
Total Recession Impact for 2011/12	£0.552m	£1.195m	£0.643m

¹ Based on original Budgets set in February 2008/09

4 Focus on key business risk areas

- 4.1 Our key business risk areas are the subject of close management focus, as they rely on significant income generation. Small changes in the business within these areas can have a significant impact on the *Bottom Line* for the Council.
- 4.2 Leisure Centres overall have a 2011/12 Budget of **£1.95m** for income generation, and the Lichfield Garrick has a budgeted income at **£2m**. Together these cultural and recreational services are required to achieve almost **£4m** in commercial income.
- 4.3 Our other key business areas are Car Parks, with a projected income of **£1.6m**, Commercial Rents projected to achieve **£0.8m**, Planning Fee income of **£0.5m**, and Treasury Management interest of **£0.12m**.
- 4.4 In the table overleaf we advise on the financial performance of the key business risk areas up to December 2011 and we look at *the trend* in the financial performance for each of the areas – **how they did compared to previous years**, alongside their **performance against budget**.

Summary of performance on our key business risk areas to 31 December 2011

Area	Trend on financial performance (comparing this year 2011/12 to last year 2010/11)	Position on budget (Revised Estimate compared to Approved Budget for 2011/12)
Leisure, Parks & Play	<p>Leisure Centres:</p> <p>Income: Compared with last year the Leisure Centres are £33K up (2%).</p> <p>Direct costs: The leisure centres have incurred £31K less expenditure compared with the same time last year, mainly due to reducing costs at Burntwood Leisure Centre.</p> <p>Catering: The catering service at our 3 Leisure Centres is £5K better than last year.</p> <p>Net Direct Expenditure: Overall the cost of our Leisure Centres is showing an improvement of £69K (14%) on last year.</p>	<p>Leisure Centres: Revised Net Expenditure: £700K</p> <p>Income: £69K (5%) lower than budget.</p> <p>Direct costs: £90K (5%) lower than budget.</p> <p>Overall the Leisure Centres, including catering, are £26k better than budget to the end of December. Despite difficult trading conditions (particularly impacting income at Friary Grange Leisure Centre), we are forecasting that a full year income shortfall of £70K will be partially offset by reduced spend of £(55K) resulting in a £15K (2%) shortfall on Budget.</p> <p>Parks: Net Expenditure: £1.161m</p> <p>The continuing restoration works to Beacon Park, the maintenance of closed churchyards in Burntwood, & repairs to Chase Terrace Park mean that we are forecasting £34K over budget to the year end.</p>
Recycling and waste management	<p>Recycling & Waste:</p> <p>The waste service continues to make savings with the introduction of the new Shared Service on 5 July 2010.</p> <p>The service delivered £219K in efficiencies in 2010/11 and is budgeted to achieve another £250K this year. At December 2011 the service is on target to achieve this.</p> <p>The cost per household is predicted to fall from £43.73 last year to £43.66 this year. In previous years it has been £50-60+.</p>	<p>Recycling & Waste: Net Expenditure: £1.938m</p> <p>Overall performance is in line with budget expectations.</p> <p>Despite the rising cost of fuel (risen from £0.99 per litre in April 2010 to £1.14 per litre in December), the service continues to manage this and it is anticipated the financial outturn will be in line with Budget.</p> <p>Trade Waste: Revised Net Contribution: £(62K)</p> <p>A fall in income as a result of drop in customer numbers. & a change in the charging regime (EPA Act 1990) is likely to result in £34K less than budget.</p>
Car parks	<p>Income at the end of December was marginally down compared with the same period in 2010/11 (£18.9K or 1%). Expenditure is up on last year due to the Multi Storey being shut up to November 2010.</p> <p>Income performance overall in most months is down 7%. However this has been partly offset by improved trading in August (9% up on last year). During the Summer the attraction of the Hoard Exhibition together with the closing down sale period of the major department store in the Precinct saw more customer parking. Overall, this means Car Parking up to December has largely mitigated the impact of the actual closure of the Department Store in the Precinct, changes in tariffs put in place for the Friary Outer works and a generally sensitive economic situation.</p>	<p>Car Parks: Revised Net Contribution: £(1.126m)</p> <p>Income: £17K (1%) up on budget. This is mainly the impact of the larger visitor numbers for the regional tour of the Hoard exhibition at the Cathedral in August (14,000 visitors to the venue).</p> <p>It is predicted at December that income will improve on Budget by £42K included in the Revised Net Contribution above. This performance is a result of income not falling in line with expectations when the budget that took into account a difficult consumer trading environment.</p> <p>Next year's net contribution is likely to be set at £1.054m and assumes that there will be no loss of net income due to the planned closure of Friary Outer Car Park, as users will be asked to relocate to our other car parks.</p>
Planning fees	<p>Numbers of applications: 750 compared to 743 for the same time last year.</p> <p>Income: down by £165K compared to the same time last year reflecting receipt of a major application of £200K in 2010/11.</p>	<p>Planning fees: Net Contribution: £4K</p> <p>Income and direct costs are in line with budget at end of December 2011.</p> <p>Planning fee income is likely to achieve the budget for 2011/12 of £526K, mainly due to income from major applications.</p>
Local Land Charges	<p>Nos of searches: 1,375, 14% lower than last year.</p> <p>Income is down by 3% on 2010/11, which reflects the decrease in the number of searches.</p>	<p>Local Land Charges: Revised Net Contribution: £(33K)</p> <p>Income - the impact of the Government revoking the current statutory fee charge for personal searches and the current property market conditions will result in income being £30K lower than budget.</p>
Commercial Rents	<p>Income is anticipated to be £23K up on last year.</p>	<p>Commercial rents: Revised Net Contribution: £(800K)</p> <p>Income is expected to be £7K lower than budget.</p>
The Lichfield Garrick	<p>Income: is down by £53K or 3% compared to the same time last year.</p> <p>Direct costs: Costs are £122K lower than last year. Overall the Theatre has performed better than last year by £59K.</p> <p>Variances during the year can be affected by the timing of Artiste Payments and the sales of Tickets.</p>	<p>Garrick: Revised Net Expenditure: £545k</p> <p>Net Income and Direct Costs: are down by £389K on a Gross Budget (Income plus Costs) of £3.8m. This is due to lower Bar & Catering trade with the remaining variance impacted by timing differences between the years for ticket sales and programming, which are difficult to reflect in the profiling of budgets.</p> <p>Economic conditions are adversely affecting the income of the Bar and Catering and therefore we anticipate that we won't hit our original budget for the year.</p>
Treasury Management	<p>In 2011/12 we are currently achieving a return of 1.08% compared to an average rate of 0.88% for eight months in 2010. There is more information on this overleaf.</p>	<p>Treasury Management: Net Contribution: £(120K)</p> <p>Net investment receipts are projected to be £(34K) up on Budget. This is due to higher Cash balances available on which to earn interest.</p>

5 Treasury Management - The Investment Income we receive

5.1 The performance of the Treasury Management function needs to be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

Security

5.2 Our aim for the risk status of our portfolio was **A-** using the lowest rating from the three credit rating agencies as the basis for assessing the risk status.

5.3 The investments outstanding at the 31 December 2011 had a risk status of **A+** based on the length of the investment and **AA** based on the value of investment, which has a more secure risk status, and this is both compliant with our aim and the recommendations from our Treasury Management advisors.

5.4 In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily. Our Treasury Management Advisors recommend for each bank or building society the new investment time limit to manage counterparty credit risk. At 31 December 2011, the investment time limits were (we were previously able to invest with some counterparties up to 12 months until 11 August 2011 our Treasury Management Advisors recommended reducing the investment time limits to reflect market volatility):

Bank or Building Society	New Investment Time Limit
Santander (UK)	Overnight
Lloyds	1 Month
Bank of Scotland	1 Month
Barclays	1 Month
HSBC	3 Months
Royal Bank of Scotland	1 Month
National Westminster Bank	1 Month
Nationwide Building Society	1 Month
Standard Chartered	3 Months

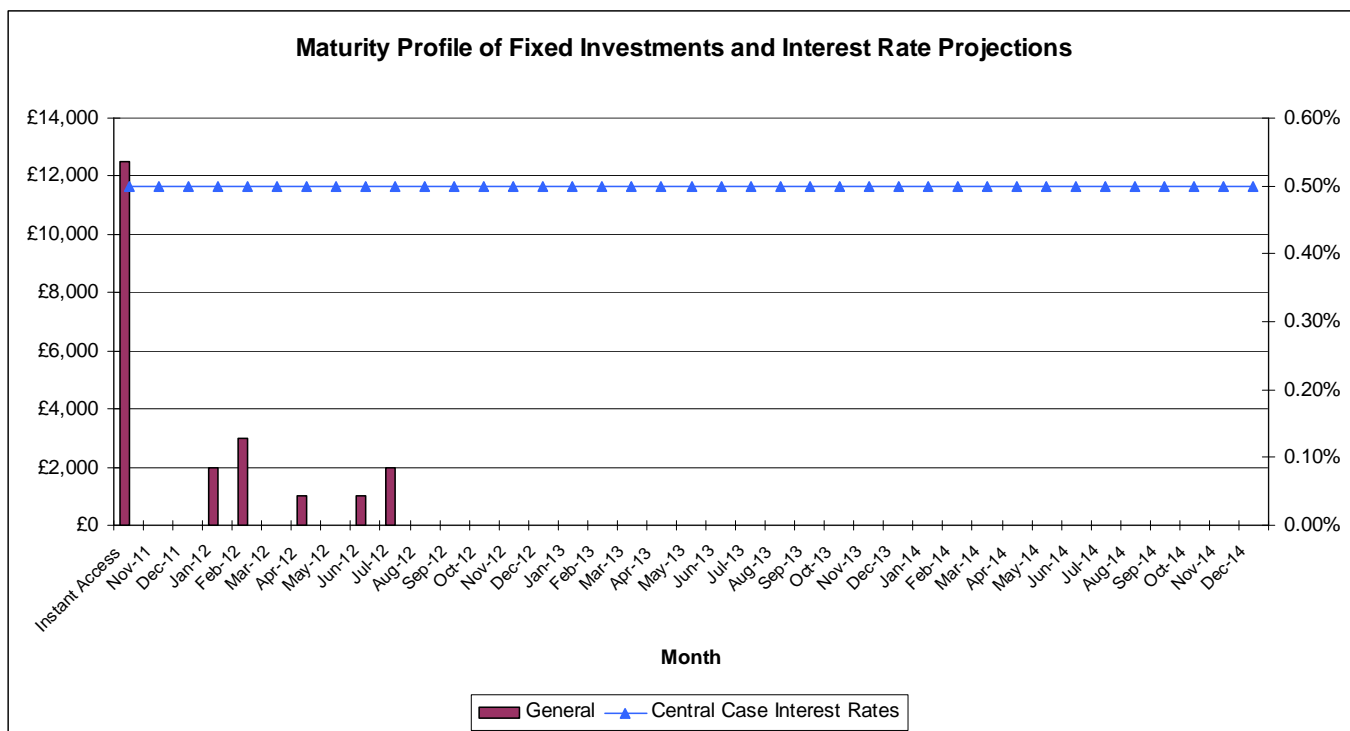
5.5 To manage the interest rate risk we are spreading investment maturities. The average length of investments we have made in 2011/12 is **80 days**.

5.6 The table below shows a breakdown of our investments at 31 December 2011 :

Counterparty	Principal (£m)	Matures	Days to Maturity	% Rate	Credit Rating ² 31/12/11	Foreign Parent
Money Market Funds						
Deutsche Bank	2.0	Instant Access	1	0.72	AAA	N/A
Ignis	2.0	Instant Access	1	0.83	AAA	N/A
Insight	2.0	Instant Access	1	0.77	AAA	N/A
Prime Rate	2.0	Instant Access	1	0.90	AAA	N/A
Other Counterparties						
Santander	2.0	Instant Access	1	0.75	A+	Yes
National Westminster Bank	1.5	Instant Access	1	0.80	A	No
Royal Bank of Scotland	1.0	Instant Access	1	0.80	A	No
Bank of Scotland	1.0	16/04/2012	107	2.05	A	No
Barclays Bank	1.0	13/02/2012	44	1.31	A	No
Barclays Bank	1.0	20/06/2012	172	1.47	A	No
Lloyds TSB	2.0	18/07/2012	200	2.05	A	No
Nationwide	2.0	23/01/2012	23	1.02	A	No
Midlothian Council	1.0	15/02/2012	46	0.38	AAA	N/A
Fife Council	1.0	24/02/2012	55	0.35	AAA	N/A
Total	£21.5m					

² This is the lowest rating provided by the three credit rating agencies - Moodys, Fitch and Standard and Poors.

5.7 The maturity profile of our investments together with interest rate projections at December 2011 are shown in the graph below :



Liquidity

5.8 Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the financial year. In 2011/12 we have not needed to borrow temporarily. We currently use call accounts and Money Market Funds for short-term liquidity requirements, which gives us same day access to funds if we require them.

Yield

5.9 To date in 2011/12, we have achieved an average interest rate of **1.08%** and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate, which was **0.49%**. In addition, to compare performance with longer-term benchmarks, the average 1 month LIBID rate is **0.55%**, the average 3 month LIBID rate is **0.84%** and the average 6 month LIBID rate is **1.16%**. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

5.10 Net Investment Income includes Investment Income receipts (excluding Car Loan Interest) and Interest Payments. The projected overall net Treasury Management position compared with budget is shown in the table below:

Details	2011/12 Approved	2011/12 Projected	2011/12 Variance
Average amount we had available to invest (£m)	12.44	14.20	1.76
Average Interest Rate (%)	1.16	1.08	(0.08)
Interest Receipts (£K)	£(133)K	£(167)K	£(34)K
Other interest (£K)	£13K	£13K	£0K
Net Investment Income (£K)³	£ (120)K	£(154)K	£(34)K

5.11 Our Interest Receipt forecast also includes a receipt from HMRC for lost interest earned on over paid VAT. This is residual income due from the Fleming Claim in 2009/10 and amounts to **£(24)K⁴**.

³ Excludes car loan interest of £4K.

⁴ VAT recovered from Her Majesty's Revenues and Customers (HMRC) in a one-off voluntary disclosure claim related to a national legal case known as the 'Fleming Case'. The Fleming Case capitalised on the absence of any 'breathing space' given to organisations to retrospectively claim VAT before a 3 year limit was implemented by HMRC. This meant the Council could claim back VAT paid on services which are now exempt.

6 The Bottom Line

6.1 Here we look at the spend by function, as used in our **Statements of Accounts**, focusing on the projected outturn compared to the Approved Budget and the bottom line.

What we plan to spend the money on : <i>Using the descriptors in accordance with the Service Reporting Code of Practice.</i>	Approved Budget £K	Revised Budget £K	Variation £K
Central Services incl. >> finance, revenue collection, personnel, emergency planning	1,565	1,078	(487)
Cultural, environmental and planning services, incl. >> culture and heritage, leisure and waste collection, planning, street cleansing, community safety, public conveniences, environmental health & licensing	9,543	9,668	125
Housing Services: incl. >> preventing homelessness, housing benefits	1,039	1,002	(37)
Highways, roads and transport incl. >> car parking, concessionary fares	(543)	(585)	(42)
Corporate and democratic core services incl. >> democratic representation, corporate management	2,330	2,304	(26)
Non-distributed costs incl. >> retirement benefits, capital charges non-operational assets	155	140	(15)
Net Cost of Services	14,089	13,607	(482)
Add – Interest Payments	12	12	0
Less – Income from Cash Investments	(136)	(194)	(58)
Less - Capital and Pension reserves	(2,155)	(2,155)	0
Less - Earmarked Reserves	(18)	(90)	(72)
Cost of Local Services met by Local and National Taxes	11,792	11,180	(612)
How we plan to fund this :			
Local Taxes – Council Tax	(5,389)	(5,389)	0
National Taxes – Formula Grant	(1,117)	(1,117)	0
Business Rates	(3,615)	(3,615)	0
Collection Fund Surplus	(5)	(5)	0
Council Tax Freeze Grant	(135)	(135)	0
New Homes Bonus Scheme Grant	0	(261)	(261)
Sub Total	(10,261)	(10,522)	(261)
Revenue Account Deficit to be met by a Contribution from/(to) General Reserves	£1,531K	£658K	£(873)K

6.2 What is the performance telling us?

- At the end of December 2011, the Council is forecasting a reduction in the requirement of reserves of **£0.873m** to meet the Cost of Local Services. This largely reflects our 2011 Budget Reduction Programme that identified Revenue savings of **£0.881K** (and *Capital savings of £6K*) in the financial year 2011/12. We anticipate that these reductions will be achieved by the end of the year.
- In addition to this we have identified net budgetary pressures of just **£8K**. This is a combination of movements in the Culture & Leisure areas, as a result of unanticipated falls in income related to a reduction in consumer spend and the economic climate. These are broadly offset by improved Car Park trading, a Business Rates rebate at our Leisure Centres and reduced costs in administration of our Revenues and Benefits service. These predictions form our Revised Budget for 2011/12 and are built into the Medium Term Financial Strategy for 2012-2015. During Summer 2012, we will report to Strategic Overview & Scrutiny and Cabinet on how we have performed against our Revised Estimate following end of the financial year.

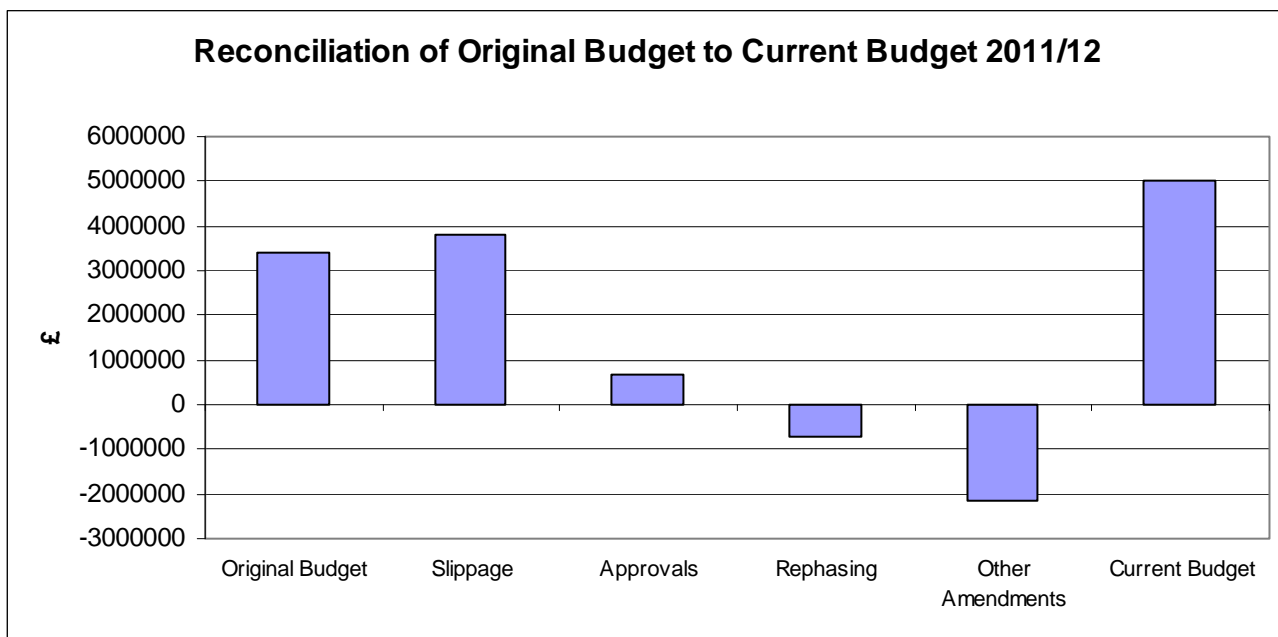
6.3 Working Balance, Reserves and Provisions

- The Council had General Reserves of **£3.407m** as at 31 March 2011. The Council is required to maintain an adequate Minimum Level of Reserves to ensure they represent an appropriately robust 'safety net' that adequately protects the Council against potential unbudgeted costs. Currently this is held at **£1m** representing **8.9%** of the cost of local services.
- As at December it is estimated that the 2011/12 contribution from general reserves will be **£0.658m** leaving a total reserves position of **£2.749m**. After taking account of the minimum level of reserves of **£1m** this will leave a balance of **£1.749m** to assist with the Medium Term Financial Forecast.

7 Investing in our Priorities – Capital

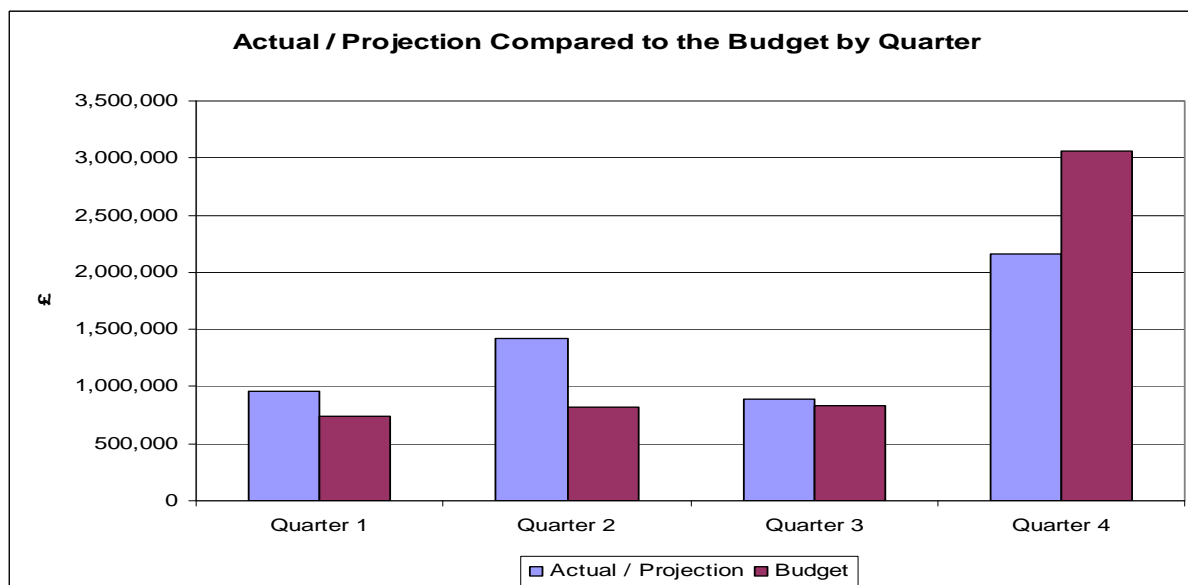
Management of the Capital Programme in 2011/12

- 7.1 The Council approved an original budget for 2011/12 of **£3,383K** on 22 February 2011.
- 7.2 There was slippage of **£3,824K** in the Capital Programme in 2010/11 that has been carried forward to 2011/12 and this has resulted in a revised budget for 2011/12 of **£7,207K**.
- 7.3 In addition, the Cabinet has approved several reports, and there have been some other minor changes under delegation that have increased the budget by a further **£1,230K**, the remaining budget in relation to the Chasewater Dam project of **£(2,057)K** has been removed and a number of further adjustments of **£(940)K** under delegation have been undertaken. Therefore, the current approved budget is **£5,440K**.
- 7.4 The reconciliation of the Original Budget to the Current Budget is also shown in the graph below :



How are we performing in 2011/12?

- 7.5 Below we show spend quarter by quarter in 2011/12 using performance against our current budget. The nine months performance shows that **138%** of budgeted spend was achieved.



7.6 Below and at **APPENDIX (ii)** we look at spend by top priority of the 2011/12 financial year focusing on the projected actual position for the year compared to the current budget.

Top Priority	Original Budget £K	Current Budget £K	Projected Actual £K	Variance £K	Note Ref
Create safe, strong and proud communities	60	105	105	0	
Improve people's health and well being	202	306	305	(1)	
Help people realise their potential	0	0	0	0	
Involve local people and partners	0	0	0	0	
Help people access a home that's right for them and to live independently	1,069	708	752	44	
Vibrant towns and villages	846	3,555	3,517	(38)	
Protect and enhance our environment for future generations	853	362	347	(15)	
Attract even more investment into our District	0	42	42	0	
Provide great value services centred on customer's needs	353	362	373	11	
Total Capital Expenditure	£3,383K	£5,440K	£5,441K	£1K	

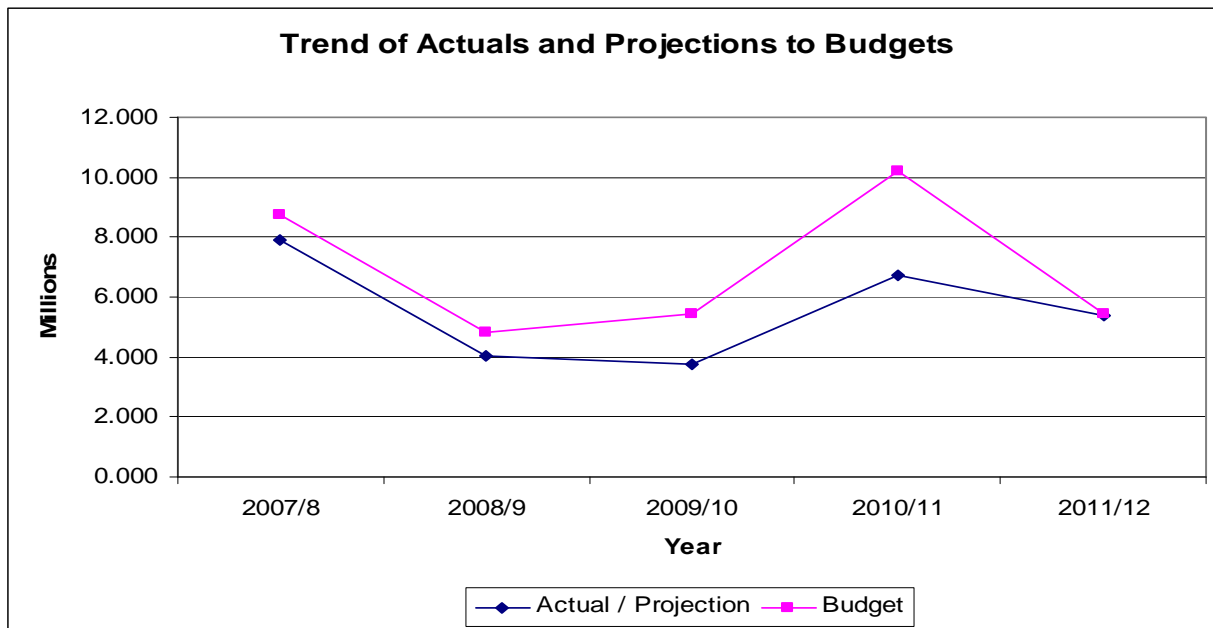
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KEY :

Projected outturn within £100K of our final budget ● Projected outturn not within £100K of our final budget

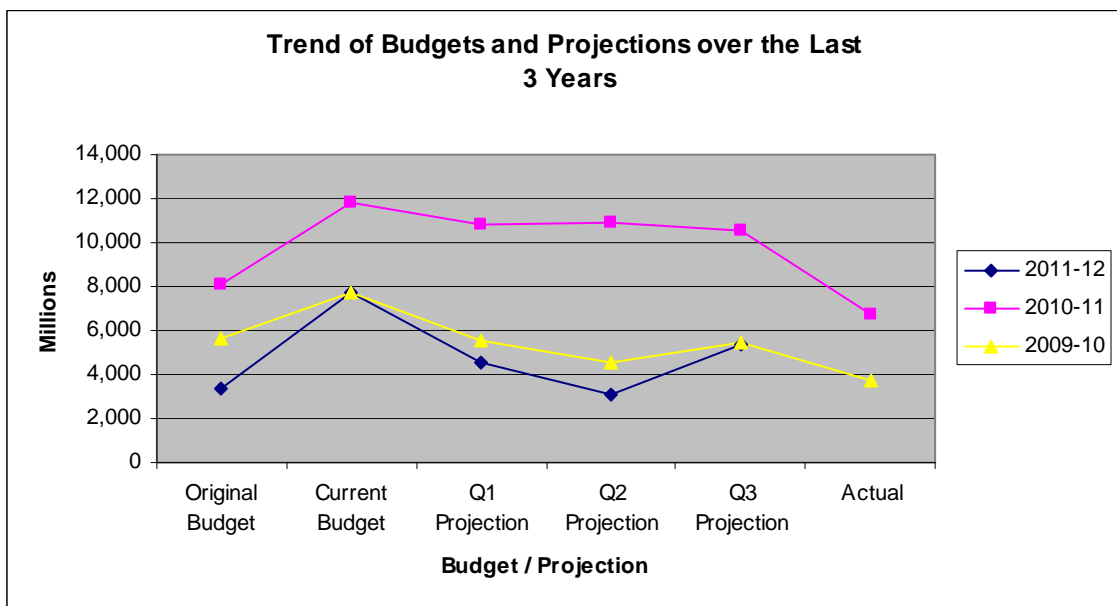
How does this year's performance compare to previous years?

7.7 The graph below compares actual capital spend with the budget for a 5 year period :



7.8 Previously, during this 5 year period, the Council has under spent its capital programme between **10%** and **34%** compared to the final budget. The widening of the "gap" in 2010/11 is due to the inclusion of two major projects within the Capital Programme and the complexities that have resulted during their implementation.

7.9 It is also useful to analyse the trend of budgets, projections and the actual spend in a financial year to see if we can identify a trend to enable us to project our capital spend more accurately. The trend analysis shown in the graph overleaf shows budget, projections and actual spend in the recent 4 financial years and this identifies areas we can manage our performance more effectively in terms of capital spend. We can see the trend is similar for all four years and our revised budget is higher than our original budget (due to slippage) and our projections for capital spend reduce throughout the financial year.



Capital Investment at Burntwood Leisure Centre

7.10 The Council is required, under the terms of the funding agreement with the National Lottery in relation to the Burntwood Leisure Centre, to set aside resources to be used for the future repair and renewal of the centre in a 'sinking fund'. Both the level of investment and the centre in terms of the District Council's leisure provision is significant, therefore monitoring information is provided in **APPENDIX (iii)** for all approved projects in 2011/12.

Capital Programme Monitoring Summary for 2011/12

<u>Top Priority</u>	Year to Date Spend as at 9 months 2011			Annual Spend for 2011/12			
	Profiled Budget £K	Actual Spend £K	Variance £K	Original Budget £K	Current Budget £K	Projected Outturn £K	Variance £K
Create safe, strong and proud communities	105	63	(42)	60	105	105	0
Improve people's health and well being	151	138	(13)	202	306	305	(1)
Help people realise their potential	0	0	0	0	0	0	0
Involve local people and partners	0	0	0	0	0	0	0
Help people access a home that's right for them and to live independently	520	499	(21)	1,069	708	752	44
Vibrant towns and villages	637	1,847	1,210	846	3,555	3,517	(38)
Protect and enhance our environment for future generations	667	340	(327)	853	362	347	(15)
Attract even more investment into our District	30	29	(1)	0	42	42	0
Provide great value services centred on customer's needs	270	212	(58)	353	362	373	11
TOTAL	£2,380K	£3,128K	£(748)K	£3,383K	£5,440K	£5,441K	£1K

Burntwood Leisure Centre: Capital Investment.

An Annual Sink Fund Plan is produced setting out a range of projects which will be required for essential repairs and the replacement of equipment / machinery in order to protect the asset of the building and to keep the facility up to date with industry changes. Individual applications are developed for each project as they come on stream and are approved by the relevant portfolio holders and directors prior to implementation.

Projects are initially identified in the annual sinking fund plan; to date, the applications detailed below have been included in the budget.

Project Name	Year to Date Spend as at 9 months 2011			Annual Spend for 2011/12			
	Profiled Budget	Actual Spend	Variance	Current Budget	Projected Outturn	Variance	Comments
	£K	£K	£K	£K	£K	£K	
Planned maintenance	32	42	10	45	45	0	Planned small-scale enhancement expenditure. This is the sinking fund element of the project; in addition, £15K of Section 106 and £3K of other external funding has been awarded.
Third Senior Grass Pitch	22	22	0	22	22	0	
Swimming Pool Enhancements	37	36	(1)	37	36	(1)	Enhancement to chemical pumps and their controllers.
Security Barriers	14	14	0	14	14	0	Enhanced security barriers.
Regrouting Programme	0	0	0	3	3	0	Second phase of the wet area tile Regrouting.
TOTAL	£105K	£114K	£9K	£121K	£120K	£(1)K	