

CABINET

2 July 2014

FINANCIAL OUTTURN REPORT AND RESERVES STATEMENT - 2013/14

Relevant Portfolio Holder	Councillor Roger Hollingworth, Portfolio Holder for Finance, Partnerships and Economic Development
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To present members with the financial information for the year ended 31 March 2014. This includes:

- a) Financial Outturn Information 2013/14 for Revenue and Capital Spend
- b) To advise members on the earmarked reserves for the year ending 2013/14 and to seek members approval on the creation of new reserves which are required to support future plans of the Authority

2. RECOMMENDATIONS

- 2.1 That Cabinet note the outturn financial position on Revenue and Capital as detailed in this report and the transfer to balances of £647K.**

That Cabinet recommend to Council:

- 2.2 approval of the movements of £88K in existing reserves as included in Appendix 1 which reflects the approval required for April - March 2014.**
- 2.3 approval of the addition of new reserves of £495k as included in Appendix 1. This reflects the approval required for April - March 2014.**
- 2.4 approval of a capital bid of £80K for Hagley Teenage provision to be funded from S106 contributions.**

3. KEY ISSUES

Financial Implications

Financial Position For The Year

- 3.1 The Finance Budget Monitoring Report has been presented to Members on a quarterly basis during 2013/14. This report presents a summary of the final financial position for the financial year. This ensures Members have a full financial position statement of the Council's activities before the formal Statement of Accounts document is approved.
- 3.2 The accounts for 2013/14 are in the process of being prepared and as part of the closedown process a review of reserves and provisions has been undertaken.
- 3.3 A number of reserves have been utilised during the financial year and additional funds have been allocated to existing reserves. The net position on the current reserves is shown in Appendix 1.
- 3.4 In discussion with Heads of Service and in considering the future plans of the Authority, a number of new reserves have been proposed, together with the release of funds currently set aside.
- 3.5 The new reserves that are proposed are included at Appendix 1.
- 3.6 If approval is granted to the proposed reserves as identified above, the revised position will be £2.577million to fund future plans of the Authority. The full schedule including the new reserves is attached at Appendix 1.

Revenue Budget

- 3.2 The Revenue Account produced a year end surplus of £647K compared to a revised budgeted deficit of £136k, an improvement of £783K. This is due to a number of factors detailed in this report. In addition during 2013/14 officers were requested to ensure that any expenditure on general non-essential items was reviewed to ensure that the balances position for the Council was protected in light of the severity of the cuts anticipated. The significant underspend has enabled the Council to increase the amount transferred to balances to support future one off budget pressures and to mitigate the continuing reduction in Government funding.
- 3.3 The increase in balances has resulted in a current position of £3.740m of available for one off items of expenditure (minimum approved level £1.1m).

A separate table for each department plus a council summary is shown on the following pages.

3.5 The Council Revenue Summary is detailed below:-

Service Head	Revised Budget 2013/14 £'000	Actual spend April - Mar £'000	Variance April - Mar £'000
Environmental Services	3,750	3,863	113
Community Services	1,921	1,857	-64
Regulatory Services	577	573	-4
Leisure & Cultural Services	1,937	1,728	-209
Planning & Regeneration	1,331	1,304	-27
Customer Access & Financial Support	819	703	-116
Finance & Resources	-78	0	78
Legal & Democratic Services	1,117	1,082	-35
Business Transformation	337	7	-330
Corporate Services	1,660	1,678	18
SERVICE TOTAL	13,371	12,795	-576
Capital Expenditure charged to Revenue	62	62	-
Other Non-service Income	-13,899	-14,008	-109
Interest on Investments	-67	-78	-11
Interest on Borrowing	75	-	-75
General Transfer to/from earmarked reserves	594	582	-12
Transfer to/from General Fund Reserves	-136	647	783
COUNCIL SUMMARY	-	-	-

Environmental Services	Financial Year 2013 /14
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Revenue Budget summary Financial Year 2013 /14 – Environmental Services

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
Car Parks/Civil Parking Enforcement	-543	-524	19
Cemeteries/ Crematorium	68	48	-20
Cesspools/ Sewers	-53	-11	42
CMT	1	0	-1
Depot	-30	-39	-9
Grounds Maintenance	566	553	-13
Highways	190	163	-27
Refuse & Recycling	2,297	2,422	125
Street Cleansing	1,217	1,202	-15
Transport	-41	-28	13
Waste Management Policy	-6	-12	-6
Climate Change	36	26	-10
Land Drainage	48	63	15
TOTAL	3,750	3,863	113

Commentary -

- Car Park income was £31k less than expected due to a reduction in usage. However, the overall deficit was reduced to £19k due to savings on the contract with Wychavon District Council
- Cemetery income was higher than expected for the year.
- The costs associated with the work undertaken at the pumping stations has resulted in a shortfall in cesspool income. This is being reviewed at present to ensure the work can be funded in future years.
- £22k of the surplus on Highways relates to income generated from

CABINET

2 July 2014

other Councils

- Major repairs to waste freighters have accounted for approx. £46k of the deficit and this has been compounded by increased agency costs to cover sickness. Trade waste tipping charges payable to the County were also higher than expected.
- Street cleansing – there have been staff savings within this service
- Land Drainage – additional drainage works were carried out at Callowbrook of £10k

The above issues have been addressed as part of the Medium Term Financial Plan and managers have secured new vehicles to reduce the requirement for maintenance charges.

Community Services	Financial Year 2013 /14
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Revenue Budget summary Financial Year 2013 /14 – Community Services

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April – June £'000	Variance April - Mar £'000
Housing Strategy	1,327	1,285	-42
Community Safety & Transport	574	553	-21
Community Cohesion	20	19	-1
TOTAL	1,921	1,857	-64

Commentary -

- Reduction in the cost of running the community transport scheme, due to contract being renegotiated
- A salary saving in community safety due to a member of staff taking a career break.
- Reduced spending by the Housing Enabling team on supplies and services.

Revenue Budget summary Financial Year 2013 /14 – Leisure and Cultural Services

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
Business Development	133	91	-42
Cultural Services	324	295	-29
Parks & Open Spaces	464	442	-22
Sports Services	1,016	900	-116
TOTAL	1,937	1,728	-209

Commentary –

- **Business Development**
 - The maintenance costs of the Council House have reduced due to the lower occupancy levels and a reduction in preventive maintenance as we prepare to move to Parkside. This is also supported by an increasing amount of work that is now done by our own staff rather than external contractors. This has been included as a saving within the 2014/15 budget.
 - The Christmas Lights have been procured at a lower price and installed by existing staff rather than contractors, and a saving has been included within the 2014/15 budget.

- **Cultural Services:**
 - There are vacancy savings which will be addressed as part of a service review in 2014/15.
 - The cost of the events programme as a whole was lower than anticipated.

- **Parks & Open Spaces:**
 - As a result of poor weather conditions, a focus on essential spend only and one-off vacancy savings, the Parks team have performed better than anticipated.

- **Sports Services:**
 - Maintenance costs and car parking charges for the Dolphin Centre were lower than anticipated and a saving has been included within the 2014/15 budget.
 - The casual staff budget for Sports Development is no longer required at the same level, as the current delivery model is designed to increase community provision and create

sustainable exit routes outside of BDC direct control. This has been included as a saving within the 2014/15 budget.
- Expenditure on Sports Development projects was lower than anticipated as existing earmarked reserves were utilised.

Planning and Regeneration

Financial Year 2013 /14

Revenue Budget summary Financial Year 2013 /14 – Planning and Regeneration

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
Building Control	-48	-38	10
Development Control	470	510	40
Strategic Planning	479	452	-27
Economic & Tourism Development	216	167	-49
Emergency Planning	13	13	0
Town Centre Development	201	200	-1
TOTAL	1,331	1,304	-27

Commentary -

The underspend within Strategic Planning is a salary vacancy which was not filled until the new financial year there has also been savings on printing and stationery.

There has been an overspend in Development Control due to having to use additional staff to cover the back log of planning applications.

Economic Development was underspent due to officers reviewing the needs across the District. All allocated funds are now committed for use in 2014/15.

Regulatory - Client	Financial Year 2013 /14
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Revenue Budget summary Financial Year 2013 /14 – Regulatory Client

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
Environmental Health	754	746	-8
Licensing	-177	-173	4
TOTAL	577	573	-4
No significant variances			

Customer Access & Financial Support	Financial Year 2013 /14
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Revenue Budget summary Financial Year 2013 /14 – Customer Access & Financial support

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
Customer Services	-31	0	31
Central Overheads	44	0	-44
Revenues & Benefits	806	703	-103
TOTAL	819	703	-116

CABINET

2 July 2014

Commentary -

The over spend on Customer Services is due to redundancies and pension strain resulting from the restructure that has been implemented to deliver savings.

The under spend on Central overheads is due to a much lower final charge for Valuation Services from Worcestershire County Council which has been included in the 2014/15 savings.

The under spend on Revenue and Benefits Services is due to a number of factors including; additional court cost income received, savings on postage during the end of year billing period, vacancy savings and additional income from the Housing Benefit Subsidy.

Finance and Resources

Financial Year 2013 /14

Revenue Budget summary Financial Year 2013 /14 – Finance and Resources

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
Accounts & Financial Mgmt	-78	0	78
TOTAL	-78	0	78

Commentary

The overspend on Accounts & Financial Management is severance costs following the recent Head of Service restructure which has resulted in the delivery of annual savings.

Legal, Equalities and Democratic Services	Financial Year 2013 /14
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Revenue Budget summary Financial Year 2013 /14 – Legal, Equalities and Democratic Services

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
Democratic Services & Member Support	977	947	-30
Elections & Electoral Services	185	153	-32
Legal Advice & Services	10	7	-3
Land Charges	-55	-25	30
TOTAL	1,117	1,082	-35

Commentary –

There have been further savings made within Democratic services due to a vacant post and lower internal recharges. The under spend within Members Services is due to several things, mainly being less Member visits than anticipated and less expenditure from Civic Expenses.

Electoral Services savings were made due to printing and associated costs being lower than expected, and also having a vacant post which was anticipated to be filled within the last quarter.

The over spend within Local Land Charges is due to a severance costs, also lower income received than anticipated.

Business Transformation	Financial Year 2013 /14
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Revenue Budget summary Financial Year 2013 /14 – Business Transformation

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance April - Mar £'000
IT Services	205	0	-205
Business Transformation	23	0	-23
Policy & Performance	28	7	-21
Human Resources & Welfare	81	0	-81
TOTAL	337	7	-330

Commentary –

There have been a significant number of staff vacancies within IT Services throughout the year which have increased the savings. The savings within the service also relates to a reduction in the spend on both hardware and software.

The savings within Business Transformation are due to staff vacancies within the department.

The savings within are HR are due to the underspend with the corporate training budget as a training assessment review has been carried out to ensure the training plans meet staff needs.

Corporate Services	Financial Year 2013/14
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Revenue Budget summary Financial Year 2013 /14 – Corporate Services

Service Head	Revised Budget 2013 /14 £'000	Actual Spend April - Mar £'000	Variance to date April - Mar £'000
Corporate Resources	1648	1678	30
Corporate Admin / Central Post / Printing	12	0	-12
TOTAL	1660	1678	18

Commentary –

There is an overspend on Corporate Management due to the costs associated with an Empty Homes Review which will increase the Council Tax income and New Homes Bonus for the authority in future financial years this was partially offset by increased interest received.

Other Savings (£12K) on postal costs, temporary vacancy in print/graphics and communications underspend on marketing.

CABINET

2 July 2014

Capital Budget

3.8 The Capital Budget relates to assets purchased or improvements to Council facilities.

3.9 Capital Summary 2013/14

Department	Latest Budget 2013/14 £'000	Carry Forward to 2014/15 £'000	Revised Budget 2013/14 £'000	Actual spend 2013/14 £'000	Variance £'000
Business Transformation	34	0	34	29	(5)
Environmental Services	731	(63)	668	666	(2)
BDC Regulatory Client	55	(19)	36	6	(30)
Planning & Regeneration	974	(508)	466	478	12
Community Services	1,022	(361)	661	661	0
Leisure & Cultural Services	869	(178)	691	697	6
Support Service Recharges	21	0	21	0	(21)
TOTAL	3,731	(1,129)	2,602	2,560	(42)

Commentary-

During the course of the financial year delivery of the capital programme was reviewed and £5.1 million was reprofiled to 2014/15, resulting in the latest budget of £3.7 million for 2013/14. Due to slippage a further £1.1 million has been carried forward to 2014/15 (as shown in the table above).

3.10 The carried forwards were approved by the S151 officer under delegated authority

Treasury Management

- 3.12 For the year to 31st March 2014 the Council received net investment income amounting to £78K against budgeted receipts of £67K. This income arises on interest earned on in-house managed funds (cash currently surplus to cash flow requirements that is placed on short-term deposit).
- 3.13 Due to advice received the Council is maintaining its stance of depositing in ultra low risk investments. In our recent Investment Updates we have been advised to use named UK incorporated institutions as investment counterparties whose long-term ratings are currently in the 'double-A' category.
- 3.14 All funds are now managed internally within the Finance department with support from our advisors Arlingclose.

Revenue Balances

- 3.15 The revenue balances brought forward at 1st April 2013 was £3.093m. The revised estimate assumed that £136K would be transferred from balances as part of 2013/14 final position. The increased level of savings as detailed in this report has meant that an increased addition to balances of £647K has been made. The new level of balances is £3.740m, which can be utilised to fund one off items to deliver the priorities of the Council.

Hagley Teenage Provision 2014/15 Capital Bid

- 3.16 An increase to the Capital Programme of £80K is being requested, this is fully funded from S106 contributions.
- 3.17 The requirement for teenage provision in Hagley has been evidenced through the PPG17 report (Planning Permission Guidance 17). The report shows that Bromsgrove West has the greatest shortfall of young people's facilities and an assessment of provision by ward identifies Hagley as one of three wards in the District with the largest deficiency (0.13 ha).
- 3.18 Accessibility mapping further reinforces the inadequacy of current provision with residential areas in the Hagley and Clent wards shown to fall outside of a 15minute walk time of this type of provision. The recommendations from the report suggest we should priorities these areas for the development or re-profiling of new facilities for young people in Bromsgrove West, particularly within the Hagley and Clent wards.

- 3.19 Hagley park is centrally located within the centre of Hagley village and is more easily accessible for young people to walk/travel. We therefore recommend the investment for young people within this location to support the provision standards within PPG17 for provision and accessibility.

Legal Implications

- 3.20 Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 3.21 Section 25 of the Local Government Act 2003 places a specific personal duty on the Chief Financial Officer to report on the adequacy of reserves and the robustness of the budget.

Service/Operational Implications

- 3.22 The effective management of financial arrangements ensures the Council objectives can be met.
- 3.23 The Council currently sets aside specific amounts as reserves for future policy purposes or to cover contingencies. In addition the Council has specific provisions for liabilities or losses that result from past events.
- 3.24 In June 2009, Council approved a policy to ensure relevant approval was in place to create and release reserves to support and enhance the delivery of the priorities of the Council.

Customer / Equalities and Diversity Implications

- 3.25 The effective use of our resources, as detailed in the statement ensures funds are appropriately utilised to meet customer demand.
- 3.26 The adequate provision of reserves will ensure the Council has appropriate funds in place to meet future demands of its customers.

CABINET

2 July 2014

4. RISK MANAGEMENT

The Financial Services risk register includes the preparation of the accounts and the controls in place to ensure the accounts are closed within the deadline and are accurate and transparent.

The closedown of the accounts and the relevant accounting treatment of provisions and reserves is contained within the Financial Services Risk Register and monitored on a quarterly basis

5. APPENDICES

Appendix 1 – Statement of Earmarked Reserves 2013/14

6. BACKGROUND PAPERS

None.

AUTHOR OF REPORT

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