

APRIL - JUNE (QUARTER 1) FINANCE MONITORING REPORT 2014/15

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

- 1.1 To report to Cabinet on the Council's financial position for the period April -June 2014 (Quarter 1 – 2014/15)

2. RECOMMENDATIONS

- 2.1 That the financial position for the period April – June 2014 be noted.

3. KEY ISSUES

- 3.1 This report provides details of the financial information across the Council. The aim is to ensure officers and members can make informed and considered judgement of the overall position of the Council. The report is currently based on the departments within the Council. The aim is to report the financial position across the strategic purposes in future reports.
- 3.2 This report includes both revenue and capital expenditure with a summary for the Council followed by the departmental analysis of expenditure.

**Revenue Budget summary
Quarter 1 (April – June) 2014/15 – Overall Council**

Service Head	Revised Budget 2014/15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
BDC Reg Client	612	26	22	-4	596	-16
Business Transformation	110	569	558	-31	68	-42
Community Services	2,507	215	172	-42	2,432	-76
Corporate Resources	1,832	566	557	-9	1,818	-14
Customer Access & Financial Support	951	-742	-736	6	956	5
Environmental Services	3,682	59	52	-7	3,731	49
Finance & Resources	0	101	101	0	0	0
Legal & Democratic Services	1,330	176	174	-2	1,330	0
Leisure & Cultural Services	1,965	593	594	1	1,966	1
Planning & Regeneration	1,276	157	165	8	1,243	-33
SERVICE TOTAL	14,264	1,720	1,660	-79	14,140	-124
Interest Payable	283	71	0	-71	283	0
Interest on Investments	-58	-15	-14	0	-58	0
COUNCIL SUMMARY	14,489	1,776	1,646	-150	14,365	-124

Financial Commentary:

The position at the end of the first quarter shows that there is projected underspend for the financial year of £124k across all departments.

The underspends are mainly as a result of vacant posts and renegotiation of contracts. These savings are offset by a number of income shortfalls in car parking and additional maintenance costs on the environmental services fleet.

**Capital Budget summary
Quarter 1 (April -June) 2014/15 – Overall Council**

Department	Revised latest Budget 2014-15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Business Transformation	9	9	9	0	9	0
Community Services	939	939	414	-524	939	0
Environmental Services	2,540	245	209	-36	2,540	0
Leisure & Cultural Services	2,835	113	112	-1	2,834	-1
Planning & Regeneration	4,920	4,920	1,035	-3,885	4,929	8
Regulatory Services	0	0	0	0	19	0
COUNCIL SUMMARY	11,243	6,226	1,780	-4,447	11,295	7

Financial Commentary

The Capital schemes represent expenditure incurred on developments and purchase of new plant, fleet and machinery. The majority of projects are anticipated to be fully committed by the end of the year however there are a number currently underspent due to the timing of the project or procurement being undertaken.

**Environmental Services
Quarter 1 (April - June) 2014/15**

Revenue Budget Summary

Service Area	Revised Budget 2014- 15 £'000	Budget April - June £'000	Actual Spend April June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Car Parks/Civil Enforcement Parking	-475	-34	-17	17	-431	44
Bereavement Services	82	10	8	-2	70	-12
Cesspools/Sewers	-94	-29	-18	11	-56	38
CMT	0	13	13	0	0	0
Depot	15	207	180	-27	-49	-64
Grounds Maintenance	635	95	93	-2	622	-12
Highways	250	38	31	-7	237	-13
Refuse & Recycling	1,963	-441	-423	18	2,046	82
Street Cleansing	1,274	191	176	-15	1,257	-16
Transport	-40	-15	-15	0	-42	-2
Waste Management, policy, promotion, management	-5	-1	-1	0	-3	3
Climate Change	16	4	4	0	17	1
Land Drainage	61	21	22	0	62	1
Grand Total	3,682	59	52	-7	3,731	49

Financial Commentary:

- Income from off street/on street parking enforcement is less than anticipated. Wychavon District Council who provide the parking service under an SLA agreement are currently investigating the variances.
- There is a projected overspend on cesspools due to additional costs associated with the pumping station at Frankley Green. This is currently being investigated by officers.
- Salary savings account for most of the underspend on Depot Services.
- Major vehicle repairs have taken place during the first quarter within the Refuse and Recycling service and accounts for the majority of the projected overspend. Officers are reviewing all vehicles to ensure that maintaining remains better value than purchase of new fleet. However vehicle replacement is due to take place during the latter stages of 2014/15.

Capital Budget Summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
North Cemetery Phase 2	479	1	1	0	479	0
Refuse collection vehicle replacement programme	2,025	208	208	0	2,025	0
Cemetery Toilets	0	0	0	0	0	0
Depot Security	0	0	0	0	0	0
Rollout of bins for round extensions	0	0	0	0	0	0
Flooding Mitigation Measures	36	36	0	-36	36	0
Total	2,540	245	209	-36	2,540	0

Financial Commentary:

- North Cemetery Phase 2 - the infrastructure review is now taking place. Budget has been reprofiled to reflect expenditure taking place at end of second quarter.
- Refuse Vehicle replacement programme is for Environmental Services Vehicles and plant. Procurement of vehicles is currently taking place.
- Flood Mitigation Measures - replacement of culvert grilles - the work has been undertaken but invoices have not yet been received

**Community Services
Quarter 1 (April - June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Housing Strategy	1,821	219	222	3	1,782	-39
Community Safety & Transport	580	-34	-80	-45	544	-35
Community Cohesion	107	30	30	0	105	-1
Grand Total	2,507	215	172	-42	2,432	-76

Financial Commentary:

- There has been a reduction in the cost of running the community transport scheme due to the contract being renegotiated.
- Within Housing Strategy there is a saving due to BDHT not increasing their contract by inflation for 2014/15.

Overview & Scrutiny Board

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Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Disabled facilities Grant	515	515	399	-116	515	0
Energy Efficiency Home Insulation Project	17	17	0	-17	17	0
Grants - affordable housing	313	313	10	-303	313	0
Implementation of Localism Changes	5	5		-5	5	0
Discretionary Home Repair Assistance & Housing Renewal Grants	89	89	5	-84	89	0
Total	939	939	414	-524	939	0

Financial Commentary:

- There has been less demand for Disabled Facilities grants during the first quarter of the year. Officers are continuing to work with residents to ensure all support is in place in their homes.
 - Affordable Housing grants relate to funds to support Registered Social Landlords and these have not yet been drawn on for 2014/15

**Leisure and Cultural Services
Quarter 1 (April – June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Business Development	110	309	311	2	110	0
Cultural Services	297	89	89	0	297	0
Leisure & Cultural Mgt	-4	24	24	0	-6	-2
Parks & Green Space	479	32	30	-2	476	-3
Sports Services	1,083	138	140	2	1,088	6
Grand Total	1,965	593	594	1	1,966	1

Financial Commentary:

- There are no significant variances to report at this quarter.

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Sports Facilities	2,224	0	0	0	2,224	0
Play Areas	494	113	112	-1	493	-1
Other Schemes	117	0	0	0	117	0
Total	2,835	113	112	-1	2,834	-1

Financial Commentary:

- Officers have advised that all schemes are scheduled to take place before the end of the financial year, so the budgets have been re-profiled to reflect the fact that expenditure will be in Quarter 2 - Quarter 4 (July 2014 – March 2015).

- The revised full year budget has been re profiled by £170k to reflect expenditure planned for 2015/16.

**Planning and Regeneration
Quarter 1 (April - June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Building Control	-26	-32	-6	26	-37	-10
Development Control	493	43	68	25	458	-35
Economic & Tourism Development	192	30	35	5	198	6
Emergency Planning / Business Continuity	14	3	3	0	16	2
Strategic Planning	550	101	53	-48	535	-15
Town Centre Development	53	12	13	0	55	1
Grand Total	1,276	157	165	8	1,225	-51

Financial Commentary:

- The overspend in quarter 1 within Economic & Tourism Development is due to the shortfall in income as a result of the changes to the market location. It is anticipated that this will not increase during the remainder of the year and the aim is to encourage further use of the new market stalls from September.

- Strategic Planning has a saving from a vacancy in the 1st quarter of 2014/15 however this has now been filled going into the 2nd quarter.

- Development Control and Building Control have seen shortfalls in income for the first quarter. It is anticipated that this will be offset by further income and savings within the service by the end of the financial year

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Town Centre Development - Project Management	38	38	0	-38	38	0
Town Centre - Public Realm	1,533	1,533	177	-1,356	1,533	0
Market Hall development site	0	0	8	8	8	8
Stourbridge Road development site	0	0	1	1	1	1
Parkside School	3,350	3,350	850	-2,500	3,350	0
Total	4,920	4,920	1,035	-3,885	4,929	8

Financial Commentary:

- There are a number of projects that are under construction within this service area. Both the redevelopment of Parkside and the High Street Improvements are committed to be fully spent by the end of the financial year.

**Regulatory - Client
Quarter 1 (April - June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Environmental Health	798	69	63	-6	778	-20
Licensing	-186	-42	-41	2	-182	4
Grand Total	612	26	22	-4	596	-16

Financial Commentary:

- There is currently an expected underspend on the Worcestershire Regulatory Services function for BDC.

**Worcestershire Regulatory Services
Quarter 1 (April - June) 2014/15**

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
BDC share of Regulatory - WETT shared service	0	0	0	0	19	0
Total	0	0	0	0	19	0

Financial Commentary:

• The expenditure for a new IT System is jointly funded by all partners in accordance with the business case. The £19k represents the financial cost for Bromsgrove and it is expected to be fully spent by the end of the financial year.

**Customer Access & Financial Support
Quarter 1 (April - June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Customer service centre	0	103	117	14	12	12
Financial Support	0	14	14	0	0	0
Revenues & Benefits	951	-863	-871	-9	944	-7
Valuation Services	0	4	4	0	0	0
Grand Total	951	-742	-736	6	956	5

Financial Commentary:

- The projected outturn variance for Customer Services is due to the reduction of income being received for the Worcestershire Hub which has been offset by savings within Revenues & Benefits.
- A review of Benefits & Fraud has been undertaken and further savings will be identified at Qtr 2.

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**Finance and Resources
Quarter 1 (April - June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Accounts & Financial Management	0	101	101	0	0	0
Central Overheads	0	0	0	0	0	0
Grand Total	0	101	101	0	0	0

Financial Commentary:

- There are no significant variances to report this quarter.

**Legal, Equalities and Democratic Services
Quarter 1 (April - June) 2014/15**

Revenue Budget Summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Democratic Services & Member Support	1,137	96	96	0	1,137	0
Election & Electoral Services	242	16	15	-1	242	0
Professional Legal Advice & Services	7	83	82	-1	7	0
Land Charges	-56	-19	-18	1	-56	0
Grand Total	1,330	176	174	-2	1,330	0

Financial commentary:

- There are no significant variances to report this quarter.

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**Business Transformation
Quarter 1 (April - June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
ICT	95	481	486	4	94	-1
Human Resources	0	76	46	-30	-38	-38
Transformation	0	4	6	3	0	0
Equalities	34	8	10	2	32	-1
Policy	-19	20	10	-10	-21	-2
Grand Total	110	569	558	-31	68	-42

Financial Commentary:

- There are a couple of posts within the HR department that are currently vacant and maternity leave cover is being provided internally. One of the posts has been filled and therefore the savings will not be as significant at the end of the financial year.

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - June £'000	Actual spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Infrastructure refresh and PSN	9	9	9	0	9	0
Total	9	9	9	0	9	0

Financial Commentary:

No significant variances at this quarter.

**Corporate Services
Quarter 1 (April - June) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - June £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Corporate Resources	1,832	496	486	-11	1,818	-14
Corporate Admin/ central post & printing	0	70	72	2	1	1
Grand Total	1,832	566	557	-9	1,818	-14

Financial Commentary:

- Communications have a projected saving of £14k on various budgets relating to marketing/promotion.

4. TREASURY MANAGEMENT

- 4.1 The Council's Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance prudential indicators and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.
- 4.2 The Council receives credit rating details from its Treasury Management advisers on a daily basis and any counterparty falling below the criteria is removed from the list of approved institutions.
- 4.3 Due to market conditions the Council has reduced its credit risk for all new investments by only investing in the highest rated instruments and has shortened the allowable length of investments in order to reduce risk.
- 4.4 At 30th June short term investments comprised:

	31st March 2014 £000	30th June 2014 £000
Deposits with Banks/Building Societies	10,000	13,000
Total	10,000	13,000

Income from investments and other interest

4.5 An investment income target of £58k has been set for 2014/15 using a projected return rate of 0.5%. During the past financial year bank base rates have remained 0.5% and current indications are projecting minimal upward movement for the short term.

4.6 In the 3 months to 30 June the Council received income from investments of £14k.

5. REVENUE BALANCES

5.1 Revenue Balances

The revenue balances brought forward at 1 April 2014 were £3.74m (subject to audit). Excluding the impact of any projected over or under spends it is anticipated that £124k will be transferred to balances during 2014/15.

Legal Implications

None.

Service/Operational Implications

All included in financial implications.

Customer / Equalities and Diversity Implications

None as a direct result of this report

7. RISK MANAGEMENT

7.1 Risk considerations covered in the report. There are no Health & Safety considerations

8. APPENDICES

None

9. BACKGROUND PAPERS

Available from Financial Services

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