

APRIL - SEPTEMBER (QUARTER 2) FINANCE MONITORING REPORT 2014/15

Relevant Portfolio Holder	Councillor Mike Webb, 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 Revenue and Capital for the period April -September 2014 (Quarter 2 – 2014/15)

2. RECOMMENDATIONS

- 2.1 That Cabinet note the current financial position on Revenue and Capital as detailed in the report.
- 2.2 To recommend to full council the drawdown of a Business Transformation earmarked reserve towards the Capital project Public Services Network compliance of £90k.

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 from April 2015 when the new financial system is implemented.
- 3.2 This report includes both revenue and capital expenditure with a summary for the Council followed by the departmental analysis of expenditure.

<p>Revenue Budget summary Quarter 2 (April – September) 2014/15 – Overall Council</p>
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3.3 Internal recharges have not been included in these figures to allow comparison for each service area. However Support costs have been included.

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/15 £'000	Projected Variance £'000
BDC Reg Client	154	40	24	-16	136	-18
Business Transformation	2,393	1,014	981	-33	2,365	-28
Community Services	2,378	727	708	-20	2,322	-56
Corporate Resources	1,984	1,039	1,041	2	1,998	15
Customer Access & Financial Support	567	-1,003	-1,013	-9	533	-34
Environmental Services	2,456	964	1,027	63	2,659	204
Finance & Resources	464	202	207	5	507	43
Legal & Democratic Services	832	384	364	-20	808	-24
Leisure & Cultural Services	2,362	1,031	1,016	-15	2,350	-11
Planning & Regeneration	712	402	393	-9	695	-18
SERVICE TOTAL	14,301	4,799	4,748	-52	14,374	73
Interest Payable	283	142	0	-142	0	-283
Interest on Investments	-58	-29	-23	6	-58	0
COUNCIL SUMMARY	14,526	4,912	4,725	-187	14,316	-210

Financial Commentary:

At the end of quarter 2 there is a predicted saving against budget of £210k. This includes a number of variances across services as detailed in this report. It also includes an shortfall in income relating to Environmental Services. The initial budget was based on £250k income realised from the potential sale of the Trade Waste service. Officers are now reviewing the position on Trade Waste to bring forward options that may be available for service delivery. It is anticipated that this will be presented to members in early 2015/16. In addition to the shortfall in income there has also been an increase in vehicle repairs and maintenance.

The savings on interest payable is due to an the initial budget including costs associated with borrowing to support the capital programme during 2014/15. This has not been required this year due to slippage on a number of capital schemes.

**Capital Budget summary
Quarter 2 (April -September) 2014/15 – Overall Council**

Department	Revised Budget 2014-15 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Regulatory Services	19	1	1	0	19	0
Business Transformation	90	45	45	-0	90	0
Community Services	939	647	578	-69	939	0
Environmental Services	2,540	194	202	8	2,540	0
Leisure & Cultural Services	2,835	244	244	-0	2,834	-0
Planning & Regeneration	4,993	3,904	3,907	3	4,997	4
Budget for Support Services Recharges to be allocated to the schemes at the end of 2014/15	0	0	0	0	25	0
TOTAL	11,397	5,035	4,977	-58	11,426	4

Financial Commentary

Due to the review of Environmental Services, there has been a delay in the procurement of vehicles. Officers are now developing timescales to ensure that the vehicles required can be purchased as soon as possible. This may mean that capital budget has to be carried forward to 2015/16 and officers will include the implications of the procurement into the next quarterly report.

**Regulatory - Client
Quarter 2 (April - September) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
BDC Reg Client	351	150	137	-13	330	-20
Environmental Health / Protection / Enforcement	-11	-7	-7	0	-9	2
Pest & Dog control	0	0	-3	-3	-4	-4
Public Health	0	0	0	0	0	0
Licenses (all)	-186	-103	-103	-0	-182	4
CMT	0	0	0	0	0	0
Grand Total	154	40	24	-16	136	-18

Financial Commentary:

There is currently an expected saving within the Worcestershire Regulatory Services function which will be shared across all partners and this represents the BDC share.

**Worcestershire Regulatory Services
Quarter 2 (April - September) 2014/15**

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
BDC share of Regulatory - WETT shared service	19	1	1	0	19	0
Total	19	1	1	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.

**Business Transformation
Quarter 2 (April - September) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
ICT	1,909	767	767	-0	1,908	-1
Human Resources	304	152	112	-40	281	-23
Transformation	65	33	43	10	66	1
Equalities	34	22	23	1	34	1
Policy	81	41	36	-5	77	-5
Grand Total	2,393	1,014	981	-33	2,365	-28

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 - Sept £'000	Actual spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Infrastructure refresh and PSN	90	45	45	-0	90	0
Total	90	45	45	-0	90	0

Financial Commentary:

Work continues with the PSN project, officers recommend that budget is drawn down from this specific reserve for this scheme, expected costs £90k.

**Community Services
Quarter 2 (April - September) 2014/15**

Revenue Budget summary

Service Area	Revised Budget 2014-15 £'000	Budget April - June £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Housing Strategy	1,769	521	513	-7	1,744	-25
Community Safety & Transport	497	157	144	-13	468	-29
Community Cohesion	111	49	50	1	110	-1
Grand Total	2,378	727	708	-20	2,322	-56

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.

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Disabled facilities Grant	515	435	424	-11	515	0
Energy Efficiency Home Insulation Project	17	9	0	-9	17	0
Grants - affordable housing	313	156	119	-37	313	0
Implementation of Localism Changes	5	2	0	-2	5	0
Discretionary Home Repair Assistance & Housing Renewal Grants	89	44	35	-10	89	0
Total	939	647	578	-69	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

**Corporate Services
Quarter 2 (April - September) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Corporate Resources	1,700	902	873	-29	1,656	-45
Corporate Admin/ central post & printing	283	137	131	-6	269	-14
Grand Total	1,984	1,039	1,004	-35	1,924	-59

Financial Commentary:

Within Communications there is a projected saving of £14k on various budgets relating to marketing/promotion. Savings within Corporate Services is due to the vacant post of Executive Director Planning & Regulatory

**Customer Access & Financial Support
Quarter 2 (April - September) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Customer service centre	330	172	172	-0	350	20
Financial Support	72	31	31	-0	65	-7
Revenues & Benefits	149	-1,208	-1,216	-9	101	-47
Valuation Services	16	1	0	-1	16	0
Grand Total	567	-1,003	-1,013	-9	533	-34

Financial Commentary:

Within Customer Services the variance is due to a reduction in funding from Worcestershire County Council. It is expected that this overspend will reduce over the next six months. Revenues & Benefits has an underspend due to a review of the Fraud Service and vacancy management.

**Environmental Services
Quarter 2 (April - September) 2014/15**

Revenue Budget Summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Car Parks/Civil Enforcement Parking	-623	-280	-264	16	-593	30
Cemeteries	32	18	1	-17	2	-30
Cesspools/Sewers	-108	-58	-28	30	-76	32
CMT	0	25	25	-0	-1	-1
Depot	690	367	322	-45	610	-80
Grounds Maintenance	441	199	191	-8	433	-7
Highways	174	70	48	-22	121	-52
Refuse & Recycling	937	228	370	142	1,308	371
Street Cleansing	882	386	357	-29	832	-51
Transport	-40	-28	-31	-3	-46	-6
Waste Management, policy, promotion, management	-5	-3	-3	-0	-6	-1
Climate Change	16	8	8	-0	15	-1
Land Drainage	61	30	30	-1	59	-2
Grand Total	2,456	964	1,027	63	2,659	204

Financial Commentary:

Income from off street/on street car parking enforcement is lower than anticipated. Officers will be meeting with Wychavon District Council who provides the parking service under an SLA agreement to discuss this and the SLA payments.

Bromsgrove Bereavement Services income is more than budgeted and accounts for the projected surplus.

Cesspools continue to show a deficit due to the removal of trade effluent at Frankley and other pumping stations.

Salary savings due to vacant posts within Depot services.

Savings within the Highways team are due to staff vacancies.

Within Refuse and recycling there is a £250k shortfall in the Trade Waste Service for 2014-15. This relates to the anticipated sale of the trade Waste Service. Officers are now exploring other options for developing the service but due to the timescales this will result in the saving not being achievable in this financial year.

Ongoing issues with vehicle breakdown within the service will continue until new freighters are received nearer the end of the financial year.

Staff vacancies account for the savings within Street Cleansing which is currently under review, which accounts for holding vacancies.

Capital Budget Summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
North Cemetery Phase 2	479	6	6	0	479	0
Refuse collection vehicle replacement programme	2,025	188	196	8	2,025	0
Flooding Mitigation Measures	36	0	0	0	36	0
Total	2,540	194	202	8	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. Procurement of vehicles is currently taking place, but procurement of other vehicles is on hold until the service review is completed.

Flood Mitigation Measures - replacement of culvert grilles - the work has been undertaken but invoices have not yet been received

**Finance and Resources
Quarter 2 (April - September) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Accounts & Financial Management	434	202	207	5	477	43
Central Overheads	30	0	0	0	30	0
Grand Total	464	202	207	5	507	43

Financial Commentary:

The projected overspend is due to redundancy and pension strain costs following a service review.

**Legal, Equalities and Democratic Services
Quarter 2 (April - September) 2014/15**

Revenue Budget Summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Democratic Services & Member Support	483	209	195	-14	477	-6
Election & Electoral Services	175	68	76	8	161	-13
Professional Legal Advice & Services	266	147	136	-11	264	-3
Land Charges	-92	-41	-43	-2	-94	-2
Grand Total	832	384	364	-20	808	-24

Financial commentary:

In Democratic Services officers have been working with the Member Development Steering Group to identify a comprehensive training programme post 2015 election. It was therefore felt that a saving could be achieved in the final quarters of 2014/15 by reducing the training offering recognising that this is the final part of a 4 year term. Within Legal there is a saving in salaries taking account of a short term change in working pattern agreed for a member of staff.

**Leisure and Cultural Services
Quarter 2 (April – September) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Business Development	800	474	483	9	811	11
Cultural Services	287	140	141	1	285	-2
Leisure & Cultural Mgt	103	52	59	7	117	14
Parks & Green Space	337	78	72	-7	334	-3
Sports Services	835	286	262	-25	803	-32
Grand Total	2,362	1,031	1,016	-15	2,350	-11

Financial Commentary:

Business development income has reduced in relation to the Spadesbourne suite as we prepare to relocate to Parkside resulting in a predicted shortfall. Sports services is predicting an saving in sports development and car park refunds at the Dolphin Centre, however this may be mitigated during the busier months ahead.

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Sports Facilities	2,224	60	60	0	2,224	0
Play Areas	494	184	184	-0	494	-0
Other Schemes	117	0	0	0	117	0
Total	2,835	244	244	-0	2,834	-0

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 3 - Quarter 4 (Oct 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 2 (April - September) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Sept £'000	Actual Spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Building Control	-128	-73	-70	3	-111	17
Development Control	213	190	189	-1	154	-9
Economic & Tourism Development	150	85	92	7	220	20
Emergency Planning / Business Continuity	14	7	7	0	14	0
Strategic Planning	404	166	147	-19	366	-38
Town Centre Development	59	27	28	1	51	-8
Grand Total	712	402	393	-9	695	-18

Financial Commentary:

Strategic Planning has had a number of vacancies which will be filled by March 2015. Also a number of budgets will be underspent.
Building Control had a vacancy which is now filled.
Development Control planning applications are lower than the previous year but have assumed income will increase to budget.

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Sept £'000	Actual spend April - Sept £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Town Centre Development - Project Management	38	19	19	0	38	0
Town Centre - Public Realm	1,533	1,533	1,604	71	1,604	71
Market Hall development site	73	73	72	-1	73	0
Stourbridge Road development site	0	0	4	4	4	4
Parkside School	3,350	2,550	2,550	0	3,350	0
Total	4,993	4,174	4,248	74	5,068	75

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.

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 September short term investments comprised:

	31st March 2014 £000	30th September 2014 £000
Deposits with Banks/Building Societies	10,000	11,000
Total	10,000	11,000

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 6 months to 30 September the Council received income from investments of £23k.

5. REVENUE BALANCES

5.1 Revenue Balances

The revenue balances brought forward at 1 April 2014 were £3.74m. Excluding the impact of any projected over or under spends it is anticipated that £210k 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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