

APRIL - DECEMBER (QUARTER 3) 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 -December 2014 (Quarter 3 – 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 an increase to the Capital Programme for 2015/16 of £40k S106 monies from land off Regent Road, Oakalls development site to improve the quality of parks and open spaces in the Oakalls.

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.

**Revenue Budget summary
Quarter 3 (April – December) 2014/15 – Overall Council**

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 2014/14 £'000	Projected Variance £'000
BDC Reg Client	154	88	36	-52	114	-40
Business Transformation	2,429	1,186	1,161	-25	2,375	-55
Community Services	2,378	1,104	1,050	-53	2,271	-107
Corporate Resources	1,993	1,440	1,394	-46	1,945	-48
Customer Access & Financial Support	567	-97	-151	-55	516	-51
Environmental Services	2,506	1,268	1,449	181	2,771	265
Finance & Resources	464	280	298	17	496	33
Legal & Democratic Services	832	485	497	12	846	14
Leisure & Cultural Services	2,369	1,562	1,548	-14	2,338	-31
Planning & Regeneration	712	584	580	-4	714	2
SERVICE TOTAL	14,403	7,900	7,861	-40	14,385	-18
Interest Payable	283	212	0	-212	0	-283
Interest on Investments	-58	-31	-30	0	-58	0
COUNCIL SUMMARY	14,628	8,082	7,830	-252	14,327	-301

Financial Commentary:

At the end of quarter 3 there is a predicted saving against budget of £301k. 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 3 (April -December) 2014/15 – Overall Council**

Department	Revised Budget 2014-15 £'000	Profiled budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Regulatory Services	19	2	2	-0	19	-0
Business Transformation	90	90	70	-20	90	0
Community Services	562	562	400	-161	562	0
Environmental Services	235	235	235	-0	235	0
Leisure & Cultural Services	577	577	254	-323	578	2
Planning & Regeneration	4,327	4,327	4,306	-20	4,306	-20
Budget for Support Services Recharges to be allocated to the schemes at the end of 2014/15	25	0	0	0	25	0
TOTAL	5,834	5,792	5,268	-524	5,816	-18

Financial Commentary

Due to the review of Environmental Services, there has been a delay in the procurement of vehicles. Officers have now developed a programme for 15/16. This means that the capital budget has to be carried forward to 2015/16. The parkside project within Planning and Regeneration has also planned spend going into early 15/16.

**Regulatory - Client
Quarter 3 (April - December) 2014/15**

Revenue Budget summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
BDC Reg Client	351	236	193	-43	304	-47
Environmental Health / Protection / Enforcement	-11	-8	-7	1	-8	3
Pest & Dog control	0	0	-4	-4	-4	-4
Public Health	0	0	0	0	0	0
Licenses (all)	-186	-139	-146	-7	-179	7
CMT	0	0	0	0	0	0
Grand Total	154	88	36	-52	114	-40

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 3 (April - December) 2014/15**

Capital Budget summary

BDC share of Regulatory - WETT shared service	19	2	2	-0	19	-0
Total	19	2	2	-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 3 (April - December) 2014/15**

Revenue Budget summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
ICT	1,945	823	881	59	1,982	37
Human Resources	304	228	172	-55	239	-64
Transformation	65	49	40	-9	66	0
Equalities	34	25	35	10	32	-2
Policy	81	61	32	-29	55	-26
Grand Total	2,429	1,186	1,161	-25	2,375	-55

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.

An in year saving has been identified of £40k on training, however a programme is in place moving forward.

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Infrastructure refresh and PSN	90	90	70	-20	90	0
Total	90	90	70	-20	90	0

Financial Commentary:

Work continues with phase I of the PSN project, with work about to commence on Phase II.

**Community Services
Quarter 3 (April - December) 2014/15**

Revenue Budget summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
Housing Strategy	1,769	696	681	-15	1,712	-58
Community Safety & Transport	497	303	252	-51	449	-48
Community Cohesion	111	104	117	13	110	-1
Grand Total	2,378	1,104	1,050	-53	2,271	-107

Financial Commentary:

There has been a reduction in the cost of running the community transport scheme due to the contract being renegotiated. There has been an increase in income for lifeline services due to changes in funding. Within Housing Strategy there is a saving due to reduced spending as the BDHT management fees have not increased as expected and some salary savings due to temp vacancy. There has been a saving on HOS costs due to post being recruited on a lower salary point. These savings which have been identified have been included in the 2015/16 - 2017/18 Medium term financial Plan.

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Disabled facilities Grant	515	515	376	-139	515	0
Energy Efficiency Home Insulation Project	0	0	0	0	0	0
Grants - affordable housing	23	23	19	-4	23	0
Implementation of Localism Changes	5	5	0	-5	5	0
Discretionary Home Repair Assistance & Housing Renewal Grants	19	19	5	-14	19	0
Total	562	562	400	-161	562	0

Financial Commentary:

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 3 (April - December) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Corporate Resources	1,709	1,231	1,198	-33	1,667	-42
Corporate Admin/ central post & printing	283	209	196	-14	278	-5
Grand Total	1,993	1,440	1,394	-46	1,945	-48

Financial Commentary:

Communications services have a saving of £14k on various budgets relating to marketing/promotion. Saving within Corporate Services is due to the vacant post of Executive Director Planning & Regulatory. These savings identified have been included in the 2015/16 - 2017/18 medium term financial plan.

**Customer Access & Financial Support
Quarter 3 (April - December) 2014/15**

Revenue Budget summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
Customer service centre	330	234	235	1	341	11
Financial Support	72	46	42	-5	66	-6
Revenues & Benefits	149	-389	-440	-51	94	-54
Valuation Services	16	12	12	-0	15	-1
Grand Total	567	-97	-151	-55	516	-51

Financial Commentary:

During Quarter 3 it has been possible to reduce the expected overspend on customer services through management of resources made possible due to a reduction in demand being handled by the Customer Service Centre. The Revenues & Benefits underspend is due to savings achieved through Service Reviews and shared service arrangements with Redditch Borough Council, which has reduced the number of managers in the service.

**Environmental Services
Quarter 3 (April - December) 2014/15**

Revenue Budget Summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
Car Parks/Civil Enforcement Parking	-623	-513	-484	30	-617	5
Cemeteries	32	27	15	-11	13	-19
Cesspools/Sewers	-108	-80	-24	56	-41	67
CMT	50	38	37	-1	50	0
Depot	690	499	369	-130	598	-91
Grounds Maintenance	441	294	307	13	416	-25
Highways	174	104	71	-32	125	-49
Refuse & Recycling	937	317	627	310	1,295	359
Street Cleansing	882	573	547	-26	896	14
Transport	-40	-42	-63	-21	-41	-1
Waste Management, policy, promotion, management	-5	-4	-2	2	-2	3
Climate Change	16	12	14	2	17	1
Land Drainage	61	45	35	-10	61	1
Grand Total	2,506	1,268	1,449	181	2,771	265

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 account for most of the projected underspend.
- Savings within the Highways team are due to staff vacancies.
- A £250k saving was built into the Trade Waste Service for 2014-15 for the sale of the trade list. Members have asked Officers to look at some additional options for moving the service forward but due to the timescales, 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.

Capital Budget Summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
North Cemetery Phase 2	2	2	2	0	2	0
Refuse collection vehicle replacement programme	126	126	126	0	126	0
Flooding Mitigation Measures	36	36	36	0	36	0
Total	235	235	235	-0	235	0

Financial Commentary:

North Cemetery Phase 2 - work is now at a the design stage therefore the budget has been reprofiled to reflect expenditure taking place at the beginning of 2015/16.
 Refuse Vehicle replacement programme is for Environmental Services Vehicles. Some procurement of vehicles is taking place but the majority is on hold until the Environmental Services review .
 Flood Mitigation Measures - replacement of culvert grilles - the work has been undertaken but invoices have not yet been received

**Finance and Resources
Quarter 3 (April - December) 2014/15**

Revenue Budget summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
Accounts & Financial Management	434	250	266	16	465	32
Central Overheads	30	30	31	1	31	1
Grand Total	464	280	298	17	496	33

Financial Commentary:

The projected overspend is due to redundancy and pension strain costs following a service review. This has been reduced from Qtr 2 through vacant posts.

**Legal, Equalities and Democratic Services
Quarter 3 (April - December) 2014/15**

Revenue Budget Summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
Democratic Services & Member Support	483	306	303	-3	478	-5
Election & Electoral Services	175	80	83	3	175	-0
Professional Legal Advice & Services	266	186	183	-3	267	1
Land Charges	-92	-87	-72	15	-74	18
Grand Total	832	485	497	12	846	14

Financial commentary:

Staffing vacancy within Democratic Services has resulted in a small saving. At the time of reporting the European Election accounts had not been finalised. Members are advised that there is a likelihood that this area will result in an underspend once the election accounts have been agreed - it is not however possible to identify the extent of this underspend at this stage. Search requests are considerably lower than predicted in this final quarter resulting in under achieved income. This is however driven by the market and outside of our control.

**Leisure and Cultural Services
Quarter 3 (April – December) 2014/15**

Revenue Budget summary

Service Head	Revised Budget 2014/15 £'000	Profiled Budget 2014-15 £'000	Actual Spend 2014-15 £'000	Variance to date £'000	Projected Outturn 2014/14 £'000	Projected Variance £'000
Business Development	800	619	629	9	818	18
Cultural Services	272	301	295	-6	271	-1
Leisure & Cultural Mgt	119	89	94	5	118	-1
Parks & Green Space	354	117	122	5	355	1
Sports Services	824	443	404	-39	776	-49
Grand Total	2,369	1,570	1,543	-26	2,338	-31

Financial Commentary:

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

Capital Budget summary

Capital Project Description	Revised Budget 2014-15 £'000	Profiled budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Sports Facilities	74	74	64	-10	76	2
Play Areas	412	412	191	-221	412	-0
Other Schemes	91	91	-1	-92	91	0
Total	577	577	254	-323	578	2

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 4 (Jan – March 2015).

The revised full year budget has been re profiled to reflect expenditure planned for 2015/16

There is a new project for approval: £40k of S106 funding to be utilised to improve the quality of the parks and public open spaces in and around the Oakalls.

**Planning and Regeneration
Quarter 3 (April - December) 2014/15**

Revenue Budget summary

Service Area	Revised Latest Budget 14-15 FY £'000	Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Sum of Projected Variance £'000
Building Control	-128	-98	-72	25	-92	36
Development Control	213	147	149	2	169	6
Economic & Tourism Development	150	178	185	7	220	20
Emergency Planning / Business Continuity	14	10	10	-0	14	0
Strategic Planning	404	303	265	-38	351	-53
Town Centre Development	59	43	43	-0	53	-6
Grand Total	712	584	580	-4	714	2

Financial Commentary:

Strategic Planning has had a number of vacancies which will not be filled until early 2015/16. There are also a number of budgets that will be underspent.

Building Controls income is projected to be slightly down due to less demand on services.

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 - Dec £'000	Actual spend April - Dec £'000	Variance to date £'000	Projected Outturn 2014-15 £'000	Projected Variance £'000
Town Centre Development - Project Management	38	38	38	0	38	0
Town Centre - Public Realm	1,652	1,652	1,632	-20	1,632	-20
Market Hall development site	18	18	18	0	18	0
Stourbridge Road development site	4	4	4	-0	4	-0
Parkside School	2,615	2,615	2,615	-0	2,615	-0
Total	4,327	4,327	4,306	-20	4,306	-20

Financial Commentary:

There are a number of projects that are under construction within this service area. The redevelopment of the High Street Improvements are committed to be fully spent by the end of the financial year. The parkside development has commenced and will be continued going into early 15/16.

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 31st December short term investments comprised:

	31st March 2014 £000	31 st December 2014 £000
Deposits	10,000	12,500
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 31st December the Council received income from investments of £30k.

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 £301k 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

AUTHORS OF REPORT

Name: Sam Morgan – Financial Services Manager
Email: sam.morgan@bromsgroveandredditch.gov.uk
Tel: (01527) 549130 ext 3790
Name: Kate Goldey – Business Support Senior Accountancy Technician
Email: k.goldey@bromsgroveandredditch.gov.uk
Tel: (01527) 881208