

**FINANCE MONITORING REPORT 2014/15**

<b>Relevant Portfolio Holder</b>	Councillor Geoff Denaro, Portfolio Holder for Finance and Enabling Services
<b>Relevant Head of Service</b>	Jayne Pickering, Executive Director Finance and Corporate Resources
<b>Non-Key Decision</b>	

**1. SUMMARY OF PROPOSALS**

- 1.1 To report to Cabinet on the Council's financial position for Revenue and Capital for the Financial Year 2014/15

**2. RECOMMENDATIONS**

- 2.1 That Cabinet note the outturn financial position on Revenue and Capital as detailed in the report and transfer to balances of £403k

**That Cabinet recommend to Council:**

- 2.2 approval of the movements of £237k in existing reserves as included in Appendix 1 which reflects the approval required for April - March 2015.
- 2.3 approval of the addition of new reserves of £600k as included in Appendix 1. This reflects the approval required for April - March 2015.

**3. KEY ISSUES**

- 3.1 This report provides details of the financial information across the Council. The aim is to ensure officers and members have an accurate financial statement of the overall position of the Council. The report is currently based on the departments within the Council and has been presented to Members on a quarterly basis. 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><b>Revenue Budget summary Financial Year 2014/15 – Overall Council</b></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	Actual Spend 2014-15 £'000	Variance £'000
BDC Reg Client	146	98	-48
Business Transformation	2,432	2,290	-142
Community Services	1,891	1,745	-146
Corporate Resources	1,994	2,006	12
Customer Access & Financial Support	506	429	-76
Environmental Services	2,506	2,748	242
Finance & Resources	433	476	43
Legal & Democratic Services	784	667	-117
Leisure & Cultural Services	2,205	2,156	-48
Planning & Regeneration	657	816	158
<b>SERVICE TOTAL</b>	<b>13,554</b>	<b>13,432</b>	<b>-122</b>
Interest Payable	283	0	-283
Interest on Investments	-58	-56	2
<b>COUNCIL SUMMARY</b>	<b>13,779</b>	<b>13,376</b>	<b>-403</b>

**Financial Commentary:**

At the end of the financial year there is an overall saving against budget of £403k. This includes a number of variances across services as detailed in this report. It also includes a shortfall in income relating to Environmental Services. The overspend on Refuse & Recycling relates to the deferral of the sale of the trade waste list. It was anticipated that this would be sold in 2014/15 and an estimate of income receivable was included in the budget. However officers have proposed a review of this service to explore the options that may be available for the future. 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.

<p><b>Capital Budget summary</b>  <b>Financial Year 2014/15 – Overall Council</b></p>
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Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
<b>Worcestershire Regulatory Services</b>	19	17	<b>-2</b>
<b>Business Transformation</b>	156	159	3
<b>Community Services</b>	939	507	<b>-432</b>
<b>Environmental Services</b>	2,540	281	<b>-2,259</b>
<b>Finance &amp; Resources</b>	121	121	0
<b>Leisure &amp; Cultural Services</b>	3,004	1,121	<b>-1,883</b>
<b>Planning &amp; Regeneration Services</b>	5,103	5,101	<b>-2</b>
Budget for Support Services Recharges to be allocated to the schemes at the end of 2014/15	25	25	0
<b>Service Total</b>	<b>11,907</b>	<b>7,332</b>	<b>-4,575</b>

**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 redevelopment of the Dolphin Centre was anticipated to be commenced in 2014/15 however the initial payments will not start until 2015/16.

**Regulatory - Client  
Financial Year 2014/15**

**Revenue Budget summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
BDC Reg Client	343	282	-61
Pest and Dog Control	0	-4	-4
Environmental Health / Protection / Enforcement	-11	-8	3
Licenses (all)	-186	-173	13
<b>Grand Total</b>	<b>146</b>	<b>98</b>	<b>-48</b>

**Financial Commentary:**

There was a saving of £227k within WRS due to efficiencies of the service and additional income generated. BDC share of saving equated to £25k.  
WRS absorbed the Pension Deficit shortfall within 14-15 creating an addition £12k saving.

**Worcestershire Regulatory Services  
Financial Year 2014/15**

**Capital Budget summary**

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
BDC Share of WRS Capital Expenditure	19	17	-2
<b>Grand Total</b>	<b>19</b>	<b>17</b>	<b>-2</b>

**Financial Commentary:**

The expenditure for a new IT system is jointly funded by all partners in accordance with the business case. There was little spend in 14-15 due to a freeze on capital spend during strategic partnering. The budget for will be reduced to £10k in 15-16 to be spent on mobile/flexible working.

**Business Transformation  
Financial Year 2014/15**

**Revenue Budget summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
ICT	1,959	1,939	-20
Human Resources	304	216	-87
Transformation	54	54	0
Equalities	34	31	-3
Policy	81	49	-32
<b>Grand Total</b>	<b>2,432</b>	<b>2,290</b>	<b>-142</b>

**Financial Commentary:**

In relation to ICT a number of costs have been funded by capital schemes together with available reserves to reduce the impact on the general revenue account.

Human Resources had 2 vacancies and maternity leave at a senior level during the year the majority of which was covered internally therefore resulting in savings. One of the posts has been filled therefore the savings are not expected in 2015/16.

Training has been provided as required to staff however, as reported at Quarter 3 there is a total saving of £40k.

Equalities and Policy savings relate to vacancies and general cost savings and have been reported previously.

**Capital Budget summary**

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Infrastructure Refresh And PSN	70	71	1
Replacement Finance System	20	22	2
PSN Refresh phase II	66	66	0
<b>Grand Total</b>	<b>156</b>	<b>159</b>	<b>3</b>

**Financial Commentary:**

The Capital expenditure was spent as anticipated in 2014/15. There were reserves available to fund the majority of the schemes and have been included as a draw down in the appendix to this report.

**Community Services  
Financial Year 2014/15**

**Revenue Budget summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Housing Strategy	1,446	1,364	-82
Community Safety & Transport	351	287	-64
Community Cohesion	94	94	0
<b>Grand Total</b>	<b>1,891</b>	<b>1,745</b>	<b>-146</b>

**Financial Commentary:**

There has been a saving within Community safety & Transport due to a reduction in the cost of running the community transport scheme as the contract has been renegotiated. There has also been an increase in income for lifeline services due to changes in funding. These savings have been reflected in the 2015/16 budgets. Within Housing Strategy there is a saving due to reduced spending as the BDHT management fees have not increased as expected and there are some salary savings due to vacancies. There has been a saving on HOS costs due to post being recruited on a lower salary point.

**Capital Budget summary**

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Discretionary Home repair assistance	89	8	-80
Energy Efficiency Home Insulation Programme	17	0	-17
Grants Affordable Housing	313	19	-294
Implementation Of Localism Changes	5	0	-5
Disabled Facilities Grant	515	479	-36
<b>Grand Total</b>	<b>939</b>	<b>507</b>	<b>-432</b>

**Financial Commentary:**

Officers are continuing to work with residents to ensure all support is in place in their homes and it is requested the budget is carry forward into 2015/16. Affordable Housing grants relate to funds to support Registered Social Landlords and these have not yet been drawn on for 2014/15 but it is planned this will take place during 2015/16.

**Corporate Services  
Financial Year 2014/15**

**Revenue Budget summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Corporate Services	1,696	1,665	-32
Corporate Admin/ central post & printing	297	241	-56
Transfer to reserve re potential appeal		100	100
<b>Grand Total</b>	<b>1,994</b>	<b>1,906</b>	<b>12</b>

**Financial Commentary:**

Savings within Corporate Services is due the savings arising from the now deleted post of Executive Director, Planning & Regulatory.

Communication Services have a saving of £14k on various budgets relating to marketing/promotions.

The £100k relates to a reserve for estimated costs of a potential planning appeal.

**Customer Access & Financial Support  
Financial Year 2014/15**

**Revenue Budget summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Customer service centre	330	330	0
Financial Support	46	55	9
Revenues & Benefits	114	39	-75
Valuation Services	16	5	-11
<b>Grand Total</b>	<b>506</b>	<b>429</b>	<b>-76</b>

**Financial Commentary:**

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. (as Reported at Qtr 3), there has also been additional grant received for Benefit Schemes.

There is a requirement to hold a budget for Valuation Services but it is difficult to predict the likely call on that budget during the year. The budget has been reduced for 15/16 as evidence of the last few years suggest that we will not need the same level of funding as previously.

<p><b>Environmental Services Financial Year 2014/15</b></p>
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**Revenue Budget Summary**

Service Area	Full Year Budget £'000	YTD Actuals £'000	variance £'000
Car Parks/Civil Enforcement Parking	-623	-650	-27
Bereavement Services	32	-18	-50
Cesspools/Sewers	-98	-47	51
CMT	50	49	-1
Depot	690	607	-82
Grounds Maintenance	418	417	-1
Highways	164	119	-44
Refuse & Recycling	980	1,365	385
Street Cleansing	862	833	-29
Transport	-40	3	43
Waste Management, policy, promotion, management	-5	-8	-3
Climate Change	16	16	0
Land Drainage	61	61	-0
<b>Grand Total</b>	<b>2,506</b>	<b>2,748</b>	<b>242</b>

**Financial Commentary:**

Savings on car parks have been realised from the management of the service through the SLA with Wychavon District Council and reduced administration costs.

The deficit on Cesspools occurred as a result of the responsibility of emptying the pumping stations which impacted on the resources available to service existing paying customers and incurred additional water disposal charges. There has also been an increase in water disposal costs which has impacted across the service.

£250k of the overspend on Refuse & Recycling is due to the deferral in the income that was built into the budget for the sale of the Trade Waste List and existing stock of containers. A review is underway to explore the options available to support this service and as such any sale has been delayed. There was also an overspend on vehicle repairs and hire vehicle costs as frontline vehicles were taken off the road for essential and emergency repairs, and hired vehicles were brought in to maintain the service. As a result of price changes for Garden Waste collections for 2015/16, a proportion of income has been lost for 2014/15 in respect of collections in March. £25k of the variance on Transport is due to the workshop as expenditure budgets were removed as cost savings were identified however the income budget for the recharge to services was not reduced accordingly. Also there was a £4k reduction in income from MOT tests and £14k costs incurred in carrying out the tests where no expenditure budget was included for 2014/15.



**Capital Budget Summary**

<b>Service Head</b>	<b>Revised Budget 2014 /15 £'000</b>	<b>Actual spend 2014-15 £'000</b>	<b>Variance £'000</b>
North Cemetery - Phase 2 Expansion	479	8	<b>-471</b>
Refuse Vehicle Replacement	1,865	123	<b>-1,742</b>
Depot Security	5	20	15
Rollout Of Bins For Round Extensions	155	93	<b>-62</b>
Flooding Mitigation Measures	36	36	0
<b>Grand Total</b>	<b>2,540</b>	<b>281</b>	<b>-2,259</b>

**Financial Commentary:**

North Cemetery Phase 2 – work is now at the design stage therefore the budget has been reprofiled to reflect expenditure taking place at the beginning of 2015/16

Refuse Vehicle Replacement programme - due to the Environmental Services restructure, the procurement of vehicles was delayed and took place in late 2014/15 with the expenditure occurring in the beginning of 2015/16.

Depot Security – there was an unavoidable spend of £18k due to the failure of the fire alarm system which required complete replacement.

The rollout of bins is ongoing and as such the budget will be reprofiled into 2015/16

**Finance and Resources  
Financial Year 2014/15**

**Revenue Budget summary**

<b>Service Area</b>	<b>Full Year Budget £'000</b>	<b>Actuals £'000</b>	<b>variance £'000</b>
Accounts & Financial Management	403	450	47
Central Overheads	30	26	<b>-4</b>
<b>Grand Total</b>	<b>433</b>	<b>476</b>	<b>43</b>

**Financial Commentary:**

The overspend within Financial Services is due to the service review part way through the year resulting in redundancy & pension strain.

**Capital Budget summary**

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Finance replacement System	121	121	0
<b>Grand Total</b>	<b>121</b>	<b>121</b>	<b>0</b>

**Financial Commentary:**

There are no variances to report.

**Legal, Equalities and Democratic Services  
Financial Year 2014/15**

**Revenue Budget Summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Democratic Services & Member Support	505	448	<b>-58</b>
Election & Electoral Services	105	91	<b>-14</b>
Professional Legal Advice & Services	266	242	<b>-24</b>
Land Charges	<b>-92</b>	<b>-113</b>	<b>-21</b>
<b>Grand Total</b>	<b>784</b>	<b>667</b>	<b>-117</b>

**Financial Commentary:**

Member training budgets underspent as forecast due to reduction in training activity pending election and comprehensive training programme post election. Democratic Services are carrying a vacant post pending service review.

Election accounts are now finalised and have resulted in the £14k underspend ( as reported in Qtr 3).

Legal Services saving is due to partial salary underspend due to local hours reduction (as reported in last quarter) and increased SLA income.

Land Charges as advised at Qtr 3 income is impossible to predict and the outturn has resulted in an upturn in search requests.

**Leisure and Cultural Services  
Financial Year 2014/15**

**Revenue Budget summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Business Development	713	740	27
Cultural Services	259	266	7
Leisure & Cultural Mgt	90	88	-2
Parks & Green Space	355	335	-20
Sports Services	788	728	-61
<b>Grand Total</b>	<b>2,205</b>	<b>2,156</b>	<b>-48</b>

**Financial Commentary:**

The over spend in Business Development relates to increased costs in the delivery of services which include redundancy costs as associated with the change to the model of delivery for public conveniences, continued costs associated with the Museum prior to the sale being completed, increased fees associated with investment properties (industrial units) and a reduction in income at the Spadesbourne suite.

These additional costs have been off set in the main from other services budget and officers will address any future issues within this financial year or through subsequent budget rounds.

Across the remainder of the services there has been additional income generated together with underspends relating to vacant posts whilst managers have reassessed service delivery opportunities

**Capital Budget summary**

Service Head	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Barnsley Hall New Park	74	45	-29
Sports Facility- Braces Lane	0	10	10
Holycross Lodge Youth Provision	32	31	-1
Crown Close Open Space Enhancements	0	-1	-1
Wythall Community Park	301	86	-215
Aston Fields Recreation Ground	39	35	-4
Sanders Park Tennis Courts	34	35	1

The Meadow - Wiggins Memorial Play Area	49	49	0
Lickey End Park Fitness Equipment	29	0	-29
BDC Dolphin Centre	2,250	252	-1,998
Hagley Teenage Provision	80	0	-80
Bromsgrove Cricket & Hockey Astro Turf	50	50	0
Callowbrook Park Improve Flood	20	0	-20
Bromsgrove Sports Field	26	0	-26
Sanders Park Toilet Refurb	21	28	7
S106 - Longbridge East	0	502	502
<b>Grand Total</b>	<b>3,004</b>	<b>1,121</b>	<b>-1,883</b>

**Financial Commentary:**

A number of schemes are under procurement / planning and will be undertaken during 2015/16. The majority of the underspend relates to the redevelopment of the Dolphin Centre which was expected to be started during 2014/15. It is now expected to be commenced during 2015/16.

**Planning and Regeneration  
Financial Year 2014/15**

**Revenue Budget summary**

Service Area	Full Year Budget £'000	Actuals £'000	variance £'000
Building Control	-128	-86	42
Development Control	163	299	136
CMT	50	53	3
Economic & Tourism Development	150	197	47
Emergency Planning / Business Continuity	14	13	-1
Strategic Planning	349	284	-65
Town Centre Development	59	56	-3
<b>Grand Total</b>	<b>657</b>	<b>815</b>	<b>158</b>

**Financial Commentary:**

The overspends across the service are made up of a number of issues including:

- income shortfalls due to a drop in demand for some services
- additional staffing resource required to deal with the complex nature of a number of applications.
- working in a completely different way which initially requires more resource but should mitigate challenge and appeal in the future.

**Capital Budget summary**

<b>Service Head</b>	<b>Revised Budget 2014 /15 £'000</b>	<b>Actual spend 2014-15 £'000</b>	<b>Variance £'000</b>
Town Centre Development Project Management	38	38	0
Town Centre - Public Realm	1,650	1,628	<b>-22</b>
Parkside School	3,414	3,401	<b>-13</b>
Sale Of Bromsgrove Council House	0	1	1
Market Hall Development Site	0	28	28
Stourbridge Road Development Site	0	4	4
<b>Grand Total</b>	<b>5,103</b>	<b>5,101</b>	<b>-2</b>

**Financial Commentary:**

The small underspend on the town centre budget is to be carried forward into the next financial year but it is hoped that project is now complete.  
 The Parkside school project is nearly complete and the small underspend is to be also carried into the new financial year.  
 The small spends on the remaining projects are expected to be met by the proceeds of the sales.

**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 31<sup>st</sup> March 2015 short term investments comprised:

	<b>31st March 2014 £'000</b>	<b>31<sup>st</sup> March 2015 £'000</b>
Deposits	10,000	6,400
<b>Total</b>	<b>10,000</b>	<b>6,400</b>

**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 year to 31<sup>st</sup> March 2015 the Council received income from investments of £56k.

**5. REVENUE BALANCES**

**5.1 Revenue Balances**

The revenue balances brought forward at 1 April 2014 were £3.74m. The increased level of savings as detailed in this report has meant that an increased addition to balances of £403k will be made. The new level of balances is estimated £4.14m, which will be utilised, as agreed by members, in part to fund the borrowing costs associated with the redevelopment of the Dolphin Centre.

**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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