

EXECUTIVE COMMITTEE

10th December 2013

FINANCE MONITORING REPORT 2013/14 - APRIL – SEPTEMBER (QUARTER 2)

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management.
Portfolio Holder Consulted	
Relevant Head of Service	Jayne Pickering
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non Key Decision	

1. SUMMARY OF PROPOSALS

This report details the Council's financial position for the period April to September 2013 (Quarter 2 – 2013/14).

2. RECOMMENDATIONS

The Executive Committee is asked **RESOLVE** that

- 1) **the current financial position on Revenue and Capital be noted, as detailed in the report; and**
- 2) **identified savings be used to offset the saving requirement that have not been fully identified, where available in discussion with Heads of Service**

RECOMMEND

- 3) **that the 2013/14 Capital Programme is increased by £55K to include Section 106 funded Town Centre Enhancements.**

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.

Financial Implications

- 3.2 The Council set a balanced budget in February 2013 for the financial year 2013/14. Within the budget were included savings of £550K which were not fully identified. These included savings relating to Shared Services, Transformation, and general vacancies with the Council.

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**Revenue Budget summary Quarter 2 (April – September) 2013/14 –
Overall Council**

3.3 The current financial position for services delivered within the Borough is detailed in the table below.

3.4 Internal recharges have not been included in these figures to allow comparison for each service area.

3.5

Service Head	Budget 2013/14 £'000 (a)	Budget April - Sept £'000 (b)	Actual Spend April – Sept £'000 (c)	Variance to date April - Sept £'000 (c-b=d)	Projected Outturn 2013-14 £'000 (e)	Variance 2013-14 £'000 (e-a=f)	Ref to financial comment ary
Environmental Services	3,238	1,987	1,900	-87	3,034	-204	3.14
Community Services	2,274	843	858	15	2,295	21	3.17
Regulatory Services	568	281	276	-5	560	-8	
Leisure & Cultural Services	3,348	1,649	1,655	6	3,321	-27	3.8
Planning & Regeneration	1,810	769	779	10	1,827	17	3.9
Customer Services	576	291	235	-56	465	-111	3.11
Finance & Resources	5,097	-4,139	-4,187	-48	5,002	-95	3.12
Legal, Equalities & Democratic Services	892	437	464	27	882	-10	3.13
Business Transformation	1,139	655	634	-21	1,113	-26	3.10
Head of Housing Services (GF)	975	490	488	-2	970	-5	3.7

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Corporate Services	903	469	445	-24	843	-60	3.16
SERVICE TOTAL	20,820	3,732	3,547	-185	20,312	-508	3.6
Savings to be found	-550	-275	-	275		550	3.15
Total for Quarter & Projected	20,270	3,457	3,547	90	20,312	42	

Financial Commentary

- 3.6 Savings of £508K had been projected towards the unidentified savings of £550K.
- 3.7 The Housing (general fund) savings are due to savings with the dispersed units.
- 3.8 Leisure Services Officers have identified net savings of £27k. This has been met by vacant posts across the service and reduction in dual use fees at Arrow Vale. Savings have also been found from re-designing processes within the Community Centres.
- 3.9 There is a shortfall in Building Control income for this financial year; this is due to this element of the business being in competition with the private sector for works.
- 3.10 The savings within Business Transformation are in relation to vacancies within the department. The majority of the projected outturn saving has been achieved by Quarter 2.
- 3.11 There are a number of staff vacancies in Customer services and also 2 members of staff are now being funded by the Housing Revenue Account following a Transformation trial. However the savings from this have partly been offset by an increase in debit/credit card charges and a reduction in funding from the Worcestershire Hub.
- 3.12 The variances with Finance & Resources are as follows:
- Human Resources – A reduction of £100K from the Training budget and savings of £20K on 2 vacant posts.
- Benefits – The variance to date is based on income received to date for Housing Benefit Subsidy payments.

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Revenues – The saving is due to a reduction in staff hours.

- 3.13 The variances within Legal, Equalities & Democratic Services are predominantly due to the service review which has now taken place; the new structure came in to effect from 01/07/13. This quarter therefore includes redundancy costs; however a further small saving is expected for outturn. There are also small savings to date within the Members services from the Members training and expenses budgets.
- 3.14 The savings on Environmental Services are mainly due to vacant posts, and a reduction in contract prices. There is also an increase of income on Bereavement services.
- 3.15 A number of savings were identified at the budget setting process by Heads of Service; these have not affected the service delivered. Heads of Service have been able to apply these savings using a Transformation Methodology. The progress of these savings is being monitored by Finance and the Heads of Service, the total is £755k across the whole authority. There is an additional risk that if these savings are not achieved then this will increase the amount of unidentified savings.
- 3.16 Savings have been made within the PA and Directorate support section following the restructure £19k. Print room redundancy costs were not as high as anticipated due to redeployment £5K.
- 3.17 The overspend relates to an officer covering some of the duties of a Head of Service who is on long term sick

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Capital Budget summary Quarter 2 (April - September) 2013 /14 – Overall Council

Department	Revised Budget 2013 /14 £'000	Budget April – September £'000	Actual spend April – September £'000	Variance to date April – September £'000	Projected Outturn 2013/14 £'000	Projected Variance 2013/14 £'000
Environmental Services	4,192	1,826	1,807	-19	4,192	0
Community Services	886	886	162	-724	886	0
Regulatory Services	121	4	4	0	84	-37
Leisure & Cultural Services	429	5	5	0	79	-350
Planning and Regeneration	55	55	0	-55	55	0
Financial Services	584	292	0	-292	584	0
Property Services	370	185	23	-162	370	0
Housing	9,957	4,979	3,797	-1,182	8,415	-1,542
TOTAL	16,594	8,232	5,798	-2,434	14,665	-1,929

Capital Financial Commentary

- 3.18 The £55,000 capital budget for Planning & Regeneration is for a Section 106 funded project for Town Centre Enhancements.
- 3.19 The solar panel scheme is now complete with a capital saving of £4,450. Potential savings on other schemes will be reported at the third quarter.
- 3.20 Housing capital schemes are projecting underspend; changes to contracts for the solid wall insulation, a supplier has been appointed but works are unlikely to commence until after the winter. Likewise installation of cladding, and masonry works will not commence until after the winter. Final selection of the Environmental Enhancement schemes has begun, the chosen schemes will commence shortly, it is unlikely that the total budget will be spent within this financial year.

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Treasury Management

- 3.21 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.

Credit Risk

- 3.22 Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Credit risk is minimised by use of a specified list of investment counterparty criteria and by limiting the amount invested with each institution. 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.

- 3.23 At 30st September 2013, short-term investments comprise:

	30 th September 2013 £000
Deposits with Banks/Building Societies	1,400

Income from investments

- 3.24 An investment income target of £25k has been set for 2013/14 using a projected rate of return of 0.75% - 1.50%. During the past financial year, bank base rates have remained at 0.50% and current indications are projecting minimal upward movement for the short-term.
- 3.25 In the 6 months to 30 September, the Council earned income from investments of £7k. The Council is not likely to achieve the budgeted income due to a reduction in the rate now provided by the call account. It is probable that the £10k shortfall will be negated by the fall in borrowing costs.

General Fund Balances

- 3.26 The General Fund Balance as at the 31st March 2013 is £1m; a balanced budget was set in February 2013, should the unidentified

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savings not be achieved during the year or any unexpected expenditure occur this would be funded from Balances.

Legal Implications

3.27 No Legal implications have been identified.

Service/Operational Implications

3.28 Sound performance management and data quality are keys to achieving improved scores in the use of resources judgement. This performance report supports that aim.

Customer / Equalities and Diversity Implications

3.29 Performance Improvement is a Council objective.

4. RISK MANAGEMENT

Risk considerations are covered within the report.

5. APPENDICES

None

6. BACKGROUND PAPERS

None.

AUTHOR OF REPORT

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