

Finance Monitoring outturn 14/15

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management.
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 final financial position for 2014/15 for both General Fund and Housing Revenue Account .

2. RECOMMENDATIONS

The Executive Committee is asked to RESOLVE

- 2.1 That Executive Committee note the current financial position on Revenue and Capital as detailed in the report.

The Executive Committee is asked to RECOMMEND

- 2.2 The approval in the movement in reserves as detailed in Appendix 1

3. KEY ISSUES

- 3.1 This report provides details of the outturn financial position for 2014/15 across the Council. The aim is to ensure Officers and Members have an accurate statement of the overall position of the Council.

Financial Implications

- 3.2 The Council set a balanced budget in February 2014 for the financial year 2014/15. Within the budget were included savings of £635k which were not fully identified. These included savings relating to Shared Services, Transformation, and general vacancies with the Council. It was anticipated that budget holders would manage budgets accordingly to ensure that the savings were met during 2014/15.

- 3.3 As can be seen from the summary below all unidentified savings and an additional £99k saving has been achieved by the end of the financial year. It should be noted that the accounts are subject to audit by the External Auditors Grant Thornton.

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3.5 It is proposed that the £99k underspend is transferred to balances.

Revenue Budget Summary – Overall Council Financial Year 2014 /15

3.5 Internal recharges have not been included in these figures to allow comparison for each service area. However Support costs have been included.

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Business Transformation	1,780	1,628	-152
Community Services	1,581	1,509	-72
Corporate Services	855	816	-38
Customer Access & Financial Support	1,781	1,395	-386
Environmental Services	2,507	2,297	-210
Finance & Resources	864	909	45
Housing Services (GF)	1,064	928	-136
Legal & Democratic Services	821	614	-207
Leisure & Cultural Services	2,483	2,591	108
Planning and Regeneration	662	540	-123
Regulatory Services	398	361	-38
Recharges to HRA – share of saving		475	475
Service Total	14,796	14,063	-734
Unidentified Savings	-635	0	635
Grand Total	14,161	14,063	-99

Financial Commentary:

The successful achievement of the £635k of unidentified savings has been challenging to budget holders this financial year. Officers have ensured that services have been maintained and improved where possible whilst reducing expenditure on non essential items, holding vacancies open and increasing income where possible.

The delivered savings have included:

- Provision of priority training to ensure staff are aware of legislative and statutory responsibilities and therefore saving on the non essential generic training
- Holding manager posts vacant to deliver savings and to mitigate the impact of redundancies
- Previously unforeseen income (eg Pension refunds from Early Help) that reduced the cost of services
- Additional grant income being received (New Burdens)
- Additional Income for bereavement services and Land Searches
- Savings on Election costs

Following the savings being delivered a full review is underway to ensure the reduced cost base is captured for future years reductions in budgets.

**Capital Budget Summary – Overall Council
Financial Year 2014 /15**

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Business Transformation	207	142	-65
Community Services	1,268	483	-785
Customer Access & Financial Support	375	180	-195
Environmental Services	2,906	211	-2,695
Financial Services	46	50	4
Housing	9,708	8,906	-802

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Leisure & Cultural Services	387	343	-44
Planning and Regeneration	14	14	0
Regulatory Services	98	2	-96
TOTAL	15,009	10,331	-4,678

Financial Commentary:

The significant underspend on Capital projects has resulted in lower borrowing costs for the Council which have benefitted the delivery of the unidentified savings.

The savings are mainly as a result of:

- IT Projects on-going particularly Public Services Network
- Reduction in demand for Disabled Facilities Grants – demand has been met but is lower than in previous years
- Slippage in property services projects due to other works being undertaken
- Deferral of procurement of new vehicles whilst the an assessment of the needs of the new 'Place' team was undertaken
- Underspends on HRA works whilst officers ensured the projects met the needs of the community

The budgets will be carried forward to support the projects in 2015/16.

Business Transformation Financial Year 2014 /15
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Revenue Budget summary

Service	Revised Budget 2014 /15	Actual spend 2014-15	Variance
	£'000	£'000	£'000
Business Transformation	910	862	-48
Corporate Strategy	86	69	-18
Head Of Business Transformation	48	47	-1
Human Resources	582	486	-96
It Licences Direct Services	154	164	10
TOTAL	1,780	1,628	-152

Financial Commentary:

There were a number of vacancies within the HR department and maternity leave cover which was provided internally.

Additional underspends in HR are also attributed to an under spend against the corporate training budget. Essential training has been delivered to staff to ensure services are maintained to an appropriate standard.

The savings within Corporate Strategy are due to the variable nature of the service e.g. translation and interpretation services. It is not possible to know how much demand will be placed on these types of services in advance.

The IT Licence budget includes a number of corporate software licences. The increased number of Finance user licences for the new finance system has increased spend against this budget. The additional licenses will provide enhanced access for budget holders to review their financial position on line in the future to support more effective decision making.

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Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
PSN Refresh /IT and Infrastructure replacement	207	142	-65
Total	207	142	-65
<p>Financial Commentary: ICT replacement programme has been reviewed as part of the PSN project. The PSN project is underway, specific requirements to meet the Public Service Network regulations have been identified. These projects are ongoing and the £65k will be spent in 15/16.</p>			

**Community Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Community Services	1,249	1,111	-138
Control Centre Manager / Lifeline	282	348	66
Manager Care & Repair Total	50	50	0
Total	1,581	1,509	-72
<p>Financial Commentary: Within Community services income was received in relation to Pension costs from Early Help for £93k which was not anticipated at the beginning of the year. Housing licences generated £5k extra income, vehicle costs were lower than anticipated and there were saving on salary costs due to vacancies. There was a shortfall in income for Lifeline following the supporting people funding from County Council being withdrawn.</p>			

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Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Disabled Facilities Grant	818	432	-395
Energy & Efficiency Installs	94	0	-94
HMO Grants	60	3	-57
Home Repairs Assistance	226	47	-178
Housing Needs Assessment	4	0	-4
Housing Computer System	10	0	-10
Small Area Improvements	47	0	-47
Early Help Equipment	10	10	0
Total	1,268	483	-785
Financial Commentary: There has been a reduction in new applications for disabled Facilities Grants and Home Repairs Assistance however the Council continues to meet demand in this area.			

**Corporate Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Corporate Admin / Central Post / Printing	855	816	-38
Total	855	816	-38
Financial Commentary: There has been a saving within the post room due to the changes in the structure and an additional grant (new burdens) has been received in year which has contributed to the underspend.			

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<p>Customer Access & Financial Support Financial Year 2014 /15</p>

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Asset & Property Management	1,018	994	-24
Customer Services	539	535	-4
Revenues & Benefits	224	-134	-357
Total	1,781	1,395	-386

Financial Commentary:

Asset & Property Management underspend is due to additional income received and a saving on SLA's for arrangements with the County Council.

Revenues & Benefits underspend is made up of a number of elements, including savings achieved through service reviews, staff vacancies and reduced agency costs. Further savings have come about due to reducing the number of managers in the service, shared management with Bromsgrove District Council and the deletion of vacant posts which our transformation activity has evidenced we will no longer need. (all reported at Qtr 3)

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
GF Asbestos	70	26	-44
Public Building	280	154	-126
Energy Management	25	0	-25
Total	375	180	-195

Financial Commentary:

Due to a number of other unforeseen projects it has not been possible to commence work on some of the capital projects planned for properties so far this year. There has also been an unavoidable delay on the catafalque (supporting platform) in the Crematorium. The works are still scheduled and therefore the budget will carry forward

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into next financial year.

**Environmental Services
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Bereavement Services	-315	-455	-140
Cleansing	601	556	-45
Climate Change	13	11	-1
Environmental services Management	614	560	-55
Highways & Drainage (inc civil parking)	467	492	26
Landscape & Grounds Maintenance	100	124	24
Manager supplies & Transport	-26	-10	16
Waste Management - Refuse & Recycling	1,005	984	-22
Waste Management Policy	48	35	-13
Total	2,507	2,297	-210

Financial Commentary:

Bereavement Services income is higher than anticipated due to an increase in the number of cremations.

Salary savings from vacant posts account for the majority of the savings in Cleansing, Environmental Services Management and Waste Management.

Civil Parking Enforcement has seen a reduction in anticipated income due to increased compliance. Officers are currently working with Wychavon District Council with regard to the future provision of the service.

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Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Crematorium Enhancement	138	5	-133
Crematorium Extension	11	0	-11
Crossgate Depot Imps 2010	20	0	-20
Estate Enhancements	228	0	-228
Footpath Improvements	13	0	-13
Foxlydiate Crescent Lighting	25	25	0
Improved Parking Scheme	263	102	-161
Land Drainage schemes	55	12	-43
Landscape Improvement Programme	46	33	-13
Recycling Project	25	5	-20
Town Centre Landscape Scheme	429	2	-427
Vehicle replacement programme	1,590	22	-1,568
Woodland Schemes	57	4	-53
Total	2,906	211	-2,695

Financial Commentary:

Officers are currently in the process of organising works for the crematorium extension, improved parking scheme, estate enhancements and woodland schemes and therefore the budget has been re-profiled into 2015/16 to reflect that expenditure will be in the next financial year.

Procurement is taking place for the vehicle replacement programme but vehicles will not be received until the beginning of the new financial year 2015/16.

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Financial Services Financial Year 2014 /15

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Financial Services & Procurement	626	649	23
Corporate Management & Audit	275	260	-15
Total	901	909	8

Financial Commentary:
 The overspend within Financial Services & Procurement is due to the service review part way through the year resulting in redundancy & pension strain.
 The underspend within Corporate Management & Audit is due to lower than expected recharge for Audit Service and one off savings on subscriptions.

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Finance replacement System	46	50	4
Total	46	50	4

Financial Commentary:
 There are no major variances to report

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Housing Services (General Fund) Financial Year 2014 /15
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Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Housing General Fund	1,064	928	-136
Total	1,064	928	-136

Financial Commentary:

There have been a number of vacant posts within the service whilst the new approach to working within localities has been developed and implemented. A review of the staffing structures is currently underway to enable a flexible workforce to be in place to support the new arrangements.

Capital Budget summary - HRA

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Catch up repairs- bath replacements	863	1,090	227
Catch up repairs- Kitchen Upgrades	125	256	131
Catch up repairs	383	502	119
Asbestos General	543	227	-315
Structural repairs	301	298	-3
General roofing	701	625	-76
Rewiring	1,051	1,151	100
Upgrade of Ch systems	1,492	1,645	153

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Window replacements	104	175	71
Disabled adaptations	786	722	-64
Security Door Entry Scheme	51	53	2
Sheltered Scheme – Facility Upgrade	-	3	3
External Cladding & Wall hanging	323	327	4
Insulation	1,692	740	-952
Repairs to Sheltered Hsg Stock	38	8	-30
Winslow Close Heating	34	17	-17
Drainage	51	24	-28
Water supply	103	74	-29
Environmental Enhancements	658	790	132
Masonry works	408	181	-228
Housing Management IT System	100	-	-100
Total	9,708	8,906	-802

Financial Commentary:

Officers are working to deliver the capital works as per the HRA business plan.

Although the bathroom replacement is a planned contract of works. During 2014/15 a number of bathrooms have been replaced in void properties and charged to the replacement budget. These were not anticipated but have not impacted on the overall position of the capital funding available.

Asbestos

The asbestos budget was originally set following a large amount of work to remove asbestos from council properties. The budget was set for future years based on this demand, in the current year it has not been necessary to use the budget. The virements requested in Qtr 2 have been actioned, the remaining budget will be kept in case unforeseen asbestos works are required in the future.

Insulation – (External insulation)

The project was originally slow to get off the ground due to a number of issues. We have also had a spell of inclement weather which has held up the finishing process. Under new guidelines by OFGEM, the utility companies are having to go through additional processes to get payments agreed therefore delaying the profile of the expenditure.

However, the EWI project is ongoing with EON and officers anticipate a large proportion of the

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monies to be spent in the short term. The external insulation work is on a rolling programme and officers are currently looking at the next phase which will be around the town centre, any budget unspent will roll over to complete the works.

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

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Democratic Services & Member Support	320	273	-47
Elections & Electoral Services	181	101	-81
Legal Advice & Services	320	241	-80
Total	821	614	-207

Financial Commentary:
There has been an underspend in Member budgets generally 2014/15 and Democratic Services are carrying a vacant post pending service review.
Election accounts are now finalised and have resulted in a significant underspend, this was previously reported in Qtr 3.
Legal Advice & Services saving is due to partial salary underspend due to local hours reduction (as reported in last quarter), a change in the Shared Services agreement with Bromsgrove District Council and increased SLA income. Also Land Charges has seen an upturn in search requests.

<p>Leisure and Cultural Services Financial Year 2014 /15</p>

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Business Development	123	131	8
Cultural Services	765	737	-28
Leisure & Cultural Management	82	76	-7
Parks & Open Spaces	838	812	-26
Sports Services	675	835	160
Total	2,483	2,591	108

Financial Commentary:

Abbey

- The Centre continues to experience a higher than ideal turnover of staff and difficulties in recruiting staff that are competent to fill contracted and relief posts. This has resulted in front line shifts being covered by existing staff sometimes at enhanced rates of pay which place the staffing budgets under pressure. In addition to this we have suffered periods of long term sickness again which needs to be covered to ensure the service remains open to users. To address this further recruitment options are being explored and the service is attempting to attract candidates through pro active promotion.
- The Rates revaluation was higher than the budget allocated. WCC have procured a specialist company to appeal against this uplift but unfortunately it has been unsuccessful. The budget has been uplifted to reflect the revised valuation for 15/16 but this has increased costs in this financial year.
- Reduction in income related to loss of health and fitness members is due to continued competition with in the local area that was not present when the centres original business case was drafted. Officers are looking into ways of addressing these concerns and will roll these out across the summer period.
- Additional instruction costs have been incurred due to capacity issues relating to the group exercise programme to satisfy local demand in order to protect the current membership levels.
- Maintenance costs have increased due to unexpected issues presenting themselves as we move away from the contractual agreement with the

construction company who built the site. Areas included high costs related to repairs to air handling units, and additional electric works which will hopefully reduce consumption during 15/16.

- Utility bills are higher than budgeted due to maintenance and service issues with plant. RBC are working with WCC to resolve these issues so we are hopeful of addressing this overspend in 15/16.

The differential in out turn position between Quarter 3 and 4 is related to a number of issues detailed below;

- The overtime budget was overspend due to vacant posts which increased running the 4th quarter, as well as short term and long term sickness. In addition to these additional pressures when forecasting the Quarter 3 position for year end the base lie n information contained and oversight that meant the formula used was inaccurate.
- A number of smaller budget lines such as Fire Insurance and Chemicals were under projected when the forecast was set due to increased market costs from suppliers that were unknown at the time. Budgets have now been adjusted to reflect this in Quarter 3.
- Additional group exercise classes provided were provided to meet demand in the peak period which has increased costs associated with running the services, these were not anticipated when the forecast was set but view as essential given their link to memberships.
- Higher than projected energy costs have been incurred due to maintenance issues with plant as detailed above as it was anticipated by officers that these matters would be resolved to generate a reduction in consumption during the final quarter of the year.
- Income projections in the peak period related to Health and Fitness Memberships were not met and provide to be over optimistic. .

Golf Course

- 20% Decline in golf participation nationally / regionally. This will be offset in 15/16 with additional income from driving range (subject to grant funding), indoor practice area, revised rental payment for the catering lease, and review of membership fees. Income is already showing an increase when comparing this for the 1st quarter in 15/16 to that in 14/15.

Kingsley

- Lost income due to pool being closed for 12 weeks due to essential maintenance and squash court closure due to flood. This work was resultant from major defects which happened during the financial year so could not be reflected in budget targets. In relation to the Squash Courts we were unable to predict the length of closure due to the costs to replace flooring being included in a insurance claim and dispute between the County Council, Tudor Grange Academy and contractors. The pool is now re-open so usage and income levels are back to normal.

There has been reduced income in Business Development in both roundabout

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sponsorship and hire of the Civic suite.

Cultural services has savings relating to increased usage of the community centres, reduced expenditure on Bonfire Event and the income generation at the Palace Theatre.

Parks and open spaces had a saving of £20k due to the reduction of capital charges.

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Abbey Stadium	315	294	-21
Greenlands Public Open Space	8	2	-6
Pitcheroak Golf	16	6	-10
Old Forge Car Park	48	41	-7
Total	387	343	-44
Financial Commentary:			
The Abbey Stadium main contract is now completed with remedial works expected to be completed shortly.			
Old Forge car parks to be completed in early 2015			
All remaining projects are expected to be completed in early 2015			

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

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Building Control	27	48	21
Development Management	152	106	-46
Economic Development	158	107	-51
Planning Policy	326	279	-47

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Total	662	540	-123
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Financial Commentary:
 Building control income has been lower than expected resulting in a shortfall to budget. There has been a saving on salaries in development management along with additional income being received on planning applications. Planning Policy has also a saving on salaries due to maternity leave and the legal budget has not been utilised as anticipated. The Business Centres have seen savings on their utilities and additional income.

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Town Centre Development	14	14	0
Total	14	14	0

Financial Commentary:
 No significant variances to report.

**Regulatory Services
 Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Environmental Health	571	557	-14
Licensing	-172	-196	-23
Total	398	361	-38

Financial Commentary:
 No Significant Variances.

Capital Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'000
Worcestershire Regulatory Services – ICT system	98	2	-96
Total	98	2	-96
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 the review into the potential strategic partnering arrangement. The budget for will be reduced to £12k in 15/16 to be spent on mobile/flexible working.			

Treasury Management

3.8 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

3.9 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.

3.10 At 31st March 2015, there were no short-term investments held by the Council.

Income from investments

3.11 An investment income target of £25k has been set for 2014/15 using a projected rate of return of 0.25 %.

Housing Revenue Account

- 3.12 The 2014/15 financial position resulted in a net cost of the service of £60k to the anticipated £75k surplus to budget . The amount in HRA balances now stands at £970k.
- 3.13 The main variations are due to a significant shortfall in income to fund expenditure of £275k offset by reductions in the bad debt provision following a review of requirements to support the outstanding debt.
- 3.14 Appendix 2 details the income and costs for the year for the HRA.

Legal Implications

- 3.15 No Legal implications have been identified.

Service/Operational Implications

- 3.16 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

- 3.17 Performance Improvement is a Council objective.

4. RISK MANAGEMENT

Risk considerations are covered within the report.

5. APPENDICES

Appendix 1 – Reserves Statement – to follow
Appendix 2 – HRA 2014/15 Statement

6. BACKGROUND PAPERS

None.

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