

Financial Outturn Revenue and Capital 2014/2015

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 financial position on Revenue and Capital for the financial year 2014/15 as detailed in the report and the transfer to balances of £819k to increase the balances level to £1.985m at 31st March 2015.

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 financial 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 savings of £635k were included which were not fully identified. The final position shows that in addition to the unidentified savings of £635k being delivered, a further £103k has been achieved on general services, together with an additional £716k on other funding and financing budgets generating the overall underspend of £819k. The £738k (to include the delivery of the unidentified savings of £635k and the additional £103k) has been delivered across the service areas to include:

- Managed vacancies within Human Resources using internal cover for posts £75k
- Delivery of training to ensure staff are supported to delivery appropriate standards of services resulted in a reduction in the overall training budget £47k
- Staffing review to redesign service delivery within Revenues and Benefits £130k
- Additional Benefit grant and recovered income on Revenues £190k
- Managed vacancies within Environmental Services £55k
- Increased service income from other Councils together with election accounts being finalised and managed vacancies within Legal and Democratic Services £207k

3.3 The £716k has been achieved by a number of issues. These include the prudent level of budget being set in relation to borrowing financing costs and Business Rates together with changes to the payment profile for pension strain payments. The majority of these costs are not finalised until the end of the financial year and therefore are difficult to predict on a quarterly basis. An estimated level of Business Rates levy was set due to the uncertainties around the guidance to Councils on the calculations to be set aside. This was not required and resulted in a £235k saving. There have been changes made to the calculation of the borrowing costs which have generated £83k of savings and the final pension payment to the County Council has been less than originally anticipated due to a restructuring of the payment period for pensions.

3.4 The overall saving of £819k has been transferred to balances to increase the level to £1.985m as can be seen in 3.9. This is above the recommended level of £750k as agreed by Council as part of the Medium Term Financial Plan. The summary tables below for Revenue and Capital are followed by individual service area statements that detail the resulting overspend and underspend for each department and service area.

<p>Revenue Budget Summary – Overall Council Financial Year 2014 /15</p>
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3.5 Internal recharges have not been included in these figures to allow comparison for each service area. However Support costs have been included.

3.5.1

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
Service Total	14,796	13,588	-1,208
Unidentified Savings	-635	0	635
Grand Total	14,161	13,588	-573
Adjusted for Recharges	-3,962	-3,492	470
	10,199	10,096	-103

Funded by:			
Financing	1,647	1,538	-109
CT/NDR/Grant income	-10,211	-10,362	-151
Other	-599	-1,047	-448
Use of Earmarked Reserves	-1,036	-1,044	-8
Transfer to Reserves	0	-819	-819

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

The savings are partially offset by the effect of the shortfalls in income within Leisure Services as detailed at 3.5.16. This is due to a reduction in membership at the gym together with additional business rate and additional staffing costs to provide appropriate levels of cover.

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

Further savings were also achieved in Pension Fund costs (other) and also a budget for a Business Rate Levy that was not required. There are also additional savings on Financing costs due to the current interest rates and a review of the current way of calculating interest.

3.5.2

**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	492	-776
Customer Access & Financial Support	375	180	-195
Environmental Services	2,900	210	-2,690
Financial Services	46	50	4
Leisure & Cultural Services	387	343	-44
Planning and Regeneration	14	14	0
Regulatory Services	98	2	-96
TOTAL	5,295	1,433	-3,862

Financial Commentary:

The procurement of new vehicles within Environmental services was deferred whilst the new way of working across a locality was being developed and implemented. This ensured that the purchase of vehicles and plant met the needs of the new provision. There has been a reduction in the applications for Disabled Facilities Grants however the Council continues to meet all demand for this service.

3.5.3

**Business Transformation
Financial Year 2014 /15**

Revenue Budget summary

Service	Revised Budget 2014 /15 £'000	Actual spend 2014-15 £'000	Variance £'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 savings from maternity leave cover which was provided internally.

Additional underspends in HR are 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.

3.5.4

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
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.			

3.5.5

<p>Community Services Financial Year 2014 /15</p>
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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
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.			

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3.5.6

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	492	-776
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.			

3.5.7

<p>Corporate Services Financial Year 2014 /15</p>
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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.

3.5.8

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

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)

3.5.9

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 into next financial year.			

3.5.10

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.

3.5.11

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	2,900	210	-2,690

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.

3.5.12

<p>Financial Services Financial Year 2014 /15</p>
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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.

3.5.13

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 financial variances to report. The system has been implemented and the team continue to work through a number of issues to ensure that it is being used to its full functionality.

3.5.14

**Housing Services (General Fund)
Financial Year 2014 /15**

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.

3.5.15

**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.

3.5.16

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

Revenue Budget summary

Service	Revised Budget 2014 /15	Actual spend 2014-15	Variance
	£'000	£'000	£'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:

The overspend on Sports services is a result of:

Abbey

- Vacant posts and long term sickness- cover for shifts some of these at overtime rates of pay
- Rates revaluation higher than budget allocated
- reduction in income related to reduction in membership due to health and fitness competition
- Additional staffing costs due to increase in group exercise classes, provided to satisfy demand of membership

Golf Course

- Decline in golf income nationally / regionally. This will be offset in 15/16 with additional income from driving range (subject to grant funding), indoor practice area and review membership fees.

Kingsley

- Lost income due to pool being closed for 12 weeks due to essential maintenance and squash court closure due to flood

There has been reduced income in Business Development in both roundabout sponsorship and hire of the Civic suite.

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

Parks and open spaces saved £20k due to the reduction of capital charges.

3.5.17

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

3.5.18

Planning and Regeneration Financial Year 2014 /15
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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
Total	662	540	-123
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.			

3.5.19

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.			

3.5.20

Regulatory Services Financial Year 2014 /15
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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.			

3.5.21

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

- 3.6 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

- 3.7 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.
- 3.8 At 31st March 2015, there were no short-term investments held by the Council.

General Fund Balances

- 3.9 The General Fund Balance as at the 31st March 2014 was £1.1m..

General Fund Balance		
	£'000	£'000
Balance as at 1 st April 2014	1,166	
Contribution from balances	819	
Estimated Balances 31 st March 2015		1,985

Housing Revenue Account

- 3.10 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.
- 3.11 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.
- 3.12 Appendix 2 details the income and costs for the year for the HRA. Appendix 3 shows the Capital Spend for the HRA.

Legal Implications

3.13 No Legal implications have been identified.

Service/Operational Implications

3.14 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

3.15 Performance Improvement is a Council objective.

4. RISK MANAGEMENT

Risk considerations are covered within the report.

5. APPENDICES

Appendix 1 – Reserves Statement
Appendix 2 – HRA 2014/15 Statement
Appendix 3 – HRA Capital 2014/15

6. BACKGROUND PAPERS

None.

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