

# Forest Heath District Council

(This report is/is not a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

## Report of the Cabinet Member for Resources, Governance and Performance

**CABINET**  
**5 MARCH 2013**  
**CAB13/073**

### **FINANCIAL PERFORMANCE REPORT (REVENUE AND CAPITAL) – APRIL TO DECEMBER 2012** (Key Decision Reference: FEB13/03)

**1. Summary and reasons for recommendation(s)**

1.1 The Cabinet is requested to review the Council's Revenue and Capital financial performance for the first nine months of 2012/13 and the year end forecast position.

**2. Recommendation(s)**

**2.1 The Cabinet is requested to**

- 1. Note the 2012/13 revenue and capital budget positions for the first nine months of the financial year**
- 2. Note the revenue budget virements as outlined in Appendix E.**

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### **3. How will the recommendations help us meet our strategic priorities?**

- 3.1 Monitoring in-year financial performance and in particular the year end forecast position plays an important role in understanding how the Council's financial plans and strategies have contributed towards the achievement of the corporate objectives and strategic plan priorities.
- 3.2 In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available.

### **4. Key issues**

- 4.1 This report has been aligned with the cabinet structure and reflects the new Joint Leadership Team (JLT) service areas and how they fit into the priorities for the respective portfolio holders.
- 4.2 This report includes performance against both revenue and capital budgets and provides additional information on key areas such as performance against local and shared service savings and the strategic plan actions for 2012/13.

### **5. Revenue position**

- 5.1 The year to date position after nine months currently shows an underspend of £227,000, as shown in Appendix A. The expected year end forecast, however, currently shows a small **overall overspend of £4,000** which consists of variances as outlined in Appendix B.
- 5.2 Members are requested to note the year to date position to December 2012 and the forecast position as outlined within Appendix A. It should be noted that the forecast year end position at this point in time is in line with the budget. Budget holders will continue to work with Finance support Officers for the remaining three months of the financial year in order to monitor the forecast position and the final updated figures will be available in the 2012/13 Financial Outturn report.

### **6. Major variances – Revenue Budget**

- 6.1 Despite the current underspend position at 31st December, the economic climate and the ongoing government austerity measures continue to significantly affect the Council's financial position and present a number of current and future challenges. This is reflected in the year end forecast overspend and mainly relates to only a few areas as discussed in paragraphs 6.2 and 6.3 below.
- 6.2 Financial pressures that continue to adversely impact the Council's forecasted financial position include reduced industrial (£112,000) and town centre (£87,000) income and empty property business rates not budgeted for due to vacancies; and an overspend on building control mainly as a result of reduced fees levels (£57,000).
- 6.3 In contrast to the financial pressures, there are areas of budget savings such as the reduction in external audit fees £30,000 and additional savings generated

through the shared services agenda for 2012/13 of £225,000 above what was assumed in the base budget.

6.4 Appendix B details all major variances and includes further details on those outlined above.

## 7. Monitoring against local and shared services savings

7.1 The 2012/13 revenue budget included a local savings target totalling £260,000, included is £104,000 in respect of leisure rationalisation savings, assumed from October 2012. The balance of the local savings total related to staff changes, primarily Planning, which are now expected to be achieved through the shared services agenda with St Edmundsbury Borough Council.

7.2 Appendix C provides an overview of the expected savings for 2012/13 onwards from the local and shared services agenda; including a breakdown of savings across service areas from approved business cases, compared to actual savings achieved. Below is a summary position of the expected savings for 2012/13:

<b>2012/13</b>	<b>Included in MTFS £'000</b>	<b>Projected Savings £'000</b>	<b>Under/(Over) achievement £'000</b>
Shared Services completed or in progress	89	471	(382)
Shared Services to be progressed	67	14	53
<b>Total from Shared Service Savings</b>	<b>156</b>	<b>485</b>	<b>(329)</b>
Local Savings in progress	104	0	104
<b>Overall Savings Total</b>	<b>260</b>	<b>485</b>	<b>(225)</b>

7.3 The format of Appendix C is still being developed with our St Edmundsbury colleagues with a view to reporting the full savings expected across West Suffolk to the Shared Services Strategic Steering Group.

## 8. Monitoring against 2012/13 strategic plan action

8.1 Following approval of the Council's Strategic Plan 2012-16 in June 2012. the revenue budgets presented within Appendix A include the agreed actions and financial budgets allocated to the Plan. Appendix D seeks to provide a picture of the financial performance against these actions.

8.2 At this stage this appendix provides an illustration of the proposed monitoring framework for the financial performance against the plan. Budget holders will look to work with members over the coming months to profile spend against these actions.

## **9. Revenue Virements**

- 9.1 For the period to 31st December, 2012, there was one budget virement actioned as outlined in Appendix E. Members are requested to note this virement.

## **10. Capital Position**

- 10.1 The Council's capital outturn position for the first nine months of 2012/13, as detailed in Appendix F, shows a **net overspend of £45,000**. This is due to the an overspend on Private Sector Disabled Facilities Grants (DFGs). Plans are in place to closely monitor and review spend on DFGs for the remainder of the financial year.

- 10.2 Whilst the position at the end of December 2012 shows an overspend against profiled budget to date, at this stage it is anticipated that the year end position for the capital programme will be a net underspend, as shown in Appendix G. This is due to project timing differences and budget profiling between the years on some of our large projects, which is often difficult to predict.

## **11. Other options considered**

- 11.1 None.

## **12. Community impact**

- 12.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

- 12.2 Wherever applicable, crime and disorder impact has been assessed by the individual services as part of their ongoing operational functions.

- 12.3 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

- 12.4 Wherever applicable, diversity and equality impact has been assessed by the individual services as part of their ongoing operational functions.

- 12.5 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

- 12.6 Wherever applicable, sustainability impact has been assessed by the individual services as part of their ongoing operational functions.

- 12.7 **Other impact** *(any other impacts affecting this report)*

- 12.8 Wherever applicable, any other impact has been assessed by the individual services as part of their ongoing operational functions.

## **13. Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

- 13.1 This report and the figures therein have been compiled by the Finance team in consultation with the relevant budget holders and services.

**14. Financial and resource implications** *(including asset management implications)*

14.1 As set out in the body of this report.

**15. Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
Wider economic situation around income levels	High	Continue to monitor areas closely to ensure assumptions remain reasonable	Medium
Capital investment plans continue to be affordable, prudent and sustainable	Medium	Prudential Indicators are in place to safeguard the Council	Low
Treasury Management	Medium	Treasury Management Policy and Procedures are in place	Low

**16. Legal and policy implications**

16.1 As outlined in the body of this report.

**17. Ward(s) affected**

17.1 All

**18. Background papers**

18.1 None

**19. Documents attached**

- 19.1 Appendix A – Revenue Outturn position 2012/13, for the period April to December  
Appendix B – Analysis of Revenue Variances 2012/13  
Appendix C – Local and Shared Services Savings – 2012/13 onwards  
Appendix D – Strategic Plan Actions 2012/13  
Appendix E – Revenue Budget Virements – actioned April to December 2012  
Appendix F – Forecast Revenue Reserves position  
Appendix G – Capital Outturn position 2012/13, for the period April to December