

Forest Heath District Council

**PERFORMANCE AND
AUDIT SCRUTINY
COMMITTEE**

28 NOVEMBER 2013

PAS13/021

(This report 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

FINANCIAL PERFORMANCE REPORT (REVENUE AND CAPITAL) – APRIL TO SEPTEMBER 2013

1. Summary and reasons for recommendation

- 1.1 This report indicates the financial position for the first six months of the financial year 2013/2014.
- 1.2 The report includes a year end forecast outturn under spend of £53,000 and details of these can be seen in **Appendix A**.
- 1.3 The Council's capital financial position for the first six months of 2013/2014 shows expenditure of £1,030,000. Further details are provided in **Appendix B**.
- 1.4 The earmarked reserves are showing a projected year end balance of £4,432,000.

2. Recommendation(s)

The Performance and Audit Scrutiny Committee is requested to note the 2013/14 revenue and capital budget positions for the first six months of the financial year.

Contact details

Name
Title

Portfolio holder

Cllr Stephen Edwards
Resources, Governance &
Performance

Lead officer

Rachael Mann
Head of Resources & Performance

Telephone
E-mail

01638 660518
stephen.edwards@forest-heath.gov.uk

01638 719245
rachael.mann@westsuffolk.gov.uk

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 Background

- 4.1.1 The Council has robust budget monitoring systems in place to ensure that over spends are avoided and target income is achieved. The Council also manages and analyses under spends to identify potential savings for the current and future years' priorities. Budget monitoring is undertaken on a monthly basis with budget holders and reported to Joint Leadership Team quarterly.

4.2 Revenue position

- 4.2.1 The year to date position after three months currently shows an under spend of £312,000. The forecast position for the year end is showing an under spend of £53,000. Details are set out in **Appendix A**.
- 4.2.2 Members are requested to note the position to September 2013 and the significant variances as outlined in the paragraphs below. Budget holders will continue to work with Resources Business Partners and Business Support Advisors for the remainder of the financial year in order to monitor the forecast position and an updated position will continue to be provided to this committee on a quarterly basis.
- 4.2.3 Initial reporting is showing that the overall business rate yield anticipated for 2013/14 is below that forecasted as part of the NNDR1 return back in January 2013. Work will continue with the Anglia Revenues Partnership team to understand the variances within the overall yield, and a further update will be provided in the next quarters monitoring report for December. In the mean time the additional revenue assumed in the 2013/14 budget of £93k remains an area of risk to the Council.

4.3 Commentary on Significant Revenue Variances

- 4.3.1 Significant year end forecast variances are explained in the table below.

Year end forecast variance: Over / (under) spend	Explanation
(£60,000)	Rebate received on previously paid gate fee expenditure for dry recyclables, not budgeted for.
(£27,000)	Additional trade waste income.
(£40,000)	Savings on vehicle related expenditure, predominately fuel costs, due to both lower then expected prices as well as more economical refuse freighters being purchased in the past year.
(£80,000)	This is a result of savings achieved on the management fee costs previously paid for the operation of the car parks.
(£15,000)	No expenditure expected on council publication this financial year.
(£23,000)	Additional licensing income.
£82,000	Less building control fee income received then budgeted.
£57,000	Although there has currently been a higher level of development control fee income received then budgeted, the cost of potential planning appeals could lead to there being an over spend at the year end.
£163,000	Lower than anticipated income to be received from Flagship Housing re VAT Shelter arrangements.
£50,000	Repayments of housing benefit over payments under expected level.
£28,000	A reduction in income from rents of industrial properties, as well an increased cost of rates on vacant units provide the large part of the over spend

4.4 Shared Services

4.4.1 The Shared Services agenda continues to progress, with the remainder of the service restructures completed in early November. The savings associated with these restructures are continuing to be worked on, with more details being reported to this committee in the third quarter monitoring report.

4.5 Revenue Virements

4.5.1 For the period to 30 September 2013, there were no budget virements actioned.

4.6 Capital Position

4.6.1 The table below is a high level summary of capital expenditure against budget for 2013/14. Detail on each individual capital scheme can be found in **Appendix B**. It is expected that the full year capital budget will be spent. The Resources Team will continue to work with Budget Holders to monitor capital spend and project progress closely for the remainder of the financial year and an updated position will be presented to this committee on a quarterly basis.

Service Area	Original 2013/14 Budget £000s	Spent to 30th Septemb er 2013 £000s
Policy, Communications & Customers	72	72
Housing	955	169
Leisure, Culture & Communities	691	182
Resources & Performance	114	96
Planning & Regulatory Services	101	51
Waste, Street Scene, Property & Grounds Maintenance	1,259	461
TOTAL	3,192	1,031

4.6.2 The Council has not received any capital receipts in the period to 30 September 2013.

5. Other options considered

5.1 None.

6. Community impact

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

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

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

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

6.5 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

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

6.7 **Other impact** *(any other impacts affecting this report)*

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

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

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

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

8.1 As set out in the body of this report.

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

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (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 & sustainable	Medium	Prudential Indicators are in place to safeguard the Council	Low
Treasury Management	Medium	Treasury Management Policy and Procedures are in place	Low
Business rate retention yield below forecast	High	Work with ARP to understand the variance to deliver a realistic forecast.	Medium

10. Legal and policy implications

10.1 As outlined in the body of this report.

11. Wards affected

11.1 All

12. Background papers

12.1 None

13. Documents attached

13.1 Appendix A – Revenue budget summary, for the period April to September 2013.

13.2 Appendix B – Capital Outturn position 2013/14, for the period April to September 2013.