

Forest Heath District Council

**PERFORMANCE AND
AUDIT SCRUTINY
COMMITTEE**

31 JULY 2014

PAS14/044

(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 JUNE 2014

1. Summary and reasons for recommendation

- 1.1 This report indicates the financial position for the first three months of the financial year 2014/2015.
- 1.2 The report includes a year end forecast outturn under spend of £51,000 and details of these can be seen in **Appendix A**.
- 1.3 The Council's capital financial position for the first three months of 2014/2015 shows expenditure of £1,281,000. Further details are provided in this report.

2. Recommendation

- 2.1 The Performance and Audit Scrutiny Committee is requested to **note** the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.

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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 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 £420,000. The forecast position for the year end is showing an under spend of £51,000. Details are set out in **Appendix A**.
- 4.2.2 Members are requested to note the position to June 2014 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 2014/15 is slightly higher than the forecasted yield as part of the NNDR1 return back in January 2014. We will continue to monitor the business rates closely with Anglia Revenues Partnership and a further update will be provided in the next quarter monitoring for September.

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
(£65,000)	Rebate received on previously paid gate fee expenditure for dry recyclables, not budgeted for.
(£20,000)	Discretionary Rate Relief budgeted, but not required.
(£60,000)	Additional income anticipated from the Business Rate Retention Scheme.

(£17,000)	Additional licensing income.
(£20,000)	There is currently a higher level of land charges income than originally anticipated.
£40,000	Deficit on the building control account higher than budgeted.
£100,000	Repayments of housing benefit over payments below expected level.
£77,000	A reduction in income from rents of industrial properties, due to some vacant properties which are currently being refurbished.

4.4 Revenue Virements

4.5.1 For the period to 30 June 2014, 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 2014/15. 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 2014/15 Budget £000s	Spent to 30 June 2014 £000s
Policy, Communications & Customers	132	0
Housing	875	41
Leisure, Culture & Communities	3,060	1,156
Resources & Performance	664	3
Planning & Regulatory Services	15	0
Waste, Street Scene, Property & Grounds Maintenance	2,314	81
TOTAL	7,060	1,281

4.6.2 The Council has not received any capital receipts in the period to 30 June 2014.

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 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
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 (April to June 2014).