

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 2 – 2015-16	
Report No:	PAS/SE/15/034	
Report to and dates:	Performance and Audit Scrutiny Committee	25 November 2015
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Purpose of report:	This report sets out the Financial Performance for the second quarter of 2015-16 and forecasted outturn position for 2015-16.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>note</u> the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:		<ul style="list-style-type: none"> This report and the figures therein have been compiled by the Finance team in consultation with the relevant budget holders, services and Leadership Team. 	
Alternative option(s):		<ul style="list-style-type: none"> In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. 	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> As set out in the body of this report. 	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any legal and/or policy implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> As outlined in the body of this report. 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Budget variances	High	Clear responsibilities for budget monitoring and control ensure that there is strong accountability for each individual budget line. Budget monitoring is undertaken on a monthly basis with budget holders and reported to Leadership Team quarterly.	Low
Wider economic situation around income levels	High	Budgets reflect the economic situation facing the Council, and have been scrutinised by officers and members at budget setting time. 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
Fluctuation in Business rate retention yield	High	Work with ARP to understand the variance to deliver a realistic forecast.	Medium
Ward(s) affected:		All Ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to September 2015.</p> <p>Appendix B – Revenue budget detail, for the period April to September 2015.</p> <p>Appendix C – Capital budget summary, for the period April to September 2015.</p> <p>Appendix D – Earmarked Reserves for 2015/16</p>	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

- 1.1.1 This is the second quarter financial monitoring report, which includes year end forecast outturn figures for large variance items we are aware of. We will continue to monitor the position throughout the year and will update members any change to this position at the next PASC meeting.
- 1.1.2 Details of the Council's revenue performance and year end forecasted outturn position can be found in **Appendix A** and **B**. Explanations of the main year end forecast under / over spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position for the first six months of 2015/2016 shows expenditure of £1,445,566. Further details are provided in **Appendix C**.
- 1.1.4 A summary of the earmarked reserves can be found at **Appendix D** along with the forecast year end position for 2015/16.

1.2 Revenue Performance

- 1.2.1 The current forecast position for the year end is showing an underspend of £83,500. Details are set out in **Appendix A** and **B**.
- 1.2.2 Members are requested to note the current position and the significant variances as outlined in the paragraphs below. Budget holders will continue to work with Resources Business Partners and Business Support Advisors and an updated outturn position will be provided to this committee in January.
- 1.2.3 Year end forecast variances over £25k are explained in the table below.

Year end forecast variance: Over / (under) spend	Explanation
(£120,000)	Waste management underspends relating to savings on vehicle costs due to lower fuel prices, and additional income through the vehicle workshops.
(£75,000)	Additional income from trade waste fees.
(£38,000)	Council Tax legal and court costs now all goes through the Anglia Revenues Partnership, budget no longer required.
(£35,000)	Business rates expenditure on vacant commercial properties is less due to the lower number of vacant units.
(£30,000)	Lower than anticipated homeless accommodation costs, plus additional funding through housing benefits.
(£25,000)	More people visiting the town centres (and using the car parks) than anticipated when the budget was set. Additional income over and above this level will be used to fund replacement pay machines.
£25,000	Lower than anticipated income from legal services, coupled with higher staffing costs.

£40,000	Additional costs associated with S106 monitoring due to legislation changes, management currently reviewing options so financial position may improve.
£100,000	Planning income underachievement – see paragraphs 1.2.4 – 1.2.5 below.
£125,000	Building control income underachievement, coupled with additional costs associated with changes in the staffing structure to ensure service delivery.

1.2.4 As report at the July meeting of this committee, the variance reported in Planning is created in part by the introduction of Permitted Development Orders and the impact of the 'Prior approval' process, which has reduced the number of applications the authority are now able to charge for, even though these applications still require a similar level of resource to administer.

1.2.5 Management have reviewed the position, with changes to assumed income levels reflected in the 2016/17 and medium term budgets. For more details see 'Delivering a Sustainable Budget 2016/17' report number PAS/SE/15/035.

1.3 **Capital Position**

1.3.1 The Council has spent £1,445,566 of its capital budget of £13,660,104 at the 30 September 2015.

1.3.2 The table below is a high level summary of capital expenditure against budget for 2015/16, as well as the year end forecast variances. Further details by capital project can be found at **Appendix C**. 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	2015/16 Full Year Budget £000s	Spent to 30 September 2015 £000s	Year End Forecast Variance Over / (Under) £000s
Planning and Growth	3,851	126	0
Housing	2,617	220	(39)
Resources and Performance	600	0	(560)
Families and Communities	169	19	(80)
Operations	6,423	1,081	(4,626)
TOTAL	13,660	1,446	(5,305)