

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 3 – 2015-16	
Report No:	PAS/FH/16/005	
Report to and dates:	Performance and Audit Scrutiny Committee	28 January 2016
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Purpose of report:	This report sets out the Financial Performance for the third 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:		None	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to December 2015.</p> <p>Appendix B – Revenue budget detail, for the period April to December 2015.</p> <p>Appendix C – Capital budget summary, for the period April to December 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 third quarter financial monitoring report, which includes year end forecast outturn figures for large variance items we are aware of.
- 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 over / (under) spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position for the first nine months of 2015/2016 shows expenditure of £3,669,269. 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 expected to be on budget. 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 for the remainder of the financial year in order to monitor the forecast position and an outturn position will be provided to this committee at the end of the financial year.
- 1.2.3 Year end forecast variances over £25k are explained in the table below.

Year end forecast variance: Over / (under) spend	Explanation
(£62,000)	Higher than anticipated planning fee income.
(£45,000)	Additional trade waste sales revenue and sale of scrap materials.
(£40,000)	Higher levels of interest income received due to greater level of cash balances being held.
(£25,000)	Business rates expenditure on vacant commercial properties is less due to the lower number of vacant units.
£30,000	Additional cost due to agency fees for Waste & Cleansing Operatives.
£95,000	Building control income underachievement, coupled with additional costs associated with changes in the staffing structure to ensure service delivery.
£100,000	Less income expected to be received from Flagship as part of the VAT Shelter Agreement. Projections from Flagship used in the 2015/16 budget process are now not expected to materialise at the level anticipated.

1.3 **Capital Position**

1.3.1 The Council has spent £3,669,269 of its capital budget of £14,505,247 at the 31 December 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 at the end of the financial year.

Service Area	2015/16 Full Year Budget £000s	Spent to 31 December 2015 £000s	Year End Forecast Variance Over / (Under) £000s
Families and Communities	170	0	(152)
Housing	1,095	174	(270)
Resources & Performance	9,241	3,236	(4,241)
Planning & Growth	837	31	(513)
Operations	3,162	228	(1,625)
TOTAL	14,505	3,669	(6,801)