

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Financial Performance Report (Revenue and Capital) Outturn – 2015-16	
Report No:	PAS/SE/16/010	
Report to and dates:	Performance and Audit Scrutiny Committee	25 May 2016
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Purpose of report:	This report sets out the Financial Performance for the year of 2015-16.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>note</u> the 2015/16 outturn revenue and capital 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 outturn position for 2015/16.</p> <p>Appendix B – Analysis of revenue variances for 2015/16.</p> <p>Appendix C – Capital outturn position for 2015/16.</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 Monitoring year-end financial performance plays an important role in understanding how the Council's financial plans and strategies have contributed towards the achievement of the Council's priorities.
- 1.1.2 The Council continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending, declining interest receipts and increased demand on front line services such as Housing Benefits and homelessness along with the reduction in central government grant funding. In order to respond to these pressures, the Council has had to make significant savings, the main contributor to delivering these savings continues to be through sharing services with Forest Heath District Council, which has to date achieved in excess of £4.0m in savings across both Councils.
- 1.1.3 This report is the final outturn position for the year 2015/2016. The report includes a revenue year end outturn **underspend of £36,000**, details of these can be seen in **Appendix A** and **B**. Explanations of the main year end over / (under) spends can be found in the table at 1.2.2.
- 1.1.4 The Council's capital financial position for the year end of 2015/2016 shows expenditure of £3,696,812. Further details are provided in **Appendix C**.
- 1.1.5 The council holds a variety of reserves which are earmarked for specific purposes as outlined to Council in February as part of the Budget and Council Tax Setting report. These include statutory reserves utilised to ensure cost neutrality across a three year period, reserves to fund the management of council assets and reserves committed to support the strategic objectives and medium term financial strategy of the council. A summary of the earmarked reserves can be found at **Appendix D** along with the year end position for 2015/2016.
- 1.1.6 Please note that the numbers reported here are subject to the final stages of the Council's 2015/2016 accounts closure process and the review from external auditors Ernst and Young. These figures may change depending on the findings and outcomes of those pieces of work, however any changes will be reported to this committee as part of the final accounts report in September 2016.

1.2 Revenue Performance

- 1.2.1 The revenue outturn position as at 31 March 2016 currently shows an overall underspend of £36,000 (0.05% of the budget). A summary by Head of Service area can be found in **Appendix A** with comments for variances by cost centre in **Appendix B**.
- 1.2.2 Year end variances against budget over £50k are explained in the following table.

Year end variance: Over / (under) spend £	Explanation (in Service Area order)
240,000	Less funding from Business Rates Retention Reserve required than anticipated due to overall budget position.
(57,000)	Lower than budgeted contribution to Anglia Revenues Partnership due to efficiency savings in the Partnership.
(81,000)	Council Tax underspend on legal and court fees, along with some additional court costs recovered.
116,000	Variance on Housing Benefits relating to a reduction in the Housing Benefit Administration Subsidy Grant payable by central government and an additional cost in-year in respect of the council's bad debt provision (resulting from government initiatives such as real time information).
168,000	Underachievement of income in Development Control, along with additional costs of planning appeals. The 2016/17 income budget assumptions have been reviewed to reflect the lower level of income generation.
56,000	Additional costs in Planning Policy associated with S106 Monitoring due to legislation changes.
196,000	Lower than anticipated income in Building Control, along with the additional costs associated with changes in the staffing structure to ensure service delivery.
59,000	Additional costs on Economic Development and Growth associated with bringing forward Suffolk Business Park and delivery of the Eastern Relief Road.
58,000	Anticipated brown bin recycling credits lower than budgeted.
(86,000)	Multi-bank recycling sites underspend due to contract changes and additional sales of scrap materials.
(234,000)	Higher than budgeted trade waste sales revenue. Assumptions in respect of trade waste income are being reviewed as part of the ongoing budget process.
(150,000)	Underspend on Waste and Cleansing vehicle fuel as a result of exceptionally low worldwide fuel prices, this has been transferred into the Invest To Save Reserve to enable future efficiency drives. Fuel budgets and ongoing assumptions will be reviewed and closely monitored throughout 2016/2017.
(63,000)	Due to a lower number of vacant industrial and business units than anticipated, rental income higher than budgeted and council's landlord costs such as business rates lower than budgeted.
(79,000)	Due to an increase in user numbers, car park income overachieved against budgeted assumptions by £500k which has been partly offset in year by additional costs for equipment of £96k over budget and by a further contribution of £325k into reserves for future investment in car parking.
(64,000)	Savings on accommodation costs for homelessness due to Council investing in property acquisition.

1.3 **Capital Position**

1.3.1 The Council has spent £3,696,812 of its capital budget of £6,006,790 as at the 31 March 2016. A further £2,458,657 is being carried forward from the 2015/16 capital budget into 2016/17.

1.3.2 The following table is a high level summary of capital expenditure against budget for 2015/16. Further details by capital project can be found at **Appendix C**.

Service Area	2015/16 Full Year Budget £000s	Spent to 31 March 2016 £000s	Budget carry forward from 2015/16 £000s	Year End Variance Over / (Under) £000s
Planning and Growth	1,664	450	1,180	(34)
Housing	1,991	1,121	903	33
Resources and Performance	40	37	3	-
Families and Communities	169	38	131	-
Operations	2,144	2,051	242	150
TOTAL	6,007	3,697	2,459	149