

# Performance and Audit Scrutiny Committee



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Financial Performance Report (Revenue and Capital) Quarter 1 – 2017-2018</b>	
<b>Report No:</b>	<b>PAS/FH/17/022</b>	
<b>Report to and dates:</b>	<b>Performance and Audit Scrutiny Committee</b>	27 July 2017
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<b>Purpose of report:</b>	This report sets out the Financial Performance for the first quarter of 2017-2018 and forecasted outturn position for 2017-2018.	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>Members are requested to note the year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.</b>	
<b>Key Decision:</b>  <i>(Check the appropriate box and delete all those that <b>do not</b> 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"/>	

<b>Consultation:</b>		<ul style="list-style-type: none"> <li>This report and the figures therein have been complied by the Finance team in consultation with the relevant budget holders, services and Leadership Team.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available.</li> </ul>	
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>As set out in the body of this report.</li> </ul>	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>As outlined in the body of this report.</li> </ul>	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (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
<b>Ward(s) affected:</b>		All Ward	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		Budget and Council Tax Setting 2017/2018 and Medium Term Financial Strategy 2017-2021 (Report No: <a href="#">COU/FH/17/005</a> )	
<b>Documents attached:</b>		<p><b>Appendix A</b> – Revenue budget summary, for the period April to June 2017.</p> <p><b>Appendix B</b> – Revenue budget detail, for the period April to June 2017.</p> <p><b>Appendix C</b> – Capital budget summary, for the period April to June 2017.</p> <p><b>Appendix D</b> – Earmarked Reserves for 2017/2018</p>	

## 1. Key issues and reasons for recommendation(s)

### 1.1 Key Issues

- 1.1.1 This is the first quarter financial monitoring report for Forest Heath District Council; 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 on any change to this position at the next Performance and Audit Scrutiny Committee 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 over/(under) spends can be found in the table at 1.2.3.
- 1.1.3 The Council's capital financial position is summarised below at 1.3. 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 2017/18. This appendix is to be considered in the context of the planned medium term reserve position as agreed as part of the Budget and Council Tax 2017/18 setting report in February 2017 (Report No: COU/FH/17/005), specifically **attachment D, Appendix 3 Reserves**.

### 1.2 Revenue Performance

- 1.2.1 The current forecast position for the year end is expected to be an underspend against budget of around £28k, which equates to just 0.08% of the council's gross expenditure. Explanations of the main year end forecast over / (under) spends can be found in the table at 1.2.3 below.
- 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 the Quarter 2 report in November 2017.
- 1.2.3 Year-end forecast variances over £25,000 are explained in the following table.

<b>Year-end forecast variance: Over / (under) spend £000s</b>	<b>Explanation</b>
59	<b>Waste and Cleansing Operatives</b> Employees costs are currently forecast to be higher than originally budgeted. This will be kept under review in the coming months, given the front-facing nature of the service, In order to provide service continuity it is necessary to ensure that cover is provided for sickness and holiday, and in the overall context of employees costs across the councils this is currently considered to be manageable.

(66)	<p><b>Industrial and Business Units:</b> Rental income is currently forecast to exceed budget, and in addition there is a forecast underspend on landlord costs as a result of better occupancy than anticipated.</p>
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#### 1.2.4 Employee-related Expenses

Whilst the year end forecast variances in the table above and in **Appendix B**, will always include a number of areas where there are overspends or underspends on employee related costs, the overall position for the West Suffolk councils in this area is broadly on track with the approved budget.

There are a number of factors relating to employees expenses, including vacancy management, staffing vacancies during the year, structural changes and assumptions around pension scheme take-up which are continually reviewed, both during the year, and as part of the budget setting process.

### 1.3 Capital Position

1.3.1 The following table gives a high level summary of capital expenditure against budget for 2017/18. Further details by capital project can be found at **Appendix C**.

1.3.2 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.

Assistant Director	2017/18 Revised Full Year Budget	2017/18 Actual Spend to Date	2017/18 Forecast Spend	2017/18 External Grant Funded	2017/18 Carried Forward	2017/18 Forecast Over / (under) Spend
	£000s	£000s	£000s	£000s	£000s	£000s
Resources & Performance	3,796	27	3,823	27	0	0
Families & Communities	441	0	36	0	405	0
Planning & Regulatory	1,893	232	679	124	1,338	0
Operations	3,970	54	3,646	26	300	(50)
Growth	10,500	0	10,350	0	150	0
<b>Totals:</b>	<b>20,600</b>	<b>313</b>	<b>18,534</b>	<b>177</b>	<b>2,193</b>	<b>(50)</b>