

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 3 – 2017-2018	
Report No:	PAS/SE/18/004	
Report to and dates:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	This report sets out the Financial Performance for the third quarter of 2017-2018 and forecasted outturn position for 2017-2018.	
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>		Budget and Council Tax Setting 2017/2018 and Medium Term Financial Strategy 2017-2021 (Report No: COU/SE/17/009) https://democracy.westsuffolk.gov.uk/mgAi.aspx?ID=7442	
Documents attached:		<p>Appendix A – Revenue budget summary, for the period April to December 2017.</p> <p>Appendix B – Revenue budget detail, for the period April to December 2017.</p> <p>Appendix C – Capital budget summary, for the period April to December 2017.</p> <p>Appendix D – Earmarked Reserves for 2017/18.</p>	

1. Key issues and reasons for recommendation(s)

1.1 Key Issues

- 1.1.1 This is the third quarter financial monitoring report for St Edmundsbury Borough 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 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 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/SE/17/009), 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 a benefit of £174,000 to the council's General Fund, which equates to just 0.23% 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 the final outturn position will be provided to this committee at the end of the financial year.
- 1.2.3 Year end forecast variances over £25,000 are explained in the following table.

Year end forecast variance: Over / (Under) Spend £000s	Explanation
281	<p><u>Non-Distributed Costs:</u></p> <p>The forecast includes St Edmundsbury's share of the Pension Capital Costs payment in respect of ill health retirement contributions (over and above our annual allowance – linked to our current pension contribution rates) under the local government pension scheme rules.</p> <p>This is a one-off cost that we are accommodating within the overall budget position.</p>

Year end forecast variance: Over / (Under) Spend £000s	Explanation
50	<p><u>Democratic Services:</u></p> <p>The Forecast includes St Edmundsbury's share of the additional costs to be incurred as a result of the General Data Protection Regulation requirements. £30k has therefore been included in the base costs, with an additional £30k transferred to reserves in respect of 2018/19.</p> <p>We are currently assuming that we will be able to accommodate these additional costs within the overall budget position as previously reported to Cabinet.</p>
(26)	<p><u>Policy:</u></p> <p>The staff saving represents a combination of a vacancy in the projects team which will be filled in the new year, once the wider review of resourcing is complete, and a secondment of a part time member of staff to fill a full time post.</p>
53	<p><u>Housing Options:</u></p> <p>Accommodation and associated homeless prevention costs are currently forecasted to exceed the budgeted levels, driven by the increase in homelessness cases.</p> <p>This budget is going to continually be under pressure as we are facing increased demands.</p> <p>The budget is being reviewed for 18/19 in light of the combined impact of new legislation, welfare reform, Universal Credit and continued housing pressures.</p>
(85)	<p><u>Development Control:</u></p> <p>Planning Application income forecasted to exceed budget, predominantly driven by major applications, including the Suffolk Business Park extension.</p>

Year end forecast variance: Over / (Under) Spend £000s	Explanation
40	<p><u>Building Control:</u></p> <p>This variance is primarily due to a forecasted underachievement of fee income.</p> <p>Fee income is being closely monitored during 2017/18. The assumptions around income going forward, based upon the council's market share and the team's capacity are being considered as part of the budget setting process.</p>
(153)	<p><u>Compostable Collection (Brown Bins):</u></p> <p>We are currently in year two of a three year transitional period for the introduction of the subscription-based garden waste collection service.</p> <p>Take-up of the service has continued to be strong and it is performing well. Budgets for the scheme were prudent and performance is currently well under the levels set. There is an aspiration that it can ultimately be fully cost neutral (ie. only those that use it, pay for it) and whilst this isn't yet the case, we are working towards this outcome for the future.</p> <p>This cost centre currently proposes a £80k transfer to the Invest and Save Reserve, representing one third of the projected year end position.</p> <p>This reflects the three year nature of the Garden Waste Scheme, and is prudent in terms of the future cost sharing arrangements.</p>
(139)	<p><u>Trade Waste:</u></p> <p>Income from Trade Waste currently forecasted to be higher than budgeted. We have seen a big increase in income during the second and third quarter (including Cardboard Collections etc).</p> <p>Income assumptions for this service were revisited during the 2017/18 budget setting process, which are currently being more than borne out by the projections.</p>
(61)	<p><u>Industrial and Business Units:</u></p> <p>Rental income is currently forecast to exceed the budget as a result of better occupancy than anticipated.</p>

Year end forecast variance: Over / (Under) Spend £000s	Explanation
(74)	<p><u>Off Street Car Parks:</u></p> <p>Income from Car Parking is currently forecast to exceed the budget, reflecting the council's success in its town centres. Predicted income levels to be kept under review by the service going forward.</p>

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**. 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	1,697	56	56	0	1,642	0
Human Resources, Legal & Democratic	26	0	26	0	0	0
Families & Communities	132	36	68	0	65	0
Planning & Regulatory	2,127	308	821	0	1,307	0
Operations	14,586	3,492	6,443	188	8,330	(1)
Growth	20,623	8,893	9,044	0	11,579	0
Totals:	39,191	12,785	16,458	188	22,923	(1)

