

Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Financial Performance Report (Revenue and Capital) Outturn – 2017-18	
Report No:	PAS/FH/18/017	
Report to and dates:	Performance and Audit Scrutiny Committee	31 May 2018
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: Stephen.edwards@forest-heath.gov.uk	
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Purpose of report:	This report sets out the Financial Performance for St Edmundsbury Borough Council and Forest Heath District Council for the year of 2017-18.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>note</u> the 2017/18 outturn revenue and capital positions 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:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> As set out in the body of this report. 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> As outlined in the body of this report. 	
<i>Are there any equality implications? If yes, please give details</i>		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:

Appendix A – FHDC Overall Year End Position for 2017/18.

Appendix B – FHDC Revenue outturn position for 2017/18.

Appendix C – FHDC Analysis of revenue variances for 2017/18

Appendix D – FHDC Capital outturn position for 2017/18

Appendix E – FHDC Earmarked Reserves for 2017/18

Appendix F – SEBC Overall Year End Position for 2017/18

Appendix G – SEBC Revenue outturn position for 2017/18

Appendix H – SEBC Analysis of revenue variances for 2017/18

Appendix I – SEBC Capital outturn position for 2017/18

Appendix J – SEBC Earmarked Reserves for 2017/18

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 councils continue 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, Forest Heath and St Edmundsbury, working in partnership as West Suffolk have been tackling these changes together since 2010. We saved in excess of £4m annually through sharing services and are continuing this savings and transformation journey through the creation of a new single Council from April 2019, with a further £800k of savings and efficiencies planned.

1.1.3 This report gives the final outturn position for both councils for the year 2017/18.

Appendix A shows the Forest Heath revenue year end position as a break-even against budget, with explanations of significant variances over £50k. Further details are given in appendices B and C.

Forest Heath's capital financial position for year end 2017/18 shows expenditure of £2,486,880. Further details are provided in **Appendix D**.

Appendix F shows the St Edmundsbury revenue year end position as an underspend of £35,523, again with explanations of significant variances over £50k.

In accordance with the recommendations from report COU/SE/18/004 "Budget and Council Tax Setting: 2018/2019 and Medium Term Financial Strategy 2018-2022", the St Edmundsbury £35k underspend will be transferred to the council's Invest to Save reserve (included at **Appendix J**).

St Edmundsbury's capital financial position for the year end of 2017/18 shows expenditure of £14,712,450. Further details are provided in **Appendix I**.

1.1.4 As we move into the 2018/19 budget monitoring process, the 2017/18 year end outturn figures will be taken into consideration as we continue to review and challenge our ongoing budget assumptions going forward.

1.1.5 The councils hold 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 reports. These include reserves to fund the management of council assets and reserves committed to support the strategic objectives and medium term financial strategy.

1.1.6 A summary of the earmarked reserves along with the year-end position for 2017/18 can be found at **Appendix E** for Forest Heath and **Appendix J** for St Edmundsbury.

Please note that the numbers reported here are subject to the final stages of the councils' 2017/18 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 July 2018.