

## Performance & Monitoring Scrutiny Committee – 31 May 2018

### Appendix A – Forest Heath District Council – Year End position

#### Revenue Performance

The revenue outturn position as at 31 March 2018 currently shows an overall break-even position. A summary by Assistant Director can be found in **Appendix B** with comments for variances by cost centre in **Appendix C**. This break-even position has been achieved against an annual total income of around £36m.

For Forest Heath District Council, in 2017/18 operational delivery against the budget gave rise to a surplus of £23,396. However this surplus has been moved to the Capital Financing Reserve in order to manage the requirement for internal borrowing that will exist in 2018/19.

#### **Forest Heath District Council Major Outturn Variances over £50k.**

<b>Year end variance: Over /(under) spend £'000s</b>	<b>Explanation (in Assistant Director order)</b>
(53)	<b>Anglia Revenue Partnership</b> Distribution of year end surplus to the Anglia Revenues Partners as agreed by ARP Joint Committee.
115	<b>Non-Distributed Costs</b> The includes Forest Heath'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.  This is a one-off cost that we are accommodating within the overall budget position.
67	<b>Development Control</b> Income from planning applications during 2017/18 has underachieved against budgeted levels by £78k.

<b>Year end variance: Over /(under) spend £'000s</b>	<b>Explanation (in Assistant Director order)</b>
<p>51</p>	<p><b>Building Control</b></p> <p>Underachievement of budgeted income.</p> <p>Fee income has been closely monitored during 2017/18. The assumptions around income going forward, based upon the council's market share and the team's capacity have been considered and factored into the 2018/19 budget setting process.</p>
<p>(125)</p>	<p><b>Compostable Collection (Brown Bin)</b></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 positive against 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 includes a £67k transfer to the Invest to Save Reserve, representing one third of the projected year end position. This reflects the three year nature of the Garden Waste Scheme, and is prudent in terms of the future cost sharing arrangements.</p>
<p>23</p>	<p><b>Interest</b></p> <p>The interest figures as shown in Appendix A comprise a number of elements that relate not only to investments, but also project financing and the budget assumptions around the ongoing growth agenda.</p> <p>The detailed breakdown of the £23k overspend is as follows:</p> <p>Interest Receivable: £56k underachievement</p> <p>Contributions to Reserves: £251k additional to budget</p> <p>Interest payable on borrowing: (£341k) underspend</p> <p>Minimum Revenue Provision: (£552k) underspend</p> <p>Growth Income assumptions: £388k underachievement</p> <p>Project Cash Flow Benefit: £221k underachievement</p>

	<p><b>Interest (continued)</b></p> <p>The contribution to reserves represents the overall benefit to the council of the net project financing position for 2017/18, and is also referred to in the Reserves Appendix E against the Capital Project Financing Reserve.</p>
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### **Performance of Toggam Solar Farm**

The council has now owned Toggam Solar Farm since July 2016 and the data below sets out the performance of the site for year ending 31 March 2018.

Overall the site has outperformed the modelled performance for the year. The site met its annual generation target of 11,680MWh of electricity, producing 11,683MWh. This has resulted in a financial return of £1,225,039 against a budget of £1,214,340. After revenue costs, performance exceeded budget by £19,351.

The site underwent its first annual performance assessment during the summer of 2017 under a two year contract warranty period. This was the second of a three stage independent technical evaluation under the warranty where the performance of the site is judged against specific industry-standard performance indicators. This first anniversary since commissioning is termed the Interim Assessment Certification (IAC). The IAC confirmed that the site is performing above the contracted standard, with the key performance indicator called the Performance Ratio reported at 89.74% compared a guaranteed minimum performance ratio of 84%. This is understood to be above the UK industry standard for this size and age of solar farm.

Output from Toggam was lower than the previous year, down from 12,039MWh. This was evaluated by the independent technical consultants who concluded, after taking into account other factors, that the downturn in production was solely due to lower annual irradiance during the year.

## **Capital Position**

The Council has spent £2,486,880 of its capital budget of £5,678,080 as at the 31 March 2018. A further £3,082,315 is being requested to be carried forward from the 2017/18 capital budget into 2018/19 as a result of project timings.

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

<b>Assistant Director</b>	<b>2017/18 Revised Full Year Budget</b>	<b>2017/18 Actual Spend to Date</b>	<b>2017/18 External Grant Funded</b>	<b>2017/18 Carried Forward</b>	<b>2017/18 Actual Over / (under) Spend</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Resources & Performance	443	39	39	342	0
HR, Legal & Democratic	14	0	0	14	0
Families & Communities	50	50	0	0	0
Planning & Regulatory	973	743	261	230	0
Operations	4,163	1,602	86	2,514	(47)
Growth	36	54	0	(18)	0
<b>Totals:</b>	<b>5,679</b>	<b>2,488</b>	<b>386</b>	<b>3,082</b>	<b>(47)</b>