

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Financial Performance Report (Revenue and Capital) Quarter 1 – 2015-2016	
Report No:	PAS/FH/15/020	
Report to and dates:	Performance and Audit Scrutiny Committee	30 July 2015
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources, Governance and Performance Tel: 01638 660518 Email: Stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	This report sets out the Financial Performance for the first quarter of 2015-16 and forecasted outturn position for 2015-16.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are requested to <u>note</u> the 2015-2016 year end forecast financial position and forward any relevant issues or comments to Cabinet for their consideration.	
Key Decision: (Check the appropriate box and delete all those that <u>do not</u> apply.)	Is this a Key Decision and, if so, under which definition? 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 budget summary, for the period April to June 2015.</p> <p>Appendix B – Revenue budget detail, for the period April to June 2015.</p> <p>Appendix C – Capital budget summary, for the period April to June 2015.</p> <p>Appendix D – Earmarked Reserves for 2015/16</p>	

1. Key issues and reasons for recommendation

1.1 Key Issues

- 1.1.1 This is the first quarter financial monitoring report, whilst it is still early in the year we have included 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 over/(under) spends can be found in the table at 1.3.1.
- 1.1.3 The Council's capital financial position for the first three months of 2014/2015 shows expenditure of £1,235,000. 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 2015/16.

1.2 Revenue Performance

- 1.2.1 The current forecast position for the year end is expected to be on budget. Explanations of the main year end forecast over / (under) spends can be found in the table at 1.3.1 below. Budget holders are currently identifying a small amount of in year savings, predominately from supplies and service budgets, to contribute towards achieving this year end position.
- 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 November.

Commentary on Significant Revenue Performance Variances

- 1.3.1 Significant year end forecast variances are explained in the table below.

Year end forecast variance: Over / (under) spend	Explanation
(£50,000)	Higher than anticipated planning fee income.
(£25,000)	Additional income from trade waste fees.
£56,000	Building control income underachievement, coupled with additional costs associated with changes in the staffing structure to ensure service delivery.
£100,000	Less income expected to be received from Flagship as part of the VAT Shelter Agreement. Projections from Flagship used in the 2015/16 budget process are now not expected to materialise at the level anticipated.
(£91,000)	In-year savings predominately from supplies and services and increased income.

1.3 **Capital Position**

1.3.1 The table below is a high level summary of capital expenditure against budget for 2014/15. 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.

Service Area	2015/16 Original Budget incl carry forwards £000s	Spent to 30 June 2015 £000s
Families and Communities	170	0
Housing	1,095	31
Resources and Performance	9,241	1,108
Planning and Growth	687	2
Operations	2,675	94
TOTAL	13,868	1,235