

REPORT TO	DATE OF MEETING
Governance Committee	27 th January 2016

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Budget Projected Out-turn Statement as at 31 December 2015	Finance & Resources	Susan Guinness /Jane Blundell	9

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report provides an update on the Council's overall financial position compared to the financial strategy for the first nine months of the financial year 2015/16 as at 31 December 2015. The following items have been included:

- Revenue income and expenditure;
- Progress in respect of the efficiency programme contained in the Medium Term Financial Strategy;
- Capital expenditure.

Details are set out in the attached Appendices.

RECOMMENDATIONS

1. That the Governance Committee note, review and comment on report and appendices.

DETAILS AND REASONING

The approved revenue budget for 2015/16 is £13.194m less a £0.185m transfer from general reserves resulting in a net budget requirement of £13.009m. The report compares the original 2015/16 budget with the latest projected outturn for 2015/16, which shows a forecast net transfer to General Reserves at the end of the year of £0.422m.

With regard to managing risk in the budget management process, the main income streams are reported in detail as these budget heads are subject to variations caused by circumstances outside the direct control of the Council. At this stage in the year some of the Council's main income streams are performing well and have in some cases exceeded the levels anticipated; whilst others, such as Building Control fees and Planning Fees, income levels have fallen. These variations are reflected in the projected outturn forecasts. There will be a review into all fees and charges as part of the business improvement projects to be undertaken by Shared Financial Services.

The revenue budget approved in the Medium Term Financial Strategy includes an efficiency saving programme totalling £0.590m of which £0.606m is forecast to be achieved in 2015/16; an improvement of £0.016m.

In summary, the financial position at the end of the third quarter 2015/16 shows the Council is forecast to underspend against the original budget, and recurring budget savings have been identified in 2015/16 which will contribute to reducing the budget gap from 2016/17 onwards. It should be noted, however, that the revised forecast is based on a number of assumptions made in the budget with regard to expected spending patterns and levels of income received to the end of the final quarter.

With regard to the wider context and the Council's financial position in the longer term it should be noted that although the budgetary savings achieved contribute towards achieving a balanced budget position there still remains a significant budget gap in future years. The recent Spending Review 2015 (SR 2015) and Provisional Local Government Settlement contained proposals that will see proposed fundamental change being applied to the Council's core funding streams including: the total withdrawal of Revenue Support Grant RSG); significant reductions in the amount of New Homes Bonus awarded per property; and the introduction of a new income deduction referred to as a Tariff Adjustment.

Overall, this will reduce the Councils income by at least £2.3m over the next four years and restrict total income to a basis of 100% locally sourced taxation in the form of Council Tax and Business Rates Retention which is subject to year on year and in year variations and volatility outwith the direct influence of the Council.

In summary, projected performance against budget to the end of the year is positive but should be treated with caution at this stage of the year due to the scale of assumptions and estimates included. The current position continues to be closely monitored with particular regard to budgets that are subject to fluctuation and therefore present a higher risk to the Council's budget.

Details of the Council's capital spending by each project are contained in Appendix Three. The projected spend is compared to the full year budget accompanied by an explanatory note where applicable. The total full year budget is £4.488m with £2.650m spent and committed as at 31st December 2015. It is expected that the total spend at year end will be £3.237m with £1.054m being planned to be spent in future years and other in-year reductions of £0.199m. Similarly to revenue budget monitoring, however, the statement set out in Appendix Three contains assumptions in respect of spending to the end of the year and will continue to be closely monitored.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	The financial implications are contained within the report and attached appendices.		
LEGAL	None.		
RISK	Risk is identified in the report. The main risk area is the inclusion of assumptions. Assumptions have been made with regard to estimating future costs and external influences that will affect projections in future months. Therefore any conclusions drawn from the contents of the report should be treated with some caution at this stage of the year.		
THE IMPACT ON EQUALITY	This report is not considered to have any adverse impact on equality.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS - Budget Report and Medium Term Financial Strategy – Cabinet 11 February 2015.