

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Governance Committee	1 <sup>st</sup> February 2017

Report template revised June 2008



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
<b>Budget Projected Out-turn Statement as at 31 December 2016</b>	Finance	Susan Guinness /Jane Blundell	4

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

This report provides an update on the Council's overall financial position forecasted to 31<sup>st</sup> March 2017, when compared to the financial strategy as at 31 December 2016. The following items have been included with details set out in the attached Appendices:

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

## **RECOMMENDATIONS**

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

## **DETAILS AND REASONING**

The approved revenue budget requirement for 2016/17 is £13.551m. The report compares the original 2016/17 budget with the latest projected out-turn for 2016/17 which shows a forecast net transfer to General Reserves at the end of the year of £0.177m.

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, such as planning fees, are performing well and have in some cases exceeded the levels anticipated. Others such as Building Control fees, however, have fallen. These variations are reflected in the projected out-turn forecasts.

The revenue budget approved in the Medium Term Financial Strategy includes an efficiency saving programme totalling £0.616m which is forecast to be achieved in 2016/17. That said, however, only £0.201m is on a recurring basis with the remainder met from staffing savings through vacancies, general turnover and reduced hours.

In summary, the financial position at the end of the third quarter 2016/17 shows the Council is forecast to underspend against the original budget and recurring budget savings have been identified in 2016/17 which have contributed to reducing the budget gap. 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 year.

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 out-turn position there still remains a significant budget gap in future years of circa. £3.0m. The recent Provisional Local Government Settlement contained proposed fundamental change being applied to the Council's core funding streams including: the total withdrawal of Revenue Support Grant (RSG) and significant reductions in the amount of New Homes Bonus awarded per property. This restricts core funding to a basis of 100% locally sourced taxation in the form of Council Tax and Business Rates Retention (BRR). BRR present an increased financial risk to the authority as it is subject to year on year, and also 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 financial sustainability over the medium to long term.

Details of the Council's capital spending by each project is 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 £7.072m with £1.958m spent and committed as at 31<sup>st</sup> December 2016. It is expected that the total spend at year end will be £2.937m with £3.813m being planned to be spent in future years and other in-year reductions of £0.322m. Similarly to revenue budget monitoring, however, the statement set out in Appendix Three contains assumptions and budget holder advice in respect of spending to the end of the year. An exercise is currently being finalised whereby Budget Holder and project sponsors are being challenged to revise the forward Capital Budget to reflect robust job costing together with realistic and achievable commitment and delivery profiles. A detailed report on the Capital Programme underspends and the Budget Efficiency Target revised out-turn position will be reported to the next Governance Committee.

## **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.

<b>FINANCIAL</b>	The financial implications are contained within the report and attached appendices.		
<b>LEGAL</b>	None.		
<b>RISK</b>	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.		
<b>THE IMPACT ON EQUALITY</b>	This report is not considered to have any adverse impact on equality.		
<b>OTHER (see below)</b>			
<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 10 February 2016.**