

Corporate Financial Monitoring 2016/17 – Quarter 1
06 September 2016
Report of the Chief Officer (Resources)

PURPOSE OF REPORT				
To provide an overview of the Council's financial position for Quarter 1 of the 2016/17 monitoring cycle, and the supporting actions underway.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A		
This report is public.				

OFFICER RECOMMENDATIONS:

(1) That Cabinet notes the report and the supporting actions set out.

1. Corporate Financial Monitoring

- 1.1. The corporate financial monitoring report for Quarter 1 is attached at **Appendix A**, and the headline variances and projections are as follows:
- A current General Fund net underspending of £462K, but projected to reduce to £3K by the year end.
 - A current Housing Revenue Account net underspending of £20K, expected to increase to £23K by the year end.
- 1.2. Balances for both funds remain strong and are higher than forecast back in March.
- 1.3. With regard to the Housing Revenue Account, there are no new significant issues to report and in the context of its overall budget, the forecast net underspending is small.
- 1.4. With regard to General Fund, there are some key matters to highlight. The table overleaf provides a summary of the latest financial forecasts for both current year and next year. Cabinet will recall that both these years were balanced, based on the budget and financial strategy decisions taken by Council back in March.

2016/17 and 2017/18 Summary Position	2016/17 Position to Qtr 1 £'000	2016/17 Full Year Projection £'000	2017/18 Full Year Projection £'000
Savings Targets Not Achieved (Annex A)	+17	+535	+14
Employees (Annex B)	(159)	(224)	--
Transport / Premises / Supplies & Services (Annex B)	+7	(1)	--
Other additional income (Annex B)	(90)	(76)	--
Net Additional Business Rates Income (App A, section 4.1.2)	(237)	(237)	(633)
NET (UNDER) / OVER (+) SPENDING	(462)	(3)	(619)
<i>*Any underspendings are simply assumed to fall into Balances at this stage.</i>			

- 1.5. The table highlights that on top of the very minor £3K net underspending now forecast in the current year, a net underspending of £619K is projected for next year. Based on these projections, additional funds would be available to help manage other financial pressures or spending needs.
- 1.6. It can also be seen that a number of General Fund savings, approved as part of the 2016/17 budget, are not meeting their target and they are the main reason why the current General Fund net underspending is forecast to reduce by the end of the year. Three of the main areas relate to:
- Splash Park – income will be down by £50K (100% of target) for the year.
 - Charging for Green Waste Collection – income projected to be down by £458K (79% of target) for the year.
 - Energy Efficiency Savings – savings down £35K (50% of target) for the year.

The above are as a result of implementation issues or changes in approach for delivering the projects, for which more details are provided in section 2.3 of Appendix A. It is still anticipated however that in main, the bulk of savings will be fully achievable in 2017/18 and onwards. Green waste collection income is assumed to grow substantially from 2018/19, although this is still subject to Cabinet's future decisions on pricing policy.

- 1.7. One particularly significant positive point to note is that the General Fund budget will benefit from Renewable Energy business rate income, which after allowing for adjustments to the business rates tariff, will amount to additional income of £237K in the current year, rising to at least £630K in future years. There is scope for this income to increase further for the medium term - at least.

- 1.8. Drawing on the results of this quarter's monitoring work, the following table shows how General Fund's financial outlook to 2020 is expected to improve. The estimated savings requirements for 2018/19 and 2019/20, as set out in the Medium Term Financial Strategy (MTFS), have reduced significantly by £953K for 2018/19 and £938K for 2019/20. This is really good progress at this stage, but as touched on above it does make assumptions in respect of future year's pricing for the green waste collection service. That said, by no means are the updated forecasts based on a thorough reassessment of the Council's financial prospects, as that can only be completed later in the year.

Future Years Savings Requirements	2018/19 £'000	2019/20 £'000
Current In-Year Savings Requirements as per MTFS	2,226	2,671
Add: Savings Targets Not Achieved (Credit Card Charging – see Annex A)	+25	+26
Less: Savings Targets Exceeded (Green Waste Collection Charging – see App A section 2.3 for more details)	(342)	(325)
Less: Renewable Energy – Net Business Rates Income (see App A)	(636)	(639)
Updated In-Year Savings Requirements	1,273	1,733
Forecast Improvement in Position	953	938

- 1.9. To help manage the pressures on balances and the budget generally, and to help ensure the successful delivery of future savings programmes or other initiatives, a number of actions are outlined in the report and they key ones are summarised as:
- Seeking to implement green waste charging in some form later this year, to get the scheme in place and achieve some income.
 - Developing the next corporate planning and budgeting process over a two year planning period, to allow more time for better, more co-ordinated planning and development, and capacity building. The backdrop of a four-year Finance Settlement also helps with this, giving much more (but not absolute) certainly over medium term funding prospects.
- 1.10. More details are set out in the attached report.
- 1.11. In support, the latest update treasury management activities is included at **Appendix C**. The Property Group update is currently being reviewed and updated and a briefing note will be circulated in due course.
- 1.12. This report is primarily for information and therefore no options presented. Cabinet is requested to consider carefully the report and the various Officer actions set out, however, and indicate whether it wishes any further actions to be undertaken.

RELATIONSHIP TO POLICY FRAMEWORK

This report is a requirement of the council's Performance Management Framework in support of the delivery of key priorities and outcomes as set out in the overall policy framework and specifically in the Corporate Plan 2016-20.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

LEGAL IMPLICATIONS

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

FINANCIAL IMPLICATIONS

As set out in the attached.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

References and any related implications are contained within the report and related appendices.

SECTION 151 OFFICER'S COMMENTS

This report is in the name of the s151 Officer, albeit in her capacity as Chief Officer (Resources).

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None.

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