

BRECKLAND DISTRICT COUNCIL

Report of: Pablo Dimoglou, Executive Member Finance

To: EMT, 26 October 2015
Cabinet, 1 December 2015

(Author: Julie Kennealy, Shared Executive Director Commercialisation)

Subject: Quarter 2 Financial Performance Report 2015-16

Purpose: This report provides information on the forecast full year financial position of the Council as at 30 September 2015

Recommendation(s):

- 1) That the report and appendix be noted
- 2) That the revenue virements in table 4 of section 1 of the appendix be approved

1.0 BACKGROUND

1.1 This report and appendix to Cabinet provides information on the forecast full year financial performance for 3 separate areas; revenue, capital and treasury.

1.2 The figures included in this quarter 2 report provide information on costs and income to date and expected costs and income, informing a revised forecast of our budget requirements for the remaining year.

1.3 Revenue

The main revenue variance areas to highlight from appendix 1 are:

- At this stage in the year the revenue budgets are forecasting a below budget spend of £150k (1.2%), the main reasons for the variances are detailed in the appendix
- The council tax base and council tax collection rates continue to be higher than budget assumptions. This has led to increased income in the previous financial year and the current financial year. This income will be included in the 2016-17 budget (due to accounting rules).
- The retained NNDR scheme is currently showing on budget for the year with a small deficit from the previous year. The deficit has arisen as a result of a high number of appeals in the previous year. A forecast will be completed in December/January for inclusion in future years budgets. Renewable energy income continues to be above budget and this will be factored into future years budgets.

Recurring savings have been identified and where supported by the Director and budget holder have been removed from service based budgets in the current and future years. At the time of this report the salary related budgets have not yet been removed, so future quarterly reports are likely to refer to these on-going savings as they are removed. In the current year the efficiencies identified will be used to offset transformation project targets whilst the programme is developed, allowing time for the programme to deliver savings in future years.

1.4 Capital

The capital budgets are showing an under spend of £3,293k. Of this amount, £190k is a true under spend as a result of projects not continuing and these under spends will be utilised for future years capital budgets. The profiling of the Riverside project has been

updated as the project is now underway and £1,564k budget has been moved into the next financial year. The remaining variance of £1,539k is a result of requests to move projects into future years and these carry forward requests will be dealt with as part of the budget process over the coming months.

1.5 Treasury

The average rate of return on cash investments is slowly improving as a result of additional counterparty availability and should improve further in the last 6 months of the year following approval in September by Audit Committee to utilise foreign counterparties. However in the first 6 months of the year money market funds (MMF's) continue to be widely used for excess cash. Additional interest at market rates should be received in the last 6 months of the year as a result of the draw down of loans by Breckland Bridge and this will be included in forecasts once the loans are made. Alternative investments are being explored with a view to carrying out alternatives to cash investments to generate additional yields.

1.6 Risks

Risks have been identified in a number of areas:

- Income relating to the new Materials Recycling Facility (MRF) contract is forecast to be lower than budgeted and this is dependent on contamination levels and commodity values
- Footway lighting costs recharged through special expenses are forecast to be higher than the amount we can recover through the special expenses charge due to the council tax capping rules. End of year balances will be monitored and recovered in future years where possible.
- There is a likelihood of additional NNDR appeals from GP surgeries following a recent legal ruling which could impact the current and future years retained NNDR income
- The funding for Disabled Facilities Grants (DFG) is now received from the "Better Care Fund" (BCF). Future years allocations are not certain as DFG funding is no longer ring-fenced within the BCF, but have been budgeted at the same level as the actual received for 15-16

2.0 OPTIONS

2.1 To note the report and approve the virements in table 4 of section 1 of the appendix

2.2 To note the report and not approve the virements in table 4 of section 1 of the appendix

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To provide timely information to Members on the overall finances of the Council and to make the best use of resources available, anticipating future year's expenditure.

4.0 EXPECTED BENEFITS

4.1 To ensure that Members are updated regularly on the overall Council financial position and to act on any budget amendments required to reflect the out-turn for the year.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

5.1.1 It is the opinion of the Report Author that there are no implications.

5.2 Constitution & Legal

5.2.1 It is the opinion of the Report Author that there are no implications.

5.3 **Contracts**

5.3.1 It is the opinion of the Report Author that there are no implications.

5.4 **Corporate Priorities**

5.4.1 It is the opinion of the Report Author that there are no implications.

5.5 **Crime and Disorder**

5.5.1 It is the opinion of the Report Author that there are no implications.

5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the Report Author that there are no implications.

5.7 **Financial**

5.7.1 The report is of a financial nature and the financial implications are included in the report & appendix.

5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the Report Author that there are no implications.

5.9 **Risk Management**

5.9.1 Risks are highlighted within the appendix.

5.10 **Staffing**

5.10.1 It is the opinion of the Report Author that there are no implications.

5.11 **Stakeholders / Consultation / Timescales**

5.11.1 Budget holders have been consulted on their forecast out-turn against budgets and the reasons behind any major variances

5.12 **Other**

5.12.1 None

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A

7.0 **ACRONYMS**

7.1 BCF – Better Care fund

7.2 CIL – Community Infrastructure Levy

7.3 DCLG – Department for Communities and Local Government

7.4 LIBID – London Interbank Bid Rate

- 7.5 MMF – Money Market Fund
- 7.6 MRF – Materials Recycling Facility
- 7.7 NNDR – National Non Domestic Rates

Background papers:- [See The Committee Report Guide](#)

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Key Decision: No

Exempt Decision: No

This report refers to Mandatory & Discretionary Services

Appendices attached to this report:

Appendix A Quarter 2 financial performance report 2015-16