

BRECKLAND DISTRICT COUNCIL

Report of: Pablo Dimoglou, Executive Member Finance

To: Cabinet, 7 February 2017

(Author: Alison Chubbock, Chief Accountant)

Subject: Quarter 3 Financial Performance

Purpose: This report provides information on the forecast full year financial position of the Council as at 31 December 2016 and progress to date on the transformation programme

Recommendation(s):

- 1) That the report and appendix be noted
- 2) Recommend to Full Council that the full year end under spend is contributed to the Organisational Development Reserve to fund timing delays in the Moving Forward Programme for 2017-18

1.0 BACKGROUND

1.1 This report provides information on the forecast full year financial performance for revenue, capital and treasury as at 31 December 2016 and provides an update on the progress to date on the transformation programme budgeted efficiencies

1.2 Revenue

The overall forecast below budget spend is £243k. This is made up of 3 main areas:

- Service budgets are currently forecasting a below budget spend of £133k
- Additional business rates income from renewable energy of £78k
- Above budget funding income of £32k

The major variances identified to date are:

- Efficiencies achieved outside of the Moving Forward programme of £128k (mainly from the PFI contract benchmarking savings), where these are ongoing amounts these have been included in future years budgets
- Waste Collection, Recycling & Garden Waste services £112k below budget resulting from lower than expected price adjustment and contamination costs
- Anglia Revenues Partnership (ARP) below budget variance of £108k due to the success of the enforcement service and additional income generated
- Additional business rates income from renewable energy of £78k
- Additional ICT costs of £88k as a result of the current service review and projects in progress
- Below budget building control income to date of £88k as a result of lower numbers than expected
- Below budget income from the Riverside development as a result of timing delays of letting the units, which has resulted in lower achievement in the Moving Forward programme for the current year, but is expected to achieve targets in future years

The ongoing exercise to remove recurring under spends from budgets has resulted in a smaller variance within directly controlled budgets and many of the variances seen in this report are influenced by one off events and external affects. Full details of the variances are provided in section 1 (table 2) of the appendix.

We are expecting a long running compensation claim to be settled over the coming months and this could result in below budget spend of around £200k, which is not included in this report.

1.3 **Collection Funds**

The balance of funding compared to budget for Council Tax and Business Rates are accounted for in future years budgets.

The Council Tax collection fund is forecast to have a minor value variance. The retained business rates collection fund is forecasting a surplus, with Breckland's share being around £74k, however this will be affected by any appeals coming forward over the remainder of the year.

1.4 **Moving Forward Transformation Programme**

This programme has delivered savings of £422k (108%) to date against a full year target of £389k, meaning the programme has already delivered the required full year savings for 2016-17. Some projects within the programme have delivered higher savings and some lower savings and the projects will flex as necessary over the full four year programme. As time progresses it becomes more important for projects to start on time in order to deliver the increased levels of savings required over the medium term and this is monitored through the transformation boards.

1.5 **Capital**

The forecast out-turn shows a spend of £9,830k (61%) against budget. The below budget spend of £6,204k is partly due to projects completing below budget, or no longer proceeding (£2,997k) and partly due to project slippage into future years (£3,207k). Section 2 of the appendix details the variances.

1.6 **Treasury**

The cash held in instant access money market funds will reduce in future as we move to more fixed rate investments. The current interest projections provide additional income compared to budget, mainly due to reduced capital spend and increased length of specific higher rate investments.

Reduced interest is a budget pressure area in future years as interest rates remaining low, leading to reduced returns as and when investments mature.

2.0 **OPTIONS**

2.1 That the report and appendix be noted and recommend to Full Council that the full year end under spend is contributed to the Organisational Development Reserve to fund timing delays in the Moving Forward Programme for 2017-18.

2.2 That the report and appendix be noted and not recommend to Full Council that the full year end under spend is contributed to the Organisational Development Reserve to fund timing delays in the Moving Forward Programme for 2017-18

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 To provide timely information to Members on the overall financial position of the Council, enabling resource re-allocation to priorities where necessary.

3.2 To utilise efficiencies achieved earlier than planned to cover timing shortfall of efficiencies in 2017-18.

4.0 **EXPECTED BENEFITS**

4.1 To ensure Members are updated regularly on the overall Council financial position.

4.2 To make the best use of the funding available to the Council.

5.0 **IMPLICATIONS**

5.1 **Corporate Priorities**

5.1.1 The Council's budget and associated spend supports the Councils priorities

5.1.1 **Financial**

5.2.1 The report and appendix are financial in nature

5.3 **Risk Management**

5.3.1 Risks are included within the report

5.4 **Stakeholders / Consultation / Timescales**

5.4.1 Budget holders have been consulted on their forecast variances.

5.5 **Transformation Programme**

5.5.1 The transformation programme is intrinsically linked to the Council's budget and this report includes progress on the Moving Forward programme to date.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A

7.0 **ACRONYMS**

7.1 LIBID – London Inter-Bank Bid Rate

7.2 PFI – Private Finance Initiative

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

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Key Decision: No

Exempt Decision: No

This report refers to Mandatory and Discretionary Services

Appendices attached to this report:

Appendix A Financial report for the quarter ended 31 December 2016