

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Phillip Cowen, Executive Member Finance

To: Cabinet, 4 September 2018

(Author: Christine Marshall, Executive Director Commercialisation)

Subject: Quarter 1 Financial Performance Report 2018-19

Purpose: This report provides information on the forecast full year financial position of the Council as at 30 June 2018 and progress to date on the Moving Forward transformation programme

Recommendation(s):

- 1) That the report and Appendix is noted.

Recommend to FULL COUNCIL:

- 2) That £600,000 is allocated within the Growth & Investment Reserve to be used for large voids or timing between disposals and acquisitions of commercial properties.

1.1 Throughout the year quarterly monitoring reports are completed forecasting the expected year end out-turn against the budgets. This report provides information on the forecast full year financial performance as at 30 June 2018 for revenue, transformation, capital and treasury, with the detail being included in the attached Appendix.

1.2 Revenue

The full year impact based on current projections and assumptions is an overall forecast of an above budget spend of £908k at the year end, this is made up of:

Service Variances	£445k
NNDR & Government grants	(£250k)
Moving Forward programme	£310k
Commercial Property	£403k
Total	£908k

The major variances identified are:

- Reduced building control income of £77k
- Lost income of £74k through the water damage at Swaffham Leisure Centre
- Income lower than forecasts by £54k for development control at this stage of the year
- Reduced letting percentage at the Business Centres leading to £46k lost income
- Additional renewable energy NNDR income of £189k
- Efficiencies within services not yet achieved £310k – a section on the moving forward programme is included in the attached Appendix.
- £307k of lost income from commercial property through one large vacant unit (if it remains vacant all year) and one major tenant. There are also projected additional costs of NNDR for vacant units.

Following feedback at Finance Board in August an additional £61k of contracts savings are expected in this financial year, which would reduce the over spend to £847k once achieved.

- 1.3 The full year forecast is showing a large over spend currently, although it is likely that the value will change as the year progresses and more accurate forecasts are known and moving forward efficiencies are achieved. As a result of this forecast, work has been completed or is underway to:
- Review the phase 2 transformation targets with a view to bringing forward if appropriate to cover gaps in the current programme.
 - Review reserve balances to use one off funding to cover the final over spend at the end of the year.
 - Preparatory work on the corporate plan and economic vision which will in turn inform a revised investment strategy to address the lack of opportunities for purchasing assets in area.
 - Allocate an initial £600k within reserves to cover the one off impact of lost commercial property income through non-standard events such as tenant bankruptcies, the time between sale and reinvestment in assets, large voids, etc.
 - Review the amounts set aside for feasibility studies in reserves and improve the mechanism for release of funding so that future opportunities can be followed up at speed in order to help achieve the moving forward targets.

- 1.4 This report includes a recommendation to Full Council to allocate an initial £600k within reserves to protect the Council against the financial risk in future years from large voids and the timing differences between sale and reinvestment in assets, however it will not be used for smaller voids as these are managed within the Commercial Property portfolio.

1.5 **Moving Forward Transformation Programme**

This programme has delivered savings of £1,538k (83%) against a target of £1,848k. The programme has been flexed in this year's budget to reflect the latest positions of project time frames and will continue to be adjusted throughout the programme as necessary. Overall the programme has achieved efficiencies of £1,799k (68%) by 2020-21 and these have already been included in the approved budgets. The target for the Economic Development Service Review of £50k will be removed from the programme as per Members requests and this will reduce the efficiencies achieved within the programme. Delivery of the remaining efficiencies is monitored through the finance board and following the August meeting we are expecting around £61k achievement of contracts savings which is not reflected in this report.

1.6 **Capital**

The forecast out-turn shows spend of £9,046k (100%) against the budget at this early stage of the year, with a small overspend which is in the process of being addressed. Within this amount is £3,962k of un-released funding, if this is not released in the next few months it may be required to be carried forward into next year and this will be addressed at budget setting.

1.7 **Treasury**

The interest income is forecast as £41k above budget for the year as a result of higher balances held compared to budget (through reduced capital spend, etc last year).

2.0 **OPTIONS**

2.1 That the report and appendix be noted.

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.

4.0 **EXPECTED BENEFITS**

4.1 To ensure Members are updated regularly and in a timely fashion on the overall Council financial position.

4.2 To make the best use of the funding available to the Council and allow us to respond quickly to opportunities as they arise.

5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.2 **Corporate Priorities**

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

5.3 **Financial**

5.2.1 The report and appendix are financial in nature and include the financial implications.

5.8 **Risk Management**

5.3.1 Risks are included within the report

5.9 **Stakeholders / Consultation / Timescales**

5.4.1 Budget holders have been consulted on their variances and the reasons for those variances.

5.10 **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 ARP – Anglia Revenues Partnership
- 7.2 DWP – Department for Work & Pensions
- 7.3 GDPR – General Data Protection Regulation
- 7.4 LIBID - London Inter-Bank Bid Rate.
- 7.5 NNDR – National Non-Domestic Rates
- 7.6 PFI – Private Finance Initiative

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

Lead Contact Officer

Name and Post: Alison Chubbock, Chief Accountant
Telephone Number: 01362 656865
Email: alison.chubbock@breckland.gov.uk

Key Decision: No

Exempt Decision: No

This report refers to Mandatory and Discretionary Services

Appendices attached to this report:

Appendix A Forecast financial report for 2018-19 full year