

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Finance & Executive Director - Commercialisation (S151)

To: Cabinet Tuesday, 19 September 2017

Author: Jane Crosby Strategic Business Partner

Subject Q1 Finance Report 2017/18

Purpose: This report provides information on Quarter 1 (to 30 June 2017) and forecast full year financial position of the Council.

Recommendation(s):

- 1) That the report and appendices are noted.

1.0 BACKGROUND

- 1.1 This report provides information on the performance and forecast full year position of the three financial areas of revenue, reserves, capital and treasury management as at 30 June 2017. Detailed information is provided in **Appendix A** to this report.

1.2 Revenue

Service budgets are currently forecasting a General Fund underspend of £63k. This position is subject to the Council being able to deliver the required level of staff and non-staff savings that were included in the 2017/18 budget as a general provision and deliverable from the Transformation Programme. This will include elements such as the Place Review (being implemented) and additional savings measures may be required in order to achieve the above position. It is still too early to be certain if this presents a significant risk to the Council's projected year end position This will be monitored closely during quarter 2 and as part of the preparatory work for the 2018/19 estimates.

HRA revenue and capital budgets are subject to a significant review and changes due to the Place Review and the Business Plan, and the position will be updated for the end of Q2.

The Council Tax and Business Rates collection funds are not forecasting any variances to budget at this stage of the year. However, this position is very fluid and will change as the year progresses.

1.3 Reserves

General Fund Reserves

Over the year the Council's specific reserves are estimated to reduce from £8.343m to £7.149m. Contributions to reserves (£1.235m) are in line with the estimate (mainly New

Homes Bonus). Use of reserves (£2.429m) is mainly in support of the Transformation Programme, the capital programme, the new Delivery Unit and new development projects.

HRA Reserves

The HRA reserves are forecast to grow from £15.864m to £18.573m, further revisions to the revenue budget and capital programme will impact on the contributions and use of reserves and the forecast will be updated at the end of Q2.

1.4 **Capital**

The General Fund capital programme is currently showing a forecasted spend of £2.489m against a revised budget of £2.931m. This is for those schemes that have been approved to progress and represents 85% of the budget. At this stage there is an additional £1.379m of capital budget which has not been released for spend.

The HRA capital programme is currently showing spend of £3.832m against a budget of £6.156m. Again, this is for those schemes that have been approved to progress and represents spend at 62% of the budget of approved schemes within the programme. At this stage there is an additional £3.851m of capital budget which has not been released for spend.

Both capital programmes are subject to the development of new and revised projects and will be updated as necessary during Q2.

1.5 **Treasury**

The cash investments held in money market funds (MMFs) and fixed investments was £36.4m at the end of Q1. Interest on investments was £52k against a profiled budget of £22k. Projections for future interest rate changes are uncertain and currently there are lowering returns available. The current projected outturn is for interest income of £170k compared to a budget of £150k. However, this position will be subject to change depending upon what happens to interest rates in the short to medium term.

2.0 **OPTIONS**

2.1 To note the report and Appendix A

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 To provide information to Members on the overall financial position of the Council.

4.0 **EXPECTED BENEFITS**

4.1 Given the current economic climate and the potential levels of financial risk and uncertainty that exists within the Council's capital and revenue budgets, it is important that financial performance is closely scrutinised by members and officers. Regular reporting will ensure that members are updated regularly on the overall Council financial position, in order to better inform future decision making.

5.0 **IMPLICATIONS**

5.1 **Carbon Footprint / Environmental Issues**

NA

5.2 **Constitutional & Legal**

The Constitution requires the Council to receive regular financial reports to keep members informed and aid future decision making. Financial reporting is also required as any recommended changes to the Council's budgets will require varying levels of member or full Council approval.

5.3 **Contracts**

NA

5.4 **Corporate Priorities**

The Council's budgets and associated spend support the Council's Priorities.

5.5 **Crime and Disorder**

NA

5.6 **Equality and Diversity / Human Rights**

NA

5.7 **Financial**

This report and the associated Appendix are financial in nature and relevant financial information is contained within them

5.8 **Health & Wellbeing**

NA

5.9 **Reputation**

NA

5.10 **Risk Management**

The regular and timely reporting of financial performance enables the Council to address any financial risks as and when they are identified.

5.11 **Safeguarding**

NA

5.12 **Staffing**

NA

5.13 **Stakeholders / Constitution / Timescales**

Budget holders have been consulted with as part of the preparation of the forecast financial position.

5.14 **Transformation Programme**

The Council's Transformation Programme includes projects to deliver future financial savings. These projects are still being developed and the report references the financial

details of the Transformation Programme where relevant.

5.15 **Other**
NA

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 NA

7.0 **ACRONYMS**

7.1 NA

Background papers:-	The approved 2017/18 budget presented to Council in February 2017
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Key Decision: No

Exempt Decision: No

This report refers to a Mandatory and Discretionary Service

Appendices attached to this report:

Appendix A	Financial Report for the quarter to 30 June 2017
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