

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Portfolio Holder for Strategic Finance and Democratic Services and the Executive Director (Place) (S151)

**To:** Cabinet – 17 February 2015

**(Authors:** Alison Harrison-Wild, Business Partner CPBS and Mark Finch, Shared Finance Manager)

**Subject:** Financial Performance Quarter 3 2014-15

**Purpose:** This report provides information on the draft year end financial position of the Council, as at 30 December 2014. For information and to approve recommendations.

### **Recommendation:**

- a) That the report and Appendix 1 be noted;

## **1.0 BACKGROUND**

1.1 This report provides information on the full year financial performance for four separate areas.

- Revenue Budget incorporating Spalding Special Expenses and the Housing Revenue Account
  - Forecast Revenue outturn for 2014-15
  - Significant variances
  - Reserve levels
- Council Tax and Business Rates
  - Forecast outturn against budget
  - Five Year Capital Programme and Financing
- Capital
  - Forecast outturn against budget
  - Five Year Capital Programme and Financing
- Treasury
  - Security of investments
  - Liquidity levels
  - Yield levels
  - Borrowing

1.2 Appendix A sets out the forecast financial position to the end of the financial year, and identifies key variances from budget. The budget for future years has been amended to recognise where these costs and savings are ongoing. Overall it is expected that there will be an overall in-year saving against budget of around £578k. It is proposed that this amount is set aside at year end to provide the resources for a transformation programme to deliver a balanced and sustainable budget over the medium term.

- 1.3 The figures included in this report provide information on spend to date, informing a revised forecast of our budget requirements for the remaining year. In accordance with good professional practice we will use this updated third quarter position as the basis from which we plan for the next budget cycle across both the short and medium term. This approach places our financial planning for the coming financial year and beyond on the soundest possible footing.
- 1.4 The main revenue variances to highlight from appendix A are:
- In year savings against the revenue budget of £578k overall.
  - Additional £40k development control fees forecast
  - Additional cost pressures as late delivery of new refuse vehicles has meant that savings from leases and maintenance costs of freighters has been delayed, although this is partially offset by reductions in fuel prices and vehicle tyres.
  - A reduction in Housing General Fund Spending as closer scrutiny of budgets has adjusted forecasts in line with more realistic spending levels
- 1.5 One of the key areas of uncertainty relates to appeals against rateable values for business premises, with the potential for successful appeals being backdated for a number of years. The most significant risk to South Holland District Council relates to the two power stations, which are subject to a national valuation tribunal hearing that will affect all gas-fired power stations. While the decision from the hearing (which took place in October) was originally expected to be announced in January 2015, to date there has been no confirmation of the decision. This will determine whether the council will have to repay business rates collected from the power stations and how much we will be able to collect in the future. Any reduction in rateable value will also have an ongoing detrimental impact on the business rates that the council is able to retain
- 1.6 Development Control is seen as one area which has seen significant growth in activity over the past couple of years. It is proposed that additional income is set aside to ensure that the service has appropriate resources to deal with the increased activity and to reduce the risks to the council in this highly technical service
- 1.7 Reserve balances – Table 5 shows healthy reserve levels.
- 1.8 HRA – The practice of automatically rolling over unspent capital projects at year end has led to a situation where it was infeasible to complete all projects, leading to another underspend at the year-end. The HRA capital programme has been re-profiled to provide programme of schemes that can realistically be delivered in-year, leading to a spending reduction of £4.180m in 2014-15.
- 1.9 General Fund Capital – This has also been re-profiled with a focus on deliverability.
- 1.10 Treasury Management – Additional interest earned resulting from interest rate yield exceeding target as well as re-profile of the capital programme
- 2.0 **OPTIONS**
- 2.1 To note the report and to approve the recommendations detailed in appendix 1 with amendments; and
- 2.2 To note the report and not approve the recommendations detailed in appendix 1.
- 2.3 Do Nothing

### 3.0 REASONS FOR RECOMMENDATION

3.1 To provide timely information to Members on the overall finances of the Council and to make the best use of resources available.

### 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 latest position of spend and income.

### 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 financial details are included within the appendix.

#### 5.8 Risk Management

5.8.1 Risks are highlighted within the appendix.

#### 5.9 Staffing

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

#### 5.10 Stakeholders / Consultation / Timescales

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

## 5.11 Health & Wellbeing

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

## 6.0 WARDS/COMMUNITIES AFFECTED

6.1 Budget implications affect all wards.

## 7.0 ACRONYMS

7.1 None.

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Background papers:- None

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### **Lead Contact Officer**

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**Key Decision:** No

**Exempt Decision:** No

**This report refers both Mandatory Service and Discretionary Services.**

### **Appendices attached to this report:**

Appendix 1 - Financial Report for the quarter ending 30 December 2014