

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	31 August 2016
<b>Subject:</b>	Financial Update – Quarter One Performance
<b>Report of:</b>	Simon Dix, Finance and Asset Management Group Manager
<b>Corporate Lead:</b>	Rachel North, Deputy Chief Executive
<b>Lead Member:</b>	Councillor D J Waters
<b>Number of Appendices:</b>	Three

## **Executive Summary:**

The budget for 2016/17 was approved by Council in February 2016 with the reserves being approved at Executive Committee in July 2016. This report is the first quarterly monitoring report of the Council's financial performance for the financial year.

The report highlights a quarter 1 surplus of £58,653 on the revenue budget and details the expenditure to date against both the capital programme and the approved reserves.

## **Recommendation:**

**That the Executive Committee scrutinises the financial performance information for the first quarter 2016/17.**

## **Reasons for Recommendation:**

The Executive Committee is responsible for recommending the budget to Council and for the management and delivery of the approved budget during the financial year.

The quarterly financial report is to notify Members of any known significant variations to budgets for the current financial year, highlight any key issues and to inform Members of any corrective action to be taken if required.

## **Resource Implications:**

As detailed within the report. No additional resource implications identified as a result of the reported budget position as at the end of June 2016.

## **Legal Implications:**

None associated with the report.

## **Risk Management Implications:**

The financial performance of the Council is monitored on a monthly basis and reported to Members quarterly.

## **Performance Management Follow-up:**

Budgets will continue to be monitored on a regular basis by budget holders supported by finance. Further finance reports will update the Committee on a quarterly basis, with the outturn

position reported to the Committee in July of the following year.

**Environmental Implications:**

None.

## 1.0 INTRODUCTION/BACKGROUND

- 1.1 This report provides the first monitoring position statement for the financial year 2016/17. The purpose of this report is to notify Members of any known significant variations to budgets for the current financial year, highlight any key issues and to inform Members of any action to be taken if required.

## 2.0 REVENUE BUDGET POSITION

- 2.1 The Financial Budget Summary for Q1 shows a £58,653 saving against the profiled budget. Below is a summary of the expenditure position for the Council split out between the main expenditure types.

2.2	Full Year Budget	Q1 Budget Position	Q1 Actual Position	Savings / (Deficit)	Budget Variance %
<b>Group budget Summary</b>					
Employees	8,187,961	1,975,861	1,913,647	62,213	3.1
Premises	533,016	296,568	276,923	19,645	6.6
Transport	145,429	36,497	27,635	8,862	24.3
Supplies & Services	2,031,861	524,679	520,329	4,350	0.8
Payments to Third Parties	4,885,970	1,060,146	1,074,995	(14,849)	(1.4)
Transfer Payments	18,989,000	5,810,633	5,815,066	(4,433)	(0.1)
Income	(25,154,349)	(6,299,956)	(6,338,200)	38,244	(0.6)
Support Services	0	0	0	0	0.0
Capital Charges	470,506	0	0	0	0.0
Treasury Mg Activity	(120,000)	0	4	(4)	100.0
	<b>9,969,394</b>	<b>3,404,428</b>	<b>3,290,400</b>	<b>114,028</b>	<b>3.35</b>
<b>Corporate budgets</b>					
Salary & Procurement savings	(80,500)	(20,125)	0	(20,125)	100.0
New Homes Bonus	47,407	0	0	0	0.0
Retained Business Rates	(260,000)	(65,000)	(29,750)	(35,250)	54.2
	<b>9,676,301</b>	<b>3,319,303</b>	<b>3,260,650</b>	<b>58,653</b>	<b>1.77</b>

**Note:** With regards to savings and deficits, items in brackets are overspends

**2.3** Looking at the budget position of all the Group Managers there is an underspend of £114,000 shown.

This is being achieved through underspends of:

- £62,000 on Employees. These costs savings have been achieved through vacant posts, rather than through reduction in staff numbers.
- £38,000 of additional income above budget projection, with additional income from planning applications contributing the majority of this. Other sources of income include trade waste and licensing income.

At present overspends are not significant in terms of the overall budget.

**2.4** Attached on Appendix 1 is a summary of the position for each Group Manager, which shows the current variance against their budget. Where the main types of expenditure headings within the Group Manager's responsibility have a variance over £10,000, a short explanation of the reason for the variance has been provided by the Group Manager.

**2.5** Although the Group Manager's position appears to be significantly underspent, the budget report also recognises the need to achieve savings from the base budget in terms of salaries and procurement savings. These savings targets are currently held on the corporate budget codes on the ledger. No savings are recognised against these plans as they accumulate through the year within service groupings.

**2.6** Also detailed under corporate budgets is the retained income from the Business Rates Scheme. This is showing a deficit of £32,000. The budget projection was that a surplus above the business rates income target would contribute £260,000 to the budget. Whilst the position is down against target at the end of Q1, it does represent a marked improvement on the position of the last two years. However, there remains a substantial number of appeals and claims yet to be decided by the Valuation Office Agency. Whilst provision has been made for the likely outcome of the appeals, the final position could be in excess of the provision and impact on the retained rates position.

**2.7** The Committee should note that, whilst the current Q1 position is positive, in 2016/17 the overall budget position is reliant on strong income streams, control of expenditure and the delivering a variety of savings plans. It is important that these savings plans are delivered in order to provide recurring reductions in budget in future years.

### **3.0 CAPITAL BUDGET POSITION**

**3.1** Appendix 2 shows the capital budget position as at Q1. This is currently showing an underspend against the profiled budget of £90,000. This is principally due to underspends on funding housing grant requests as a result of not paying out as much in Q1 as originally estimated. This position could change during the year depending on level of need.

**3.2** The leisure centre is being shown as over budget, but this is due to capital items being purchased as part of the project, but which are due to be funded from revenue resources, as agreed at the commencement of the project. This financing will take place at the year end. Overall, the leisure centre is now complete and came in under budget.

### **4.0 RESERVES POSITION**

**4.1** Appendix 3 provides a summary of the current usage of available reserves.

**4.2** Reserves have been set aside from previous years to fund known future costs and the strategic planning of the authorities operation. The information in the Appendix does not take account of reserves which have been committed, but not yet paid.

**4.3** Whilst the Q1 position shows that there remains a significant balance on the reserves, the expectation is that the remaining balance will be spent in the future.

## **5.0 CONSULTATION**

**5.1** Budget holders have been consulted about the budget outturn for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.

## **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**6.1** Budget monitoring is on the approved budget for 2016/17 which has been prepared in line with the Medium Term Financial Strategy.

## **7.0 RELEVANT GOVERNMENT POLICIES**

**7.1** None.

## **8.0 RESOURCE IMPLICATIONS (Human/Property)**

**8.1** None.

## **9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**

**9.1** None.

## **10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**

**10.1** None.

## **11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

**11.1** None.

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**Background Papers:** None.

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**Appendices:** Appendix A – Quarter 1 Revenue Position by Group.  
Appendix B – Quarter 1 Capital Position.  
Appendix C – Quarter 1 Earmarked Reserves Update.