

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Overview and Scrutiny Management Committee
Date:	28 July 2016
Subject:	Review of Financial Performance 2015/16

Summary:

The attached report will be considered by the Executive at its meeting on 6 September 2016.

It describes the Council's financial performance for 2015/16 and makes proposals for the carry forward of over and under spendings into the current financial year.

Actions Required:

The Committee is asked to note the report and consider whether there are any particular matters it wishes the Executive to consider.

1. Background

APPENDIX 1 sets out the Council's financial performance in 2015/16, it identifies and explains variances from the revenue and capital budget, and makes proposals for use of the carry forward of under and over spendings into the current financial year. Please note due to the problems experienced with the new financial system and the impact this has had on the Council's ability to close the financial year 2015/16 the outturn position on schools budgets and spend is not complete at the date of preparing this report. The outturn position may change, however, the principles set out in this report will remain the same.

TABLE A over page summarises how the Executive plan to use the Council's underspend from 2015/16 – full details explaining this are set out in the Executive report attached at Appendix 1 (paragraphs 1.74 to 1.78).

TABLE A – Proposed use of 2015/16 Carry Forwards and Reserves

	<u>£'000</u>
Council Underspend for 2015/16:	39,190
Reserves identified as no longer required to be released back into general balances:	473
<u>The following amounts are allocated from the underspend in line with the Council's Financial Strategy:</u>	
Up to 1% carry forward of Commissioning Strategy underspends:	-4,029
• Schools to carry forward the whole of their underspend (ring fenced funding). <i>Note the final outturn on the schools budgets is not yet known, due to on going issues with the payroll information from Agresso. The reported underspend here may change in light of this work.</i>	-18,801
• Legal Shared Services and Procurement Lincolnshire to carry forward all of their underspend. <i>Note the underspend for 2015/16 all relates to Legal Shared Services.</i>	-538
• Schools Repairs and Maintenance carry forward underspend to be used in 2016/17.	-266
<u>The following reserves are used to fund year end under/overspend in revenue budgets (in line with the Council's Financial Strategy):</u>	
• Adverse Weather Reserve <i>The Winter Maintenance Budget underspent by £0.753m in 2015/16, however, as the reserve stands at £1.0m no further additions to the reserve are proposed.</i>	0
• Insurance Reserve (surplus in revenue - contribution to reserve) <i>Proposal to transfer the underspend into the reserve. Balance before transfer = £5.087m.</i>	-175
• Schools Sickness Insurance Reserve <i>The balance to be transferred into reserve has not yet been identified, however this will come off schools carry forward above.</i>	TBC
• Museum Exhibits Reserve (deficit in revenue - drawdown from reserve)	9
Amount available after Financial Strategy allocations:	<u>15,863</u>
<u>The following allocations are for consideration for the remaining underspend:</u>	
• Business As Usual Reserves: Including: Health and Wellbeing Reserve Interest transfer, Civil Parking Enforcement and Fixed Penalty Notice underspends which under statute need to remain in this service area, and transfers for two, formerly ring-fenced grants - Flood and Water Risk Management and Lincolnshire Community Assistance Scheme (LCAS).	-708
• Other Service Bids: Including £1m for Waste Recycling Costs, £0.880m for the Heritage Service,	-1,980
Balance remaining to be added into the financial volatility reserve:	<u><u>13,175</u></u>
<i>Current position in the Financial Volatility Reserve:</i>	
<i>- £20.165m to fund the 2016/17 Budget Shortfall.</i>	
<i>- £11.470m is currently available for 2017/18 and beyond.</i>	

2. Conclusion

Comments from this Committee will be reported to the Executive on 6 September 2016.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Executive Report (6 September 2016) Review of Financial Performance 2015/16

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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