

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

Report to:	Overview and Scrutiny Management Board
Date:	29 June 2017
Subject:	Review of Financial Performance Report 2016/17

Summary:

This report invites the Overview and Scrutiny Management Board to consider a report on the Review of Financial Performance Report 2016/17 which is being presented to the Executive on 4 July 2017. The views of the Board will be reported to the Executive as part of its consideration of this item.

Actions Required:

The Overview and Scrutiny Management Board is invited to

- 1) consider the attached report and to determine whether the Board supports the recommendation(s) to the Executive as set out in the report.
- 2) agree any additional comments to be passed to the Executive in relation to this item.

1. Background

The Executive is due to consider a report on the Review of Financial Performance Report 2016/17 at its meeting on 4 July 2017.

The Executive report attached at Appendix 1 sets out the Council's financial performance in 2016/17. 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.

Table 1 over page summarises how the Executive plan to use the Council's underspend from 2016/17. Full details explaining this are set out in the Executive report (para 1.81 to 1.85).

TABLE 1 – Proposed Use of 2016/17 Carry Forwards and Reserves

	£'000
Council Underspend for 2017/18:	45,944
Year end contribution to the General Fund to keep the balance at 3.5%	-500
<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:	-3,144
• Schools to carry forward the whole of their underspend (ring fenced funding).	-12,575
• Legal Shared Services and Procurement Lincolnshire to carry forward all of their underspend. Note the underspend for 2017/18 all relates to Legal Shared Services.	-952
<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>Adverse Weather - Winter Maintenance Budget £4.858m, Actuals £3.748m = £1.110m underspend. Underspends on the Winter Maintenance budget would normally be reviewed to add to the adverse weather reserve, to drawdown in years when weather conditions require this budget to overspend, however, the reserve is currently at a level considered to be adequate (£0.500m). There is a need for an element of this underspend to be utilised for the completion of a Salt Barn at Horncastle (£0.495m).</i>	0
• Insurance Reserve (deficit in revenue - drawdown from reserve) <i>Proposal to drawdown from the reserve to cover the overspend. Balance before transfer = £4.895m.</i>	408
• Schools Sickness Insurance Reserve (surplus in revenue - transfer to reserve)	-108
• Museum Exhibits Reserve (deficit in revenue - drawdown from reserve)	2
Amount available after Financial Strategy allocations:	29,075
<u>The following allocations are for consideration for the remaining underspend:</u>	
• Business As Usual Reserves Including: Business as Usual Transfers (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).	-53
• Other Service Bids Including: £1.000m for Contract Development, £2.000m for Highways Advanced Design, £5.000m for Environmental Improvement and Sustainability, £0.495m for a Salt Barn at Horncastle, £0.100m for Agresso Upgrade Staffing Costs and £0.100m for a Property Company Detailed Business Case).	-8,695
Balance remaining after all proposals:	20,327
<i>Current position in the Financial Volatility Reserve:</i>	
<i>- £17.870m to fund the 2017/18 Budget Shortfall.</i>	
<i>- £12.012m is currently available for 2018/19 and beyond.</i>	

2. Conclusion

Following consideration of the attached report, the Board is requested to consider whether it supports the recommendation(s) in the report and whether it wishes to make any additional comments to the Executive. Comments from the Board will be reported to the Executive.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Not Applicable

4. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Report on Review of Financial Performance Report 2016/17 to be presented to the Executive at its meeting on 4 July 2017

5. Background Papers

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

This report was written by David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk

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