

	<p>Financial Performance and Contracts Committee</p> <p>2 July 2018</p>
<p>Title</p>	<p>Future Financial Reporting</p>
<p>Report of</p>	<p>Director of Finance</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>None</p>
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<p>Summary</p>
<p>This report sets out the proposed financial reporting arrangements to the Financial Performance and Contracts Committee. The Committee are asked whether they consider this proposed report structure to be appropriate to discharge their responsibility within the constitution for the oversight and scrutiny of the overall financial performance of the council.</p>

<p>Recommendations</p>
<p>1. The Committee is asked to approve the proposed reporting contents set out in Section 1 of the report.</p>

WHY THIS REPORT IS NEEDED

- 1.1 This section sets out the proposed structure of the Chief Financial Officer's report for consideration. This will consist of 3 broad sections;
- An Executive Summary giving a high level narrative and conclusions;
 - A Financial Management section which will cover the detailed financial performance of the council, and;
 - A Strategic Financial Matters section to address other key matters affecting financial performance such as improvements made to internal controls.
- 1.2 The outline report structure proposed is as follows:

Executive Summary

- *High level summary of performance across all areas with key issues and their consequences highlighted*

Financial Management

Revenue Monitoring

To cover:

- *Forecast revenue position of the Council*
- *Actions to manage overspends in year*
- *Future years' impacts of these variances*
- *Additional potential risks and opportunities not included within the forecast figures at this stage*
- *All past and proposed reserve transactions*
- *Net position of total income and expenditure and total expenditure of the council*

Capital programme

To cover:

- *Current update on delivery and variances*
- *Funding update including cost of borrowing and capital receipts update*

Reserves

To cover:

- *Presentation of projected transactions included in monitoring*
- *Forward forecast of balances*

Debtors (Accounts Receivable)

To cover:

- *Update on aged debt*

Treasury

To cover:

- *Update on investments*
- *Update on council borrowing and forward plan*
- *Compliance with the Treasury Management Strategy and Prudential Indicators*

Strategic Financial Matters

To cover issues such as:
Internal Controls

Long term financing planning

- A link between the work of this Committee and that of Policy and Resources
- Latest update of funding deficit
- Summary of Priorities and Spending Review (PSR) work to date
- Update of progress against timetable
- Summary of proposals approved

1.3 The proposed reporting timetable, based on the current schedule of Committee dates is as follows:

Future Committee Date	Content to be considered
18/09/2018	Month 4 Forecast
03/12/2018	Month 6 Forecast
11/03/2019	Month 10 Forecast

2 REASONS FOR RECOMMENDATIONS

2.1 This recommendation seeks to confirm that the future report will provide this Committee with the necessary information to oversee the council's financial performance for the 2018/19 financial year and understand the impact upon future years.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None.

4 POST DECISION IMPLEMENTATION

4.1 None.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The report provides an outline of the proposed contents of the Chief Finance Officer's report for this Committee for use during the 2018/19 financial year.

5.1.2 Robust budget monitoring is essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of council priorities and targets as set out in the Corporate Plan and Commissioning Plans. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.

5.1.3 Relevant council strategies and policies include the following:

- Medium Term Financial Strategy
- Treasury Management Strategy
- Debt Management Strategy
- Insurance Strategy
- Capital, Assets and Property Strategy.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.3 **Legal and Constitutional References**

5.3.1 Section 151 of the Local Government Act 1972 states that: “without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

5.3.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority’s financial position is set out in sub-section 28(4) of the Act.

5.3.3 The council’s Constitution (Article 7) sets out the terms of reference for Committees. The Financial Performance and Contracts Committee is responsible for the oversight and scrutiny of the overall financial performance of the Council.

5.3.4 The Chief Finance Officer (section 151 officer) will report in detail to Performance and Contract Management Committee (now replaced with Financial Performance and Contracts Committee) at the end of each quarter as a minimum, on the revenue, capital budgets and wider financial standing and will make recommendations for varying the approved budget (revenue and capital) where necessary (Section 2.4.16 of the Financial Regulations).

5.3.5 The council’s Constitution, Part 17, Financial Regulations section 2 paragraph 2.4.3 states amendments to the revenue budget can only be made with approval as per the scheme of virements table below:

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance Officer
Virements for allocation from contingency for amounts over £250,000 must be approved by Policy and Resources Committee
Virements within a service that do not alter the approved bottom line are approved by the Service Director
Virements between services (excluding contingency allocations) up to and including a value of £50,000 must be approved by the relevant Chief Officers
Virements between services (excluding contingency allocations) over £50,000

and up to and including £250,000 must be approved by the relevant Chief Officer and Chief Finance Officer in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee

Virements between services (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee.

5.4 **Risk Management**

5.4.1 Various projects within the council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk that the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other council priorities will be required.

5.4.2 The level of balances needs to be considered in light of the risk identified in 5.4.1 above.

5.5 **Equalities and Diversity**

5.5.1 None in the context of this report.

5.6 **Consultation and Engagement**

N/A