
FINANCIAL REPORTING 2014-15

1 SUMMARY

- 1.1 This report sets out the proposed arrangements for financial reporting to the Policy and Resources Committee during 2014-15. The report also sets out some proposals to consider changes to the format, content and timing of financial reports.

2 RECOMMENDATIONS

- 2.1 The arrangements for financial reporting during 2014-15 are approved.
- 2.2 The proposals to review the format and content of the financial reports are noted and the Head of Strategic Finance is authorised to investigate these changes further.

3 DETAIL**Introduction and Timescale**

- 3.1 Following the changes to the Councils political management arrangements most of the financial reports will now be submitted to the Policy and Resources Committee rather than the full Council. With this in mind it was thought useful to report to Policy and Resources Committee details of the proposed financial reporting regime for 2014-15. During 2014-15 regular financial reports monitoring the ongoing position in relation to revenue budget, capital plan, reserves and treasury management will be reported to Policy and Resources Committee. A timetable for reporting is set out later in this report. The 6 monthly reports in relation to cash flow support loans granted under delegated powers will be reported to Policy and Resources Committee in May 2014 and December 2014.
- 3.2 The unaudited accounts, audited accounts and external auditors annual report will be reported to full Council and Audit Committee. The treasury management monitoring reports, treasury and investment strategy and treasury annual report will also be reported to the Performance Review and Scrutiny Committee in its role as Scrutiny Committee for treasury matters. The treasury and investment strategy and treasury annual report also require to be reported to the full Council.
- 3.3 Traditionally financial reports have been prepared and submitted to members on a quarterly basis as at end of June, September and

December. Routine financial reports have covered revenue budget monitoring, capital plan monitoring and treasury management monitoring. A comprehensive pack of budget papers is submitted to Council in February. During 2013 a revenue budget outlook report was submitted to the Council periodically.

- 3.4 It is proposed to submit financial reports to the Policy and Resources Committee on what is roughly a 2 monthly basis. The table below sets out the reporting timescale:

Date of P&R Committee	Report at end of
21 August 2014	June
30 October 2014	August
18 December 2014	October
5 February 2015	December
19 March 2015	January

- 3.5 The first full set of reports will be submitted to the Policy and Resources Committee on 21 August 2014. These will be based on the position as at 30 June 2014.
- 3.6 There is a reasonable period of time available to develop and review the format and content of the various financial reports. The intention is to have the templates for the revised financial reports finalised by the end of June 2014/early July 2014. This allows sufficient time for staff to work with these in preparing the financial reports as at 30 June 2014 for submission to the Policy and Resources Committee in August 2014.
- 3.7 It is proposed to develop a set of draft templates for the financial reports in early to mid June 2014. Once the draft templates are available they will be circulated to all members for comment. If it was helpful a separate online (Lync) or face to face meeting with those members who wished to participate could be held to discuss the draft templates. The templates would then be finalised after considering feedback. Any comments that members wished to submit in advance of drafting the templates would be welcome and those received by 31 May 2014 would be taken into account in preparing the first draft of the templates.

Revenue Budget

- 3.9 Reports in relation to the revenue budget will cover:
- Monitoring of the current years revenue budget to ensure net expenditure is contained within budget.
 - Monitoring of savings proposals for 2014-15 and 2015-16 revenue budgets.

- Monitoring changes to the 2015-16 budget.

- Monitoring of financial risks.

- 3.10 The format and content of the revenue budget monitoring report will be reviewed. The focus of this will be to combine the corporate and departmental reports into a single report and to eliminate any duplication. The reports will still include comparisons with budget on a forecast outturn and year to date basis. The main report will seek to identify key issues/points with any detailed cost centre explanations moved to an Appendix. A review of the thresholds for detailing what a significant variation is will also be carried out. The use of tables and graphs/charts will be reviewed.
- 3.11 Members agreed an approach to the budget for 2014-15 and 2015-16 that required departments to achieve 1% saving. Proposals for these have been developed for 2014-15 and will be developed during 2014-15 for 2015-16. It is planned to develop a separate report on these to set out progress with achievement of the savings. The format has still to be developed but the principles behind the approach would be to have a Council wide overview followed by a summary for each department with detailed information only provided where required.
- 3.12 The Council set a 2 year budget in February 2014. This effectively set the budget for 2015-16. It will however be necessary to monitor the budget prior to the council tax being set in February 2015. Regular reports on this will be submitted to Policy and Resources Committee. The format of these reports has still to be developed but will include a comparison between the budget assumptions approved in February 2014 and current/updated budget assumptions with an assessment of impact and explanation of any changes This will allow any changes up and down to be identified in relation to the base budget, pay costs, inflation, cost/demand pressures and funding etc.
- 3.13 The Council has monitored financial risks for the last couple of years. The current approach and report is cumbersome and would benefit from a review. It is planned to carry out this review as part of the review of financial reporting. The principles to be adopted in looking at how we report on financial risks in the future will be to have a high level council wide overview followed by departmental summaries setting out an overall financial risk assessment for the department and the key financial risks for each department. Any detailed information would only be included in reports on an exception basis.

Capital Plan

- 3.14 The format and content of the capital plan will be reviewed. The capital plan monitoring report has a number of different aspects – financial in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non financial in terms of project

performance. As a result the current report is very long and complex. Consideration will be given to reducing the length of the report and also trying to simplify or present the information in an easier to understand way. This may include providing an overall Council summary and then departmental summaries with key points and explanations but detailed information and explanations would be in Appendices.

Reserves

- 3.15 It is planned to develop a regular financial report on reserves. This will primarily focus on monitoring the spending of earmarked reserves but it will also look at the overall level of reserves.

Treasury Monitoring

- 3.16 A review will be undertaken of the format and content of the treasury monitoring reports. The current report has been in place for a few years and would benefit from a refresh. The report gives information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing, long term borrowing and investments along with an economic commentary. Much of the information is presented in tables of numbers. Most of this information is important in understanding the treasury position of the Council and consideration will be given to presenting it in a more user friendly manner. The report could be enhanced by providing more of a general overview of overall portfolio of borrowing and adding commentary to explain the link between the information contained in the report and the agreed treasury and investment strategies.

4 CONCLUSION

- 4.1 This report sets out proposals for financial reporting during 2014-15.

5. IMPLICATIONS

- 5.1 Policy – None
- 5.2 Financial – None
- 5.3 Legal – None
- 5.4 HR – None
- 5.5 Equalities – None
- 5.6 Risk – None
- 5.7 Customer Service - None

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