

## Finance review Q4 2016

<b>Purpose of paper</b>	To report on the Q4 financial outturn
<b>Status</b>	Public
<b>Action</b>	For discussion
<b>Corporate Strategy 2016-19</b>	Objective 2: To improve our management of resources so that we become a more efficient regulator.
<b>Business Plan 2016</b>	Objective 2: Manage, the GDC's finances effectively, maintaining sufficient reserves to ensure resources are available to manage our statutory functions
<b>Decision Trail</b>	<p>The Finance &amp; Performance Committee discussed the Q4 2016 outturn on 16 February 2017 and recommended to the Audit &amp; Risk Committee that the:</p> <ol style="list-style-type: none"> <li>1. Q4 2016 financial outturn and the December 2016 management accounts are a suitable basis from which to prepare the 2016 Annual Report and accounts</li> <li>2. Proposed efficiency savings disclosures appropriate</li> </ol>
<b>Next stage</b>	Not applicable
<b>Recommendations</b>	Council are asked to note the report on the Q4 financial outturn.
<b>Authorship of paper and further information</b>	Graham Masters, Director of Finance & Corporate Services Melanie Stewart, Head of Finance
<b>Appendices</b>	Annex 1 – Q4 outturn slides

## 1. Executive summary

- 1.1. The final outturn [pre-audit adjustments] is an operating surplus of £1.3m compared to a budgeted surplus of £2.2m. The £0.9m negative variance was primarily due to an overspend of £1.6m on FtP legal fees, offset by other savings.
- 1.2. The Annual Report and Accounts will also include a crystallised capital gain of £0.6m from disposal of a substantial proportion of our investments in September 2016, to maintain conformance with the Council approved investment policy, that a minimum of £5m cash must be available.
- 1.3. There remains a current financial risk relating to the 2015 Income and Expenditure account, which included a credit for “adjustment to tax and social security costs”, in the sum of £1.3m. Some £0.6m has been received from HMRC during 2016 relating to the NIC element of the claim, with the balance currently outstanding.
- 1.4. The Executive are not aware of strategic risks that would impact on the conclusion that the GDC remains a going concern for the next 12 months.

## 2. Introduction and background

- 2.1. At their February meeting, the Finance & Performance Committee discussed the report on the Q4 financial outturn and proposed efficiency savings disclosures, and recommended to the Audit & Risk Committee that the:
  - a. Q4 2016 financial outturn and the December 2016 management accounts were a suitable basis from which to prepare the 2016 Annual Report and accounts, and
  - b. proposed efficiency savings disclosures were appropriate.

## 3. Q4 Financial outturn

- 3.1. The financial outturn for 2016 has been reviewed in detail by the Finance and Performance Committee. A summary of this review is set out in Annex 1
- 3.2. The Financial Review in the 2016 Annual Report and Accounts will include information on efficiency savings achieved, summarised as follows [see Annex1]:
  - 3.2.1. Actual savings from new initiatives in 2016, plus actual savings in 2016 from initiatives started in previous 4 years - **£4.1m**
  - 3.2.2. Cumulative savings over 5 years to December 2016 - **£12.9m**
  - 3.2.3. Potential savings for 2017, plus projected savings in 2017 from initiatives started in previous 4 years - **£3.6m**

## 4. Recommendations

- 4.1. Council are asked to note the report on the Q4 financial outturn and proposed efficiency savings disclosures.