

**STRATEGIC PLANNING,  
SUSTAINABILITY AND  
TRANSPORTATION COMMITTEE**

**12 September  
2017**

Is the final decision on the recommendations in this report to be made at this meeting?

**Yes**

**First Quarter Budget Monitoring 2017/18**

<b>Final Decision-Maker</b>	Strategic Planning, Sustainability and Transportation Committee
<b>Lead Head of Service</b>	Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Mark Green – Director of Finance and Business Improvement (Lead Officer) Paul Holland - Senior Finance Manager Client Accountancy (Report Author)
<b>Classification</b>	Public
<b>Wards affected</b>	All

**This report makes the following recommendations to this Committee:**

That the revenue position at the end of the first quarter and the actions being taken or proposed to improve the position where significant variances have been identified be noted.

**This report relates to the following corporate priorities:**

The budget is a statement, in financial terms, of the priorities set out in the strategic plan. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan. The issues raised in this report identify areas where financial performance is at variance with priority outcomes.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Strategic Planning, Sustainability and Transport Committee	12 September 2017
Policy & Resources Committee	20 September 2017

# First Quarter Budget Monitoring 2017/18

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides the committee with an overview of the revenue budget and outturn for the first quarter of 2017/18, and highlights financial matters which may have a material impact on the Medium Term Financial Strategy or the Balance Sheet.
  - 1.2 As at the 30 June 2017, this Committee was showing an overall positive variance of £341,308. The individual variances for each service area are detailed within **Appendix I**.
  - 1.3 The position for the Council as a whole at the end of the first quarter shows a positive variance but there are still a number of underlying pressures across all the Committees that need to be addressed to ensure that this position continues throughout the year.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Director of Finance & Business Improvement is the Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. However in practice, day to day budgetary control is delegated to service managers, with assistance and advice from their director and the finance section.
- 2.2 The Medium Term Financial Strategy for 2017/18 onwards was agreed by full Council on 1 March 2017. This report advises and updates the Committee on the current position with regards to revenue expenditure against the approved budgets.
- 2.3 Attached at **Appendix I** is a table detailing the current budget and expenditure position for this Committee's services in relation to the first quarter of 2017/18, to June 2017. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of June 2017 and includes accruals for goods and services received but not yet paid for.
- 2.4 The columns of the table in the Appendix show the following detail:
  - a) The cost centre description;
  - b) The value of the total budget for the year;
  - c) The amount of the budget expected to be spent by the end of June 2017;
  - d) The actual spend to that date;
  - e) The variance between expected and actual spend;
  - f) The forecast spend to year end; and
  - g) The expected significant variances at 31 March 2018.

- 2.5 **Appendix I** shows that of an annual budget of -£1,232,740 there was an expectation that net income of -£126,871 would be achieved by the end of the first quarter. At this point in time the budget position for this committee as a whole is an under spend of £341,308, but the current forecast indicates that the outturn position for this committee will show an adverse variance of -£89,000 by the end of the year.
- 2.6 Explanations for variances within individual cost centres which exceed or are expected to exceed £30,000 are provided below in accordance with the council's constitution:

<b>Strategic Planning, Sustainability and Transport Committee</b>	<b>Positive Variance Q1 £000</b>	<b>Adverse Variance Q1 £000</b>	<b>Year end Forecast Variance £000</b>
<b>Development Control Applications</b> - The current positive variance reflects fees that have been received earlier than anticipated, which is a consequence of the forthcoming rise in planning fees and the introduction of the Community Infrastructure Levy. This means that the forecast is for the income to be back on target by the end of the year.	156		0
<b>Development Control Appeals</b> - There are several inquiries that are expected to take place this year which will lead to the authority incurring significant costs. At this stage unbudgeted costs of £200,000 are projected in relation to these inquiries and the necessary preparatory work.	17		-200
<b>Parking Services</b> – Pay and Display car parking is continuing to perform well in excess of the target income budget overall, but both the Mote Park and Sandling Road Car Parks are forecast to generate less income than budgeted. Charges have now increased at Mote Park and over a full year the income budget is expected to be achievable. The shortfall at Sandling Road arises from a delay in opening the car park for business. The income budget here is also expected to be achievable in a full year. There is also a payment potentially due of £61,000 to HMRC in respect of overpaid VAT following a recent court ruling in their favour.	108		144

- 2.7 A late adjustment was made to the 2017/18 budget to incorporate additional planning fee income of £180,000 and a corresponding amount of

expenditure, on the assumption that the government would permit planning fees to be increased. In the event, this planning fee increase has been delayed by the General Election. No variance is shown in the table above in respect of the consequent shortfall in income as it is expected that expenditure will be reduced accordingly, leading to a net variance of nil.

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### **3 AVAILABLE OPTIONS**

2.8 In considering the current position on the revenue budget at the end of June 2017 the committee can choose to note those actions and reconsider the outcomes at the end of the third quarter or it could choose to take further action.

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### **4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

2.9 The committee is requested to note the content of the report and agree on any necessary action to be taken in relation to the budget position.

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### **5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

2.10 This report is not expected to lead to any consultation.

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### **6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

2.11 The first quarter budget monitoring reports were considered by the service committees in September 2017, culminating in a full report to Policy and Resources committee on 20 September.

2.12 Details of the actions taken by service committees to manage the pressures in their budgets will be reported to Policy and Resources committee at this meeting.

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### **7 CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's medium term financial strategy which is	Director of Finance & Business Improvement

	linked to the strategic plan and corporate priorities.	
<b>Risk Management</b>	<p>The Council has produced a balanced budget for both capital and revenue expenditure and income for 2017/18 This budget is set against a backdrop of limited resources and an difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives this committee the best opportunity to take actions to mitigate such risks.</p> <p>The issues set out in this report do not exhibit the level of potential risk identified in previous years.</p>	Director of Finance & Business Improvement
<b>Financial</b>	<p>Financial implications are the focus of this report through high level budget monitoring. The process of budget monitoring ensures that services can react quickly to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.</p>	Director of Finance & Business Improvement
<b>Staffing</b>	<p>The budget for staffing represents approximately 50% of the direct spend of the council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p>	Director of Finance & Business Improvement
<b>Legal</b>	<p>The Council has a statutory obligation to maintain a balanced budget this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain</p>	[Legal Team]

	a balanced budget for the year.	
<b>Equality Impact Needs Assessment</b>	The budget ensures the focus of resources into areas of need as identified in the Council's strategic priorities. This monitoring report ensures that the budget is delivering services to meet those needs.	Director of Finance & Business Improvement
<b>Environmental/Sustainable Development</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Community Safety</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Human Rights Act</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Procurement</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Asset Management</b>	Resources available for asset management are contained within both revenue and capital budgets and do not represent a significant problem at this time.	Director of Finance & Business Improvement

## **8 REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix I: First Quarter 2017/18 Revenue Monitoring – Strategic Planning, Sustainability and Transportation

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## **9 BACKGROUND PAPERS**

None