

**Third Quarter Budget Monitoring 2017/18**

<b>Final Decision-Maker</b>	Communities, Housing and Environment Committee
<b>Lead Director</b>	Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Mark Green – Director of Finance & Business Improvement (Lead Officer)  Paul Holland – Senior Finance Manager Client Accountancy (Report Author)
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report provides the committee with an overview of the revenue budgets and outturn for the third quarter of 2017/18, and highlights financial matters which may have a material impact on the Medium Term Financial Strategy or the Balance Sheet. It also now includes an update on the capital programme for this committee.

As at the 31 December 2017, this Committee was showing an overall positive variance of £728,405. The individual variances for each service area are detailed within **Appendix 1**.

The position for the Council as a whole at the end of the third quarter shows that there is currently an underspend but that the forecast for the end of the year shows this figure reducing. However there are still a number of underlying pressures across all the Committees that need to be addressed to ensure that this position is sustained to the end of the year

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

1. That the revenue position at the end of the third quarter and the actions being taken or proposed to improve the position where significant variances have been identified be noted.
2. That the position with the capital programme be noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Communities, Housing and Environment Committee	20 March 2018
Policy and Resources Committee	14 February 2018

# Third Quarter Budget Monitoring 2017/18

## 1. INTRODUCTION AND BACKGROUND

- 1.1 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.
  - 1.2 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.
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## 2. REVENUE BUDGET

- 2.1 Attached at **Appendix 1** is a table detailing the current budget and expenditure position for this Committee's services in relation to the third quarter of 2017/18, to December 2017. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of December 2017 and includes accruals for goods and services received but not yet paid for.
- 2.2 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 December 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.
- 2.3 **Appendix 1** shows that of a net annual expenditure budget of £8,042,550 it was expected that £5,679,190 would be spent up until the end of December. At this point in time the budget is reporting an under spend of £728,405, however the current forecast indicates that the outturn position for this committee will see a reduction to an under spend of £97,000.
- 2.4 Explanations for variances within individual cost centres which exceed or are expected to exceed £30,000 have been provided in accordance with the Council's constitution.

<b>Communities, Housing and Environment Committee</b>	<b>Positive Variance Q3 £000</b>	<b>Adverse Variance Q3 £000</b>	<b>Year End Forecast Variance £000</b>
<b>CCTV</b> - The variance has arisen from a combination of previously agreed savings targets which have not been realised and a shortfall of income against the budgeted figure. A review is due to be carried out which will address how the service can be delivered within budget in future.		-72	-105
<b>Street Cleansing</b> – The position has improved slightly since the 2 <sup>nd</sup> quarter report, but overtime payments remain high due to staff sickness and there has been additional spend on fly-tipping and materials.		-66	-62
<b>Commercial Waste</b> – The service has been generating additional income.	31		40
<b>Homelessness Temporary Accommodation</b> – There continues to be a rise in the number of households requiring temporary accommodation. In addition there has been some delays in getting the properties purchased for accommodation available for use. However as these become available the variance will reduce in the final quarter.		-96	-81
<b>Homelessness Prevention</b> – The underspend includes a £200,000 Homelessness Support Grant which will be carried forward to 2018/19. The projected year-end variance represents an underspend on the Homefinder scheme.	254		25
<b>Community Partnerships &amp; Resilience Section</b> – This variance is caused by vacant posts in this team.	41		66
<b>Depot Services Section</b> – This variance is caused by vacant posts in this team which have now been filled.	31		30
<b>Housing &amp; Inclusion Section</b> - This variance is caused by vacant posts and staff on maternity leave in this team.	46		42
<b>Grounds Maintenance – Commercial</b> – This is a new area that has been established following a restructure, and it is doing particularly well so far in delivering external projects such as Section 106 works. However being a new area there remains some uncertainty about the year-end outturn position.	138		142

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### **3. CAPITAL PROGRAMME**

- 3.1 Service committees will now receive an update on their capital programme schemes. Policy and Resources Committee will continue to receive an overarching report for the whole programme.
- 3.2 The capital programme was approved by Council on 1 March 2017. Funding for the programme remains consistent with previous decisions of Council in that the majority of resources come from New Homes Bonus along with a small grants budget.
- 3.3 The current programme for this Committee is set out in **Appendix 2** and shows the current budget and actual expenditure to the end of December. The current budget includes the approved budget plus any unused resources brought forward from 2016/17, as well as reflecting any slippage identified at the end of the first quarter. The Appendix details the profile of expenditure that is forecast for the remainder of the year.

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

- 4.1 In considering the current position on the revenue budget and the capital programme at the end of December 2017 the committee can choose to note those actions or it could choose to take further action.
- 4.2 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. RISK**

- 5.1 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.

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### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 This report is not expected to lead to any consultation.

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### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 The third quarter budget monitoring reports will be considered by the

relevant Service Committees in February and March 2018, including a full report to Policy and Resources committee on 14 February.

- 7.2 Details of the actions taken by service committees to manage the pressures in their budgets will be reported to Policy and Resources committee if appropriate.

## 8. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<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 linked to the strategic plan and corporate priorities.	Director of Finance & Business Improvement
<b>Risk Management</b>	This has been addressed in section 6 of the report.	Director of Finance & Business Improvement
<b>Financial</b>	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.	Director of Finance & Business Improvement
<b>Staffing</b>	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.	Director of Finance & Business Improvement

<b>Legal</b>	The Council has a statutory obligation to maintain a balanced budget and this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain a balanced budget for the year.	Keith Trowell, Interim Team Leader (Corporate Governance)
<b>Privacy and Data Protection</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Equalities</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>Crime and Disorder</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Procurement</b>	No specific issues arise.	Director of Finance & Business Improvement

## 9. REPORT APPENDICES

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

- Appendix 1: Third Quarter 2017/18 Revenue Monitoring – Communities, Housing and Environment
- Appendix 2: Third Quarter 2017/18 Capital Programme – Communities, Housing and Environment

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## 10. BACKGROUND PAPERS

None.