

COMMUNITIES, HOUSING AND ENVIRONMENT COMMITTEE

14 February 2017

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

Yes

Third Quarter Budget Monitoring 2016/17

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

This report makes the following recommendations to this Committee:

That the committee:

1. Notes 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.

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

Meeting	Date
Communities, Housing and Environment Committee	14 February 2017
Policy & Resources Committee	15 February 2017

Third Quarter Budget Monitoring 2016/17

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 third quarter of 2016/17, 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 31 December 2016, this committee was showing an overall adverse variance of £396,000. 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 third quarter shows a decrease in the overspend forecast at the end of the second quarter. Additional controls over spending that were introduced to address this at the end of the second quarter are detailed at paragraph 2.7 of this report.
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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 2016/17 onwards was agreed by full Council on 2 March 2016. 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 third quarter of 2016/17, to December 2016. The appendix details the net budget per cost centre for this Committee, excluding capital charges. Actual expenditure is shown to the end of December 2016 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 December 2016;
 - 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 2017.

- 2.5 **Appendix I** shows that of a net annual expenditure budget of £8,449,380 it was expected that £6,226,923 would be spent by the end of the third quarter. These totals exclude capital charges made to revenue. At this point in time the budget is reporting an overspend of £187,000, and the current forecast indicates that this overspend will be £396,000 by the end of the year.
- 2.6 Explanations for variances within individual cost centres which exceed or are expected to exceed £30,000 have been provided in accordance with the council's constitution.

	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
Communities, Housing and Environment Committee			
CCTV – There is an unrealised budget strategy in this service, as well as income targets that will not be achieved this year.		-35	-38
Commercial Waste Services – There are additional vehicle and running costs as which have not been offset by any additional income.		-23	-32
Environmental Enforcement - The majority of the under-spend is ring fenced to support the purchase of new committed litter bins as part of the dog bin removal programme.	33		51
Grounds Maintenance - This service is currently generating additional income from external work.	20		26
Homeless Temporary Accommodation - The level of demand for this service has continued to increase. A number of actions have been taken to reduce the cost of providing temporary accommodation, and this has initially seen the forecast overspend reduce from £500,000 at the end of the second quarter.		-327	-358
Licensing Statutory - Although this is below the variance limit there will be a saving in this area.	16		20
MBS Support Crew – Income recharged internally is not currently sufficient to cover the costs of the service.		-27	-30
Street Cleansing - An overspend of £50,000 is anticipated due to a		-38	-50

previously agreed saving which will not be delivered this year.			
Switch Café – Although this is below the variance limit there will be a saving in this area as the grant to the Switch Café ceased at the end of 2015/16.	14		15
Communities, Housing and Environment Committee Total			-396

- 2.7 The overall forecast for the council at the end of the third quarter shows a decrease in the overspend projected at the end of the second quarter. Increased control in the following areas of spending were introduced across the council at the end of the second in order to improve the position:

1. Recruitment;
2. Temporary staff;
3. Discretionary spending; and
4. Contractual commitments.

These have achieved a measure of success and at this stage a reduction in the previously forecast overspend is projected for the Council as a whole.

3 AVAILABLE OPTIONS

- 3.1 In considering the current position on the revenue budget at the end of December 2016 the committee can chose to note those actions and reconsider the outcomes at the end of the third quarter or it could chose to take further action.

4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 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.

5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

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

6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The third quarter budget monitoring reports will be considered by the service committees in January and February 2017, culminating in a full report to Policy and Resources committee on 15 February.

- 6.2 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.

7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	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
Risk Management	The Council has produced a balanced budget for both capital and revenue expenditure and income for 2016/17 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. The issues set out in this report do not exhibit the level of potential risk identified in previous years.	Director of Finance & Business Improvement
Financial	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	Director of Finance & Business Improvement

	that may prejudice the delivery of strategic priorities.	
Staffing	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
Legal	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 a balanced budget for the year.	[Legal Team]
Equality Impact Needs Assessment	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
Environmental/Sustainable Development	No specific issues arise.	Director of Finance & Business Improvement
Community Safety	No specific issues arise.	Director of Finance & Business Improvement
Human Rights Act	No specific issues arise.	Director of Finance & Business Improvement
Procurement	No specific issues arise.	Director of Finance & Business Improvement
Asset Management	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: Third Quarter 2016/17 Revenue Monitoring – Communities, Housing and Environment Committee

9 BACKGROUND PAPERS

None