

COMMUNITIES, HOUSING AND ENVIRONMENT COMMITTEE **14 November 2017**

Second Quarter Budget Monitoring 2017/18

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

Executive Summary

This report provides the committee with an overview of the revenue budgets and outturn for the second 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 30 September 2017, this Committee was showing an overall positive variance of £ 177,547. 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 second quarter shows that actual net expenditure is broadly in line with the budget forecast 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.

This report makes the following recommendations to this Committee:

1. That the revenue position at the end of the second 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

Meeting	Date
Communities, Housing and Environment Committee	14 November 2017
Policy and Resources Committee	22 November 2017

Second 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.
-

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 second quarter of 2017/18, to September 2017. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of September 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 September 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 £8,011,230 it was expected that £3,716,010 would be spent up until the end of September. At this point in time the budget is reporting an under spend of £177,547, however the current forecast indicates that the outturn position for this committee will change to an overspend of £140,960.
- 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.

Communities, Housing and Environment Committee	Positive Variance Q2 £000	Adverse Variance Q2 £000	Year End Forecast Variance £000
CCTV – 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. If a proposal to reduce the partnership costs is successful then the variance could be reduced by the end of the year, and officers are looking at other possible savings within the budget.		-48	-69
Street Cleansing - The adverse variance has reduced since Quarter1,however there is a remaining savings target which has not yet been fully realised.. Spend on overtime remains high due to staff absences. The refuse collection spend has now reduced considerably due to new procedures although the budget for the year has been spent.		-48	-60
Homeless Temporary Accommodation – The projected variance has reduced as compared with Quarter 1. With the benefit of further information the projected growth in homelessness has been revised downwards. However, the service remains under severe pressure from the number of families presenting as homeless and consequently this area will continue to be monitored closely.		-99	-72
Homelessness Prevention – The current variance reflects issues that are being experienced placing homeless persons into private sector accommodation.	200		61
Council-owned Temporary Accommodation – This variance is a combination of issues, the main ones being additional building maintenance costs and delays in making the accommodation ready for occupation.		-21	-31
Environmental Health Team - The team have now been transferred to Tunbridge Wells BC as part of the shared service and budgets will be adjusted at the revised estimate stage to reflect this.	61		0

Fleet Workshop & Management – The variance is a result of an underspend of the fuel budget. This has been earmarked to fund a Senior Environmental Officer post for 6 months.	30		30
--	----	--	----

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 September. 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.
- 3.4 The slippage identified relates to major housing schemes that are in the process of being developed, so the timing of payments is still subject to change as the schemes continue to evolve.
- 3.5 Policy & Resources Committee agreed in July 2017 to the purchase of Lenworth House to develop into apartments available for market rent. Funding for this will come from the indicative scheme funding identified in this Committee's capital programme. However there was none programmed in for this year, so resources will be brought forward in the programme from future years to fund this purchase. The budget for this year represents the deposit payable, with the balance of the purchase price payable in 18 months' time when development is completed.

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 September 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.
-

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.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

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

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The second quarter budget monitoring reports will be considered by the relevant Service Committees in November 2017, culminating in a full report to Policy and Resources committee on 22 November.

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
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	This has been addressed in section 5 of the report.	Director of Finance & Business Improvement
Financial	Financial implications are the focus of this report through high level budget monitoring. The process of budget	Director of Finance & Business Improvement

	<p>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>	
Staffing	<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
Legal	<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 a balanced budget for the year.</p>	[Legal Team]
Privacy and Data Protection	<p>No specific issues arise.</p>	Director of Finance & Business Improvement
Equalities	<p>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.</p>	Director of Finance & Business Improvement
Crime and Disorder	<p>No specific issues arise.</p>	Director of Finance & Business Improvement
Procurement	<p>No specific issues arise.</p>	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: Second Quarter 2017/18 Revenue Monitoring – Communities, Housing and Environment
 - Appendix 2: Second Quarter 2017/18 Capital Programme – Communities, Housing and Environment
-

10. BACKGROUND PAPERS

None.