

**COMMUNITIES, HOUSING &  
ENVIRONMENT COMMITTEE****16<sup>th</sup> JANUARY 2016**

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

**No****THIRD QUARTER BUDGET MONITORING 2015/16**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	Head Of Finance & Resources
<b>Lead Officer and Report Author</b>	Head Of Finance & Resources
<b>Classification</b>	Public
<b>Wards affected</b>	All

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

1. That the Committee notes the revenue budget position as at 31<sup>st</sup> December 2015 and the predicted outturn to 31<sup>st</sup> March 2016.

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

The medium term financial strategy and the budget are a re-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.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Communities, Housing & Environment Committee	16 <sup>th</sup> February 2016
Policy & Resources Committee	17 <sup>th</sup> February 2016

# THIRD QUARTER BUDGET MONITORING 2015/16

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides a financial analysis of the Committee's services in the third quarter of 2015/16. The information is provided specifically for the Communities, Housing & Environment Committee.
  - 1.2 The intention of the report is to ensure the Committee is regularly informed of performance and to enable it to take timely action where it is appropriate.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Head of Finance & Resources is the Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. 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 Best practice provides for there to be updates to the Committee on performance and this report is the third of four updates for 2015/16.

### Revenue

- 2.3 The budget used in this report is the revised estimate for 2015/16 including the carry forward resources agreed by Cabinet in April 2015. While this estimate has not yet received approval from Policy & Resources Committee it is now more accurate than the original estimate approved by Council in February 2015. Actual expenditure to December 2015 includes all major accruals for goods and services received but not paid for by the end of the quarter.
- 2.4 An analysis that is summarised at service level, of the full year budget, the profiled budget to December 2015 and expenditure to December 2015 is attached as **Appendix A**. The financial analysis is based on direct expenditure only. This removes the influence of internal recharges and accounting adjustments upon the variance analysis. An indicative projected year end outturn figure is also shown.
- 2.5 Appendix A shows that actual spend is reporting a net adverse variance of £84,759 against the profiled budget to 31<sup>st</sup> December 2015, reflecting the pressure on the Committee's budget. The most significant issue is the rising cost of temporary accommodation.
- 2.6 The predicted outturn figures show only the major variances and these suggest a likely adverse variance of £210,000 by year end (£190,000 at quarter two). This will be tempered by all the smaller positive variances within the Committee's services. A brief explanation of the issue and /or action taken is included against each significant variance in the Appendix.

## **Capital**

- 2.7 The Committee has capital funding for housing services that relates to the provision of social housing and support through grant aid for private sector landlords.
  - 2.8 An analysis of the capital programme is attached at **Appendix B** showing the full year budget, expenditure to date, expected expenditure in the final quarter of 2015/16 and any budget that now needs to be carried forward into 2016/17.
  - 2.9 Proposals have been agreed to utilise some of this budget to acquire additional accommodation for families currently in temporary accommodation. The programme has been amended but it may yet be necessary to carry forward the acquisition costs into the first quarter of 2016/17.
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## **3. AVAILABLE OPTIONS**

- 3.1 **Option 1** – The Committee could chose not to receive quarterly budget monitoring reports or receive the reports at a more regular frequency. However the current frequency is considered good practice and has been in place for many years at this Council, enabling an appropriate level of monitoring and timely action where necessary.
  - 3.2 **Option 2** - The committee could consider the details set out in Appendix A and propose alternative actions to those set out. However the details set out in this report follow on from previous monitoring reports. The current report shows that the planned actions are being implemented with the expected effect on resources.
  - 3.3 **Option 3** - The committee could consider the details set out in Appendices A and B and agree to note the details and actions reported by officers.
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## **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The recommended option is Option 3. The Committee should note the budget performance set out in Appendices A & B to this report and the actions that have been taken.
- 4.2 The year-end revenue variance reported at £210,000 adverse in Appendix A, will be partly mitigated by the minor budget variances that have been projected to be zero in the appendix, the most likely result would be a reduction in the predicted adverse variance when all of these services areas are combined.
- 4.3 This information has been collated into an overarching report of the strategic budget position to Policy and Resources Committee. The strategic position is currently close to a balanced position and it is likely that Policy

and Resources Committee will agree the retention of positive variances in some committees to mitigate the adverse variances within others.

- 4.4 The Council will follow good practice and officers will continue to control expenditure against budget to reduce the currently predicted year end over spend where this is occurring.

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## 5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 This is the third report to this committee on the 2015/16 performance against budget. The adverse position is increasing in line with expectations of increase costs of temporary accommodation.

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

- 6.1 Officers will continue to take all possible actions to control the budget and utilise resources effectively.
- 6.2 The high level details contained in this report will be reported to Policy & Resources Committee as a strategic overview of budget monitoring across the organisation.

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## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The medium term financial strategy and the budget are a re-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.	Head of Finance & Resources
<b>Risk Management</b>	A regular and timely awareness of the budget position assists the Committee to prepare for and control the risk of insufficient resources to achieve the Council's priorities.	Head of Finance & Resources
<b>Financial</b>	The financial implications are summarised in the report and set out in more detail in the Appendices.	Head of Finance & Resources

	It is important that the committee gives consideration to any specific services areas that are at variance and any actions officers are taking at this time.	
<b>Staffing</b>	None identified	Head of Finance & Resources
<b>Legal</b>	None identified	Head of Finance & Resources
<b>Equality Impact Needs Assessment</b>	None identified	Head of Finance & Resources
<b>Environmental/Sustainable Development</b>	None identified	Head of Finance & Resources
<b>Community Safety</b>	None identified	Head of Finance & Resources
<b>Human Rights Act</b>	None identified	Head of Finance & Resources
<b>Procurement</b>	None identified	Head of Finance & Resources
<b>Asset Management</b>	None identified	Head of Finance & Resources

## **8. REPORT APPENDICES**

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

- Appendix A: Revenue Budget Monitoring Report 2015/16 to December 2015
- Appendix B: Capital Budget Monitoring Report 2015/16 to December 2015

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## **9. BACKGROUND PAPERS**

None