

STRATEGIC PLANNING, SUSTAINABILITY AND TRANSPORT COMMITTEE

7 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	Strategic Planning, Sustainability and Transport 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
Strategic Planning, Sustainability and Transport Committee	7 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 a small overall favourable variance of £41,986, although there are significant adverse and favourable variances within this total. The individual variances for each service area are detailed at **Appendix I**.
 - 1.3 The position for the council as a whole at the end of the second 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 2.8 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 an annual budget of -£708,440 there was an expectation that net income of -£434,502 would be achieved by the end of the third quarter. At this point in time the budget position for this committee as a whole is a small underspend of £41,986. However, the full year forecast indicates that there is expected to be a net underspend of £233,000 by 31 March 2017.
- 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:

	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
Strategic Planning, Sustainability and Transport Committee			
Pay & Display Car Parks –Lockmeadow and King Street car parks have significantly outperformed against their income targets, despite the increased income budgets which were set for 2016/17. This trend is expected to continue through to the end of 2016/17. It should be noted that the forecast incorporates a shortfall of £73,000 for Mote Park car park. This has been offset against the overall underspend in the forecast outturn.	201		247
On-Street Parking – the surplus position in this area is expected to be maintained through to the year end. It should be noted that this surplus is ring-fenced to parking.	72		84
Development Management – there has been an overspend on agency staff costs which was not met by actual income received. The Head of Service has been aware of the problem and has taken steps to address the issue, which has reduced the variance that was forecast at the end of the 2 nd quarter.		-215	-212
Building regulations – income continues to be above budget in this area, and the underspend is expected to continue through to the end of the year. It should be noted that this service is required to break even on a rolling three year basis.	68		94

Street Naming & Numbering – although this variance is less than £30,000 it has been included as it is generating additional income above and beyond projected levels.			20
Strategic Planning, Sustainability and Transport Total			233

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 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 that may prejudice the delivery of strategic priorities.	Director of Finance & Business Improvement

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 – Strategic Planning, Sustainability and Transport
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9 BACKGROUND PAPERS

None