

Strategic Planning, Sustainability and Transportation Committee

13 June 2017

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

Yes

Fourth Quarter Budget Monitoring

Final Decision-Maker	Strategic Planning, Sustainability & Transportation Committee
Lead Head of Service	Director of Finance & Business Improvement
Lead Officer and Report Author	Paul Holland – Senior Finance Manager, Client Accountancy
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the Committee notes the financial position for services within its remit at the end of the fourth quarter.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

Financial resources are allocated in accordance with the Council's strategic priorities. This report shows how the resources have been spent and identifies any areas where there have been variances from the budgeted allocation of resources.

Timetable

Meeting	Date
Strategic Planning, Sustainability and Transportation Committee	13 June 2017

Fourth Quarter Budget Monitoring

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the revenue budget and outturn for services within the Committee's remit at the end of the fourth quarter of 2016/17. It highlights significant variances from budget and any other matters which are likely to have a material financial impact.
 - 1.2 As at the end of the fourth quarter there was an overall underspend for services within the Committee's remit of £246,631. The individual variances for each cost centre are shown at Appendix 1. The totals include internal recharges.
 - 1.3 The Council as a whole will also be reporting an underspend at the end of the fourth quarter. This is a significant improvement from the end of the third quarter, when an overspend of £288,000 was projected. It follows the introduction of additional controls over spending, designed to ensure that the Council remained within budget for the year. The Council will need to continue maintaining tight controls in 2017/18 given likely spending pressures.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The Director of Finance & Business Improvement is the Council's Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. Day to day budgetary control is delegated to service managers, with assistance and advice from their Director and the Finance section.
- 2.2 The budget for 2016/17 was agreed by full Council on 2 March 2016. This report sets out the position as at the end of the fourth quarter in relation to the revenue budget. The fourth quarter figures will be incorporated within the Council's draft Statement of Accounts for the year ending 31st March 2017, which will be considered by the Audit, Governance and Standards Committee at its meeting on 26th June 2017.
- 2.3 Attached at Appendix 1 is a table detailing the current budget and actual position in relation to the fourth quarter of 2016/17, to March 2017, by cost centre.
- 2.4 The Appendix shows:
 - a) The cost centre description;
 - b) The value of the net expenditure budget for the year;
 - c) Actual expenditure;
 - d) Actual income;
 - e) Actual net expenditure (gross expenditure less income)
 - f) The variance between expected and actual net expenditure.

2.5 Appendix 1 shows net income of £291,551 compared with a budget of £44,920.

2.6 Explanations are shown below for all variances within individual cost centres which exceed £30,000:

Cost Centre	Positive Variance £000	Adverse Variance £000
<p>Building Regulations Income has exceeded the budget for the year. This service is required to break even on a rolling three year basis, and any surpluses are held in balances to mitigate any future downturn in income.</p>	76	
<p>Development Control Applications The shortfall in income is due to the fact that the income budget for planning applications was increased by £134,500 for budget strategy plus a further £100,000 was transferred to Appeals (EC21) which meant that the target was difficult to achieve.</p>		57
<p>Development Control Enforcement This budget is kept aside for possible future need. The underspend is due to the fact that it was not utilised in 2016/17.</p>	45	
<p>Development Management There has been an overspend on agency staff along with a shortfall in income against the budgeted target. Steps are being taken to address the issue and ensure that this variance will be reduced going forward into 2017/18.</p>		249
<p>On-Street Parking The surplus is a combination of above target income from excess charges, parking meter income and residents permits. It should be noted that this surplus is ring-fenced to parking.</p>	105	
<p>Residents Parking The surplus is a combination of above target income from penalty charges notices and visitors permits. This surplus is ring-fenced to the parking fund.</p>	42	
<p>Pay & Display Car Parks Nearly all of the car parks exceeded their income targets, in particular Lockmeadow and King Street, and there was an increase in season ticket sales as well. This figures does include the £64,000 shortfall on the Mote Park Pay & Display Car Park.</p>	376	
<p>Off Street Parking – Enforcement The deficit is entirely due to below target income from penalty charge notices. Although overall PCN's were above target</p>		34

Cost Centre	Positive Variance	Adverse Variance
Mote Park Pay & Display The deficit is entirely due to below target income from pay and display income. Steps are being taken to mitigate the deficit for 17/18.		65
Parking Services Section The favourable variance is mainly due to vacant posts within the parking section. The posts have now been filled.	41	

3. AVAILABLE OPTIONS

- 3.1 There are no matters for decision in this report. The Committee may choose to take further action depending on the matters reported here.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Committee is requested to note the contents of this report. It may choose to take further action, bearing in mind the implications of the financial outturn for future budget management and financial strategy development.

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 Fourth quarter budget monitoring reports are being considered by the Service Committees in June 2017. The overall outturn for the year ended 31st March 2017 will be reported as part of the Council's Statement of Accounts, which will be considered in draft form by the Audit, Governance and Standards Committee at its meeting on 26th June 2017. The Statement of Accounts will be audited and is due to be approved, in its final form, by the Audit, Governance and Standard Committee at its meeting on 18th September 2017.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Council's budget reflects its corporate priorities. This report compares actual performance	Director of Finance and

	with the budget, and so provides a measure of whether the Council has fulfilled its priorities in financial terms.	Business Improvement (Section 151 Officer)
Risk Management	Regular and comprehensive monitoring of financial performance as summarised in this report ensures early warning of significant issues that may place the Council at significant risk and gives the Committee the best opportunity to take actions to mitigate such risks.	Director of Finance and Business Improvement (Section 151 Officer)
Financial	Financial implications are the focus of this report. Budget monitoring, as summarised in this report, ensures that services can react quickly to potential operational and resourcing problems. The process helps to ensure that the Council delivers against its strategic priorities.	Director of Finance and Business Improvement (Section 151 Officer)
Staffing	Employee costs represent approximately 50% of the direct spend of the Council. Any consideration of resource allocation and monitoring therefore pays attention to employee costs and relevant issues will be raised in monitoring reports such as this.	Director of Finance and Business Improvement (Section 151 Officer)
Legal	The Council has a statutory obligation to maintain a balanced budget. The monitoring process enables the Committee to ensure that it meets this requirement for the services within its remit.	[Legal Team]
Equality Impact Needs Assessment	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Environmental/Sustainable Development	No specific implications.	Director of Finance and Business Improvement

		(Section 151 Officer)
Community Safety	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Human Rights Act	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Procurement	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Asset Management	The budget allocates resources for asset management. There are no specific issues arising from service performance as reported here for asset management.	Director of Finance and Business Improvement (Section 151 Officer)

8. REPORT APPENDICES

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

- Appendix I: Fourth Quarter 2016/17 Budget Monitoring – Strategic Planning, Sustainability & Transportation Committee

9. BACKGROUND PAPERS

None.