**SUSTAINABLE DEVELOPMENT, PLANNING AND TRANSPORT COMMITTEE**

**15 NOVEMBER 2016**

**PART I - NOT DELEGATED**

**6. BUDGET MONITORING – PERIOD 6 (SEPTEMBER)**

(DoF)

1. **Summary**

1.1 The Budget monitoring report is a key tool in scrutinising the Council’s financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the Council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives and that corrective action is taken where necessary.

1.2 This report seeks approval to a change in the Committee’s 2016 - 2019 medium-term financial plan.

1. **Details**

2.1 Service Heads must provide a valid reason for any growth, and in the first instance, try to mitigate any overspend by identifying compensatory savings in their service area.

 An overall increase in the Council’s budgets requiring the use of balances must be approved by Council. Virements between cost centres within each service are approved by each Committee. Virements between Service Committees must be approved by Council along with proposals for the use of ‘windfall’ income.

 ***Revenue***

2.2 The latest revenue budget for 2016/17 totalling £1,711,300 was approved by Policy and Resources Committee on 6 October 2016 (Minute No. PR53/16) and by Council on 18 October 2016. The forecast outturn total is £2,042,680 which gives an unfavourable variance of £331,380 for this period (end of September).

2.3 The main reason for the variance is the net increase in Homelessness of £310,000 for the provision of emergency housing. There has been a growth in the numbers of homeless families and the length of stay in temporary accommodation, because of the shortage of available housing. There is limited temporary accommodation within the district and the Council has to hire expensive nightly let accommodation, predominantly outside the District. This is not unique to Three Rivers District Council (TRDC) as other neighbouring authorities are also experiencing a budget pressure in temporary accommodation. At this stage it is envisaged that this budget pressure will continue into future years. The Council’s Property Services are currently investigating ways of easing the pressure by providing temporary accommodation in a less expensive way.

2.4 Appendix 1 shows the Committee’s medium term revenue budget 2016 – 2019.

2.5 Appendix 2 shows the revenue variances for period 6 (September).

2.6 Appendix 3 shows the revenue variances reported prior to period 6 (September).

 ***Capital***

2.7 The latest capital budget for 2016/17 totalling £ 2,317,949 was approved by Policy and Resources Committee on 6 October 2016 (Minute No. PR53/16) and by Council on 18 October 2016. The forecast outturn is £2,250,735 which gives a variance of (£67,214) for this period (end of September).

2.8 The main reasons for the variance are;

1. Rephasing of £30,000 to 2017/18 on car park restoration works (The Council are awaiting a condition survey report from Watford Borough Council on the car parks in the Three Rivers District before any works can begin; when this is received it will be too late to complete a full programme of works by the 31 March).
2. Transfer of the Heritage & Tourism Initiative budget of £30,214 to the Leisure, Wellbeing & Health Committee for management and operational purposes.

2.9 Appendix 4 shows the Committee’s medium term capital investment programme 2016 -2019.

2.10 Appendix 5 shows the capital variances for period 6 (September).

2.11 At the end of September 19.8% (end of July 8.7%) of the capital budget had been spent. Officers have to confirm that budgets will be spent by the end of the financial year, where this is not the case rephasing (end of September £30,000) or savings (end of September £7,000) have been reported.

3. **Options/Reasons for Recommendation**

3.1 The recommendation below enables the Committee to make recommendations to Council concerning their budget.

4. **Policy / Budget Reference and Implications**

4.1 In accordance with the Council’s financial procedure rules, if the recommendation is accepted by Council this will amend the Council’s revenue and capital budgets.

4.2 There are no substantial changes to Council policy resulting from this report.

5. **Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, and Health & Safety Implications**

5.1 None specific.

6. **Financial Implications**

6.1The following revenue variances have been identified for period 6 (September 2016).

|  |  |  |  |
| --- | --- | --- | --- |
| Change to Revenue Surplus / Deficit for Year | 2016/17£ | 2017/18£ | 2018/19£ |
| Overspend/(Underspend)  | 331,880 | 319,380 | 319,380 |

6.2 The following capital variances have been identified for period 6 (September 2016).

|  |  |  |  |
| --- | --- | --- | --- |
| Change to Capital Programme | 2016/17£ | 2017/18£ | 2018/19£ |
| Increase(Decrease) in Expenditure at Period 6  | (67,214) | 30,000 | 0 |

7. **Risk Management and Health and Safety Implications**

7.1 There are no risks to the Council in agreeing the recommendation.

7.2 The following table gives the risks if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

|  |  |  |
| --- | --- | --- |
| Description of Risk | Impact | Likelihood |
| 1 | The Council’s Medium-Term Financial Plan would be out of date and officers would not have accurate budgets to work to. | III | A |

7.3 The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan. The risk is managed within the Finance service plan.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | A |  |  | 1 |  |  | Impact | Likelihood |
| B |  |  |  |  |  | V = Catastrophic | A = >98% |
| C |  |  |  |  |  | IV = Critical | B = 75% - 97% |
| D |  |  |  |  |  | III = Significant | C = 50% - 74% |
| E |  |  |  |  |  | II = Marginal | D = 25% - 49% |
| F |  |  |  |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = <2% |
| **Impact** |  |  |

8. **Recommendation**

 To Council:

8.1 That the following Sustainable Development, Planning and Transport Committee’s revenue budget variations be approved and incorporated into the three-year medium-term financial plan:-

|  |  |  |  |
| --- | --- | --- | --- |
| **Revenue** | 2016/17£ | 2017/18£ | 2018/19£ |
| Overspend/(Underspend)  | 331,880 | 319,380 | 319,380 |

8.2 That the following Sustainable Development, Planning and Transport Committee’s capital budget variations be approved and incorporated into the three-year medium-term financial plan:-

|  |  |  |  |
| --- | --- | --- | --- |
| **Capital** | 2016/17£ | 2017/18£ | 2018/19£ |
| Overspend/(Underspend)  | (67,214) | 30,000 | 0 |

 Report prepared by: Stephen Exton – Finance Manager

 **Data Quality**

Data sources:

 Financial Information System

Data checked by: Nigel Pollard – Section Head – Accountancy

 Data rating:

|  |  |  |
| --- | --- | --- |
| 1 | Poor |  |
| 2 | Sufficient |  |
| 3 | High | 🗸 |

 **Background Papers**

Period 6 budget returns from Service Heads

**APPENDICES**

 Appendix 1 – Medium Term Revenue Budget 2016 - 2019

 Appendix 2 – Revenue Variances for Period 6 (September)

 Appendix 3 – Revenue Variances Previously Reported During the Year

 Appendix 4 – Medium Term Capital Investment Programme 2016 - 2019

 Appendix 5 – Capital Variances for Period 6 (September)







