**GENERAL PUBLIC SERVICES AND COMMUNITY SAFETY COMMITTEE**

**15 SEPTEMBER 2016**

**PART I - NOT DELEGATED**

**6. BUDGET MONITORING – MONTH 4 (JULY)**

(DF)

1. **Summary**

1.1 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 In compiling this report, the Finance section sends a pro-forma to each service head to confirm that their latest approved budgets either need changing and therefore a variance is reported or to confirm that there is no change. 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.

2.2 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**

2.3 The latest Revenue budget for 2016/17 totalling £2,319,840 was approved by Policy & Resources Committee on 18 July 2016 (Minute PR24/16 refers). The forecast outturn is £2,255,030 and therefore a favourable variance of £64,810 is reported for this period.

2.4 The favourable variance is mainly due to the increased take up of the garden waste scheme which totalled 19,000 participants at the end of July. This results in a net increase in income of £85,270.

* 1. Appendix 1 shows the Committee’s medium term revenue budget 2016 – 2019.
	2. Appendix 2 shows the explanations of revenue variances reported this period.

**Capital**

2.7 The latest capital budget for 2016/17 totalling £1,616,520 was approved by Policy & Resources Committee on 18 July 2016 (Minute PR24/16 refers). The forecast outturn is £972,720 and therefore a variance of £643,800 is reported for this period.

* 1. The variance consists of;
* The rephasing of the waste services depot budget of £493,800 to 2017/18 which is awaiting a decision on the proposal for a new service station at junction 21 of the M25 which will include a new depot facility. The proposed work is not expected to start until 2017/18 at the earliest.
* The removal of the £150,000 budget for the investment in the council’s own Recycling facility due to the lack of space at Batchworth depot. The council is currently working with three other district councils (Welwyn & Hatfield, Watford and Dacorum) to procure a new contract for this service. This service is currently provided by Herts CC at Waterdale and is funded from revenue.

2.9 Appendix 3 shows the Committee’s medium term capital investment programme 2016 -2019.

2.10 Capital spend up to 31 July was £236,313 which represents 15% of the latest budget. Officers have confirmed that not all budgets will be spent by the end of the financial year (see paragraph 2.7), after taking these variances into account 24.3% of the capital budget has been spent to date. Progress on all the schemes is shown in Appendix 3.

3. **Options/Reasons for Recommendation**

3.1 The recommendations below enable 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, this will amend the Council’s revenue budget.

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 04 (July 2016).

|  |  |  |  |
| --- | --- | --- | --- |
| Change to Revenue Surplus / Deficit for Year | 2016/17£ | 2017/18£ | 2018/19£ |
| Overspend/(Underspend) at Period 4 | (64,810) | (113,250) | (84,070) |

6.2 The following capital variances have been identified for period 04 (July 2016).

|  |  |  |  |
| --- | --- | --- | --- |
| Change to Revenue Surplus / Deficit for Year | 2016/17£ | 2017/18£ | 2018/19£ |
| Overspend/(Underspend) at Period 4 | (643,800) | 493,800 | 0 |

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

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

7.2 The following table gives the risks if the recommendations are 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.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood** | 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 General Public Services and Community Safety 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) at Period 4 | (64,810) | (113,250) | (84,070) |

8.2 That the following General Public Services and Community Safety Committee’s capital budget variations be approved and incorporated into the three-year medium-term financial plan:-

|  |  |  |  |
| --- | --- | --- | --- |
| **Revenue** | 2016/17£ | 2017/18£ | 2018/19£ |
| Overspend/(Underspend) at Period 4 | (£643,800) | 493,800 | 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**

None

**APPENDICES / ATTACHMENTS**

 Appendix 1 – Medium Term Revenue Budget 2016 – 2019

 Appendix 2 – Explanation of Revenue Variances

 Appendix 3 – Medium Term Capital Investment Programme





