

Executive Committee

9th February 2017

Business Review – Quarter 3 2016/17

For Decision

Portfolio holder

Corporate – Cllr Peter Barrowcliff

Senior Leadership Team Contact:

J Vaughan, Strategic Director

Report Author:

Christian Evans – Financial Performance Manager

Statutory Authority

The accounts must be approved by the Chief Finance Officer by 30th June and the Audit & Governance Committee by 30th September each year.

1. Purpose of Report

- 1.1 To provide the strategic overview of the Council's performance, risk, revenue and capital expenditure and income as at the end of December 2016, and the projected outturn for the 2016/17 financial year.

2. Officer Recommendations

That members:-

- 2.1 (a) Note the latest position and the projected outturn for the year in respect of the 2016/17 revenue and capital budgets.

(b) Approve the use of £20,000 from the projected Democratic Service underspend for legal support as detailed in paragraph 5.2.

(c) Approve the carry forward requests as detailed in appendix 3.

3. Reason for Decision

- 3.1 The report contains the strategic position of the Council's finances combined with Corporate Performance statistics. Members have a responsibility under the Local Government Act to regularly review the Council's financial position and this report fulfils this requirement.

4. Background and Reason Decision Needed

- 4.1 The budgets shown in Appendix 2 are 'controllable costs'. This is expenditure / income where the Heads of Service has influence. Capital charges (depreciation) and service charges are not shown. A comparison of the profiled budget against the actual expenditure and income to date has been made by the budget holders with assistance from Financial Services. The budget holder has then made an assessment of the likely outturn for the financial year, which has been compared to the budget to identify any potential outturn variances. If there is a projected variance, then the budget holder has to provide a comment explaining the reason and outline what corrective action is being taken.

5. Report

- 5.1 The predicted outturn on the revenue budget monitoring report is estimated to show a £234,885 favourable variance. This is a total variance of 2.4% against the 2016/17 budget requirement of £9,825,922.
- 5.2 Legal services continue to manage several unforeseen staffing absences. As at the end of December the additional costs of agency and locum staff to cover these absences is projected to be £20,000 per authority. This situation will continue to be monitored closely. Subject to the recommendation being agreed, the amount will reduce the Democratic Service favourable variance at year end.

Key Revenue / Performance issues to date

- Car parking - income is well above budget, however a number of projects are planned for the car parks. This will be funded from the additional income rather than relying on reserves.
- Salaries – vacancy management throughout the 12 services by Heads or Service / Corporate Managers has led to a number savings.
- Property – continual recruitment issues for qualified Property staff has led to the need to employ a number of agency staff.
- Revenues & Benefits – performance has until recently not been reaching the required targets. Performance has improved in quarter 3 but there is still work to do to reach the target.
- Development Services Improvement plan – the improvement plan is in full flow and performance is continuing to improve each quarter.

Current / future issues

- Affordable Housing – it is unlikely that the target for 2016/17 will be met. Longer term there is a high risk that the overall affordable housing needs will be met.
- Land Charges – performance has been poor but a new improvement plan has been implemented and additional resource has been utilised to improve performance. This will need to be closely monitored over the coming months.
- A new corporate complaints procedure should enable complaints to be dealt with quicker as performance is currently not reaching the target

- Building Control – Income in this area continues to be an issue with increased competition from the private sector and a reduction in developments coming forward.
- Planning Development Control income has dropped considerably during the last quarter. Two planning enquires has also incurred considerable cost.

Capital

5.3 The predicted overall scheme variance showing on the Capital Budget Monitoring appendix 4 is £452,293 favourable against a total scheme budget of £33,346,764.

Key Capital project issues

- A number of the allocated to funding schemes will be carried forward to 2017/18 due to slippage.
- The considerable Lyme Regis Phase 4 project is likely to be on budget which is a big achievement.
- The Lyme Regis Harbour Office extension design and build contract will be hopefully awarded shortly.
- The Housing Initiatives Extra Care Scheme development in Dorchester has started, completion is due in September 2017.

5.4 Appendix 1 shows the current predicted revenue budget variances for each of the Council's services in graph format.

5.5 Appendix 2 sets out for each service, the significant favourable and adverse revenue variances projected for the year, together with the budget holder's comments and actions being taken to address them. It also provides an assessment of the key performance areas for each service and operational risks. All high risks are shown in greater detail.

5.6 Appendix 3 shows the revenue carry forward requests.

5.7 Appendix 4 shows the latest capital budget monitoring position.

5.8 Appendix 5 provides the current treasury management position compared to the position at 31 March 2016. It shows the average interest rates achieved both on the debt and investments of the Council and their total values.

6. Corporate Plan

6.1 Finance currently appears under the Developing Successful Partnerships aim as being a well managed Council.

7. Financial Implications

7.1 The projected favourable variance of £234,885 against the revenue budget would increase the level of the General Reserve.

8. Risk Management (including Health & Safety)

- 8.1 High and very high risks are reported in detail in Appendix 2. Service risk registers can be found in the Councils performance system (QPR).
- 8.2 There is a risk the Council will overspend its budget for the year.

9. Appendices

- 9.1 Appendix 1 – Graph showing the predicted outturn position of the 12 services
- Appendix 2 – Overall service reviews of the revenue, performance & risk
- Appendix 3 – Revenue carry forward requests
- Appendix 4 – Capital budget monitoring
- Appendix 5 – Treasury management update

10. Background Papers

- 10.1 The Council's financial information system
- 10.2 The Council's corporate performance system (QPR)

11. Footnote

- 11.1 Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

Report Author: Christian Evans – Financial Performance Manager

Telephone: 01305 838312

Email: cevans@dorset.gov.uk