

Management Committee

7th February 2017

Business Review – Quarter 3 2016/17

For Decision

Briefholder

Cllr Jeff Cant – Finance & Assets

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 Services underspend to provide legal support as detailed in paragraph 5.3.

(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 £230,565 favourable variance. This is a total variance of 2.7% against the 2016/17 budget requirement of £8,622,310.
- 5.2 The revenue predictions above do not include variances for the Harbour activities, as this now falls under the remit of the Harbour Board. The current predicted year-end position for the Harbour budget is on budget.
- 5.3 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. If the recommendation is agreed, the amount will reduce the projected favourable variance for Democratic Services at the year end.

Key Revenue / Performance issues to date

- Car parking income is well above budget mainly due to additional events during the summer period. A number of projects are planned for car parking including new machines and resurfacing works. These will be funded from the increased income rather than using reserves.
- Salaries – Generally throughout the 12 services vacancy management by Heads of Service / Corporate Managers has led to a number of savings.
- Revenues & Benefits – Performance in the past had not been reaching the required targets, however performance has now improved. Targets are now being met.
- Property – Continual recruitment issues for qualified property staff has led to the need to employ a number of agency staff.
- Planning Development Management – The improvement plan is in full flow and performance has increased considerably in the last 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.

- Building Control – Income in this area continues to be an issue with increased competition from the private sector and less developments coming forward.
- A new corporate complaints procedure should enable complaints to be dealt with quicker as performance is currently not reaching the target.

Capital

- Weymouth Harbour Walls Remediation Project – The design and application for consents & preparation of tender documents are progressing. Construction will potentially begin during the Autumn 2017.
 - The compulsory purchase order scheme for a property on Portland has begun. This scheme will eventually bring the land back into housing use.
- 5.4 The predicted overall scheme variance showing on the Capital Budget Monitoring appendix 4 is £9,652 favourable against a total scheme budget of £4,692,574.
- 5.5 Appendix 1 shows the current predicted revenue budget variances for each of the Council's services in graph format.
- 5.6 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.
- 5.7 Appendix 3 shows the revenue carry forward requests submitted by Heads of Service.
- 5.8 Appendix 4 shows the latest capital budget monitoring position.
- 5.9 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 £230,565 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 twelve 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.

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