
Budget Monitoring 2017/18 - Month 6

Reason for the Scrutiny

1. To provide Members with an update on the Council's financial monitoring position at month six of 2017/18. This report was presented to Cabinet at its meeting on 16 November 2017, which agreed all directorates currently reporting overspends should put in place action plans to reduce their projected overspends.

Background

2. The Policy Review and Performance Scrutiny Committee Terms of Reference includes responsibility for monitoring the overall Council budget, as well as responsibility for monitoring specific service areas, including Finance, Governance & Legal Services, and HR People Services.

Revenue budget

3. Attached at **Appendix A** is the 2017/18 month 6 budget monitoring report. The Committee will note that, at this point, a balanced budget position on the revenue account is projected for the end of the 2017/18 financial year. Directorate budgets are projected to overspend by £4.956million.
4. The service areas predicting overspends are Social Services (£3.198million), Economic Development (£1.347million), and Education and Lifelong Learning

(£1.158million). These are partly offset by projected underspends in other service areas, and a £3million general contingency fund.

5. Members may wish to note the following Directorate positions, where underspends are reported in brackets.

Directorate	Position at month 6	Appendix A pages and paragraphs
City Operations	(£118,000)	P4, 13-15
Communities, Housing & Customer Services	(£158,000)	P5, 16-18
Corporate Management	(£52,000)	P6, 19
Economic Development	£1,347,000	P7, 21-27
Education & Lifelong Learning	£1,158,000	P8, 28-31
Governance & Legal Services	(£118,000)	P10, 32-33
Resources	(£301,000)	P10, 34-36
Social Services	£3,198 million	P11, 37-44
Adult Services	(£200,000)	P11 39-41
Children's services	£3.398 million	P12 42-44

6. An overall shortfall of £1.954 million is currently anticipated against the £14.157 million directorate savings target, with £6.157 million having been achieved to date, and a further £6.046 million anticipated to be achieved by the year-end. The budget approved by Council on the 23 February 2017 identified red or red / amber achievability risks totalling £6.627 million with £845,000 of the savings proposals still at a general planning stage. These risks are evident in the projected shortfall currently reported as part of the month six monitoring.
7. A projected shortfall of £1.782 million has also been identified in relation to savings targets carried forward from 2016/17. Overall, this represents an increase of £267,000 compared to the shortfalls identified in relation to the 2017/18 and carried forward savings as reported at month four. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas.
8. The £3.0 million general contingency budget, which was allocated to reflect the risk and planning status of the proposed savings for 2017/18, is also available to offset the shortfall in the current financial year. Although the projected shortfalls are lower than in recent years, this continues to be a cause for concern given the financial outlook in the medium term and the difficult choices facing the Council in the current budget round.
9. Directorates currently reporting a projected overspend are taking action to try to resolve the issues that led to the current position, or alternatively to identify offsetting savings in other areas of the service. Reviews challenging the performance of Directorates will continue throughout the year and the actions taken will be discussed in the Chief Executive's monthly meetings with individual directors. In response to the level of financial pressures identified in the current year all directorates have also reviewed their monitoring positions and identified a range of in-year savings, which are reflected in their reported positions. The scope of the review included non-essential third party spend, temporary staff arrangements and opportunities to maximise income. This has enabled a balanced position to be reported at month six.

Capital

10. The 2017/18 Capital Programme is £154.941 million, of which £122.354 million is in respect of General Fund schemes and £32.587 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn at month 6 for 2017/18 is £140.731 million resulting in a total variance of £14.210 million. The most significant variance is in relation to the 21st Century Schools Programme (Band A) within the Schools Organisation Plan, with slippage also identified against a range of other schemes including £2.3 million against Public Housing schemes.

11. Directorates have been reminded of the need to avoid slippage wherever possible by ensuring that their project plans and profiles of activity are robust. Members will find directorate detail of the Council's Capital spend on pages 19 - 32 of **Appendix A**.

Way Forward

12. Councillor Chris Weaver, Cabinet Member, Finance, Modernisation and Performance, Christine Salter, Corporate Director Resources, and Ian Allwood, Head of Finance, will be in attendance to present the report and answer Members' questions.

Legal Implications

13. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf the Council

must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

14. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

15. The Committee is recommended to:
- i. note the 2017/18 budget Monitoring month six report;
 - ii. consider whether it wishes to make any comments to the Cabinet; and
 - iii. consider whether it wishes to use information contained in the report to inform future scrutiny items.

DAVINA FIORE

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30 November 2017