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05 October 2017

To: All Members of the Environment and Community Safety Scrutiny Panel

Dear Member,

Environment and Community Safety Scrutiny Panel - Thursday, 12th October,  
2017

I attach a copy of the following report for the above-mentioned meeting which was not available at the time of collation of the agenda:

**10. FINANCIAL MONITORING (PAGES 1 - 8)**

To receive an update on financial performance relating to Corporate Plan Priority 3.

Yours sincerely

Robert Mack  
Principal Scrutiny Officer

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**Report for:** Environment and Community Safety Scrutiny Committee  
12<sup>th</sup> October 2017

**Item number:**

**Title:** 2017/18 Quarter 1 (to June 2017) Financial Report for Priority 3  
(Safe and Sustainable Places)

**Report authorised by :** Stephen McDonnell, Assistant Director of Commercial and Operations

**Lead Officer:** Oladapo Shonola, Budget & MTFs Senior Programme Manager  
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**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** Not a key decision

**1. Describe the issue under consideration**

This report provides an overview of the financial performance of the services within Priority 3 (A clean and safe borough where people are proud to live) as at the end of quarter 1, 2017/18.

**2. Cabinet Member Introduction**

N/A

**3. Recommendations**

That Members note the financial position of Priority 3 services.

**4. Reasons for decision**

In October 2015 the main Overview and Scrutiny Committee agreed each scrutiny panel could during the course of each year undertake a review of their areas overall service and financial performance, taking into account previous years' performance, the current year's estimated outturn position and future changes as set out in the Council's MTFs.

**5. Alternative options considered**

This is the 2017/18 Quarter 1 Financial Report as such there are no alternative options.

**6. Background information**

**6.1. Introduction**

This is the first quarterly financial report for the 2017/18 financial year covering both Revenue and Capital.

- 6.2. Priority 3 services are those relating to Commercial and Operations Services as well as Emergency Planning Services which sits in Public Health.
- 6.3. **Table 1** sets out the variances for each service.

**Table 1: Forecast Outturn Variance as at Period 3 (June 2016)**

**Summary Forecast Position**

| <b>Services</b>                | <b>Revised Budget</b> | <b>Quarter 1(Mth3) Forecast</b> | <b>Variance to budget at Quarter 1</b> |
|--------------------------------|-----------------------|---------------------------------|--|
|                                | <b>£'000</b>          | <b>£'000</b>                    | <b>£'000</b>                           |
| Commissioning & Client         | 12,989                | 13,284                          | 295                                    |
| Operations                     | 7,591                 | 8,278                           | 687                                    |
| Community Safety & Enforcement | 3,033                 | 2,611                           | -422                                   |
| Strategic Procurement          | 1,999                 | 2,539                           | 540                                    |
| Emergency Planning             | 203                   | 187                             | -17                                    |
| Direct Services                | 92                    | 92                              | 0                                      |
| Neighbourhood Action           | 1                     | 1                               | 0                                      |
| <b>Total for Priority 3</b>    | <b>25,909</b>         | <b>26,991</b>                   | <b>1,083</b>                           |

**6.4. Commissioning & Client £295k overspend**

The reported overspend relates to contractual inflation on on the Veolia contract which will adjusted and up loaded onto budgets shortly.

**6.5. Operations £687k overspend**

There has been an impact on the number of PCNs issued resulting in Spurs deciding to move matches to Wembley at the start of this season. This was not confirmed until April 2017. The service is looking to mitigate this risk through savings across all service areas, however at this point in time the service is still projecting a budget pressure of between £200k to £400k.

**6.6. Community Safety and Enforcement £422k underspend**

Part of the current projected under-spend (£162k) is due to the budget of three posts shown wrongly as part of the establishment within this service area. The budget for these three post will need to be transferred to the appropriate departments within the next period. The remaining underspend Of £260K is mainly attributed to the projected increase in income from HMO licensing. Any income above budget at the end of the year will be moved to reserves.

**6.7. Strategic Procurement £540k overspend**

Of the overspend forecasted, £390k relates to license fees for Dynamic Purchasing System(DPS). It is anticipated that these caosts will be attributed to the Share Digital Service and will be funded from savings generated through the DPS process The additional £150k procurement variance relates to budget pressure for agency costs covering established posts. An action plan to reduce these costs will be put in place to ensure the service remains within budget by the end of the financial year.

## 6.8. Emergency Planning £17k underspend

This service is projecting to be in line with budget.

## 7. Monitoring of MTFP savings

7.1. As at the end of Period 3, the overall position on Priority 3 savings is as set out in **Table 2** below

**Table 2: MTFP status – June 2017 (Period 3)**

|                   | New MTFs     | Old MTFs   | Total        | Savings Achieved 2017/8 | Savings Shortfall | % Achieved |
|-------------------|--------------|------------|--------------|-------------------------|-------------------|------------|
|                   | £'000        | £'000      | £'000        | £'000                   | £'000             | %          |
| <b>Priority 3</b> | 1,685        | 930        | 2,615        | 2,540                   | 75                | 97%        |
| <b>Total</b>      | <b>1,685</b> | <b>930</b> | <b>2,615</b> | <b>2,540</b>            | <b>75</b>         | <b>97%</b> |

7.2. Of the reported shortfall in savings achievable in 2017/18, the delay of the scoping exercise for the move to cashless payment project is causing the £0.1m shortfall against target. It is anticipated that service is will achieve 97% of approved savings. Further details on priority 3 savings are detailed at Appendix 1.

7.3. Given the level of savings proposals identified to be delivered in 2017/18, there is a RAG rating specifically related to the delivery of the savings. The RAG status takes account of risk of delivering the full savings in the year and risk of delay to give an overall risk rating. The rating is as follows:

Green: The risk is tolerable and requires no action unless status increases.

Amber/Green: The risk requires active monitoring but does not currently require mitigating action.

Amber/Red: Mitigating action is required and active monitoring should take place with immediate escalation if the position does not improve or deteriorates.

7.4. Of the above MTFs saving the status is as follows:

7.5. Table 3 MTFs Status.

| Status      | Amount<br>£'000 |
|-------------|-----------------|
| Green       | 2440            |
| Amber Green | 25              |
| Amber Red   | 75              |
|             | 2540            |

7.6. Details of each savings and their status is attached at Appendix 1.

## 8. Capital Expenditure

8.1. At Period 3, the capital programme is forecasting an underspend of £2.1m, shown in **Table 4** below.

Table 4: Capital Expenditure Projection – June 2017 (Period 3)

| 2017/18 Capital Monitoring, @ Period 3 (30th June 2017) Quarter 1 | Budget  |                              |                                    |                                | Variance Analysis<br>Full Year Forecast Vs. Revised Budget |                                 |  |                               |  |  |
|---|---|------------------------------|------------------------------------|--------------------------------|--|---------------------------------|--|-------------------------------|--|--|
|   | 17/18 Approved B/F Budget Underspend from 2016/17 | Original (MTFS) Budget 17/18 | 17/18 Budget Adjustment / Virement | 17/18 Full year Revised Budget | Actual Spend to Date @ June 17/18                          | Full year Projection @ Q1 17/18 | Budget Variance (Underspend) / Overspend | Capital Slippage (to 2018/19) | Revised Variance (Underspend) / Overspend after Slippage |  |
|   | £,000   | £,000                        | £,000                              | £,000                          | £,000  | £,000                           | £,000                                    | £,000                         | £,000  |  |
| <b>Priority 3 - Safe &amp; Sustainable Places</b>                 | 3,579   | 13,470                       | 445                                | 17,494                         | (1,028)  | 15,394                          | (2,100)                                  | 2,100                         | 0  |  |

8.2. CCTV Control room refurbishment £2.1m underspend. This budget for full equipment replacement for the CCTV control room is unlikely to be required until 18/19, because of delays in the delivery of the depot relocation to Marsh Lane.

8.3. Details of the individual Capital programmes is outlined in appendix 2.

## 9. Contribution to strategic outcomes

9.1. Adherence to strong and effective financial management will enable the Council to deliver all of its stated objectives and priorities. This report deals with the financial position of those services which are contributing to the Council's Priority 3: A clean and safe borough where people are proud to live.

## 10. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

### 10.1. Finance and Procurement

This report is primarily financial in nature and no additional comments are required from the Chief Financial Officer.

### 10.2. Legal

Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculated against the approved budget. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This could include, as set out in the report, action to reduce spending in the rest of the year.

The Council must act reasonably and in accordance with its statutory duties.

## 11. Equality

11.1. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

11.2. Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil

partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;

**11.3.** Advance equality of opportunity between people who share those protected characteristics and people who do not;

**11.4.** Foster good relations between people who share those characteristics and people who do not.

**12.** This report provides an update on the current position in relation to planned MTFS savings. Given the impact on services of savings targets, all MTFS savings were subject to equalities impact assessment as reported to Full Council on 23rd February 2017.

**13. Use of Appendices**

Appendix 1 – Period 3 monitoring of MTFP savings for 2017/18

Appendix 2 – Period 3 Detailed Capital Programme

**14. Local Government (Access to Information) Act 1985**

**14.1.** 2017/18 Period 3 finance budget monitoring working papers

**14.2.** Oladapo Shonola, Budget & MTFS Senior Programme Manager

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MTFS Savings - P3 - Cleaner and Safer Communities

| Ref  | Proposal  | Savings Target 2017-18 £000's | Risk of delay | Risk of delivering full saving | Overall risk RAG |              | Firm Commitment for savings achievable for 2017/18 £'000 | Details of impact of under achievement of savings and mitigating actions   |
|------|---|-------------------------------|---------------|--------------------------------|------------------|--------------|--|--|
|      | <b>P3 - Cleaner and Safer</b>   |                               |               |                                | 0                |              |  |  |
| 3.1  | Charge Green Waste - income generation  | 375                           | 1             | 3                              | 3                | Green        | 375  | Delay in issuing new charges to residents. Cabinet to review on 30th June '17.   |
| 3.2  | Charging for Bulky Household Waste  | 300                           | 1             | 2                              | 2                | Green        | 300  |  |
| 3.3  | Charging for Replacement Wheelie Bins   | 100                           | 1             | 1                              | 1                | Green        | 100  | Going Live, chancellors have asked for concession for those on income support and pensioners   |
| 3.4  | Charging for recycling bins and increasing residual bins for RSLs, Managing Agents, Developers etc... | 50                            | 1             | 1                              | 1                | Green        | 50   |  |
| 3.5  | Flats Above Shops -Provision of bags - Service reduction  | 120                           | 1             | 1                              | 1                | Green        | 120  |  |
| 3.6  | Reduce Outreach/ Education team - Service reduction   | 50                            | 1             | 2                              | 2                | Green        | 50   |  |
| 3.7  | Closure of Park View Road R&R - Service reduction   | 115                           | 2             | 2                              | 4                | Green        | 115  | NLWA have recently indicated acceptance of closure end of October 2017 (One month of savings at risk).   |
| 3.8  | Veolia Operational Efficiencies   | 200                           | 2             | 2                              | 4                | Green        | 200  | Awaiting worked up proposals from Veolia.  |
| 3.9  | Rationalisation of Parking Visitor Permits  | 125                           | 1             | 1                              | 1                | Green        | 125  |  |
| 3.10 | Parking Enforcement - new operating model   | -                             |               |                                | 0                |              | -  | Rejected by Cabinet  |
| 3.11 | Relocation of Parking/CCTV processes and appeals  |                               |               |                                | 0                |              | -  | £75k savings at risk because of delay of scoping exercise for the project.   |
| 3.12 | Move to Cashless Parking  | 150                           | 3             | 4                              | 12               | Amber/Red    | 75   | capital spend, approved by Transformation board  |
| 3.13 | Move to Online Parking Permit Applications & Visitor Permits  | -                             |               |                                | 0                |              | -  |  |
| 3.14 | Parking New IT Platform   | -                             |               |                                | 0                |              | -  |  |
| 3.15 | Increase in CO2 Parking Permit Charge   | 100                           | 1             | 1                              | 1                | Green        | 100  | proposal to g to DVLA 13 band permit   |
|      | <b>Subtotal (New MTFS)</b>  | <b>1,685</b>                  |               |                                |                  |              | <b>1,610</b>   |  |
|      | <b>OLD MTFS (GREEN SAVINGS)</b>   |                               |               |                                | 0                |              |  |  |
| 25   | Increasing parking debt recovery  | 150                           | 1             | 1                              | 1                | Green        | 150  |  |
| 28   | Efficiency savings and delivery review of the Parks   | 200                           | 1             | 1                              | 1                | Green        | 200  |  |
| 43   | Increase in Parking Charges   | 50                            | 1             | 1                              | 1                | Green        | 50   |  |
| 37   | Restructure of the Emergency Planning Team  | 50                            | 1             | 1                              | 1                | Green        | 50   |  |
| 35   | Reorganisation of Community Safety and Antisocial Behaviour Team (ASBAT)                              | 150                           | 1             | 1                              | 1                | Green        | 150  |  |
| 60   | Unification - Streamline and integrate housing and related functions.                                 | 55                            | 1             | 1                              | 1                | Green        | 55   |  |
|      | Increased income from licensing and enforcement action  | 25                            | 3             | 3                              | 9                | Amber/ Green | 25   | Most of this savings applies to pest control and there was a lack of demand. Most Pest control commences in summer. Delays in getting required datas. DCLG not interested in ward areas but street levels. |
| 34   | Reductions in back office technical and administrative support  | 250                           | 1             | 1                              | 1                | Green        | 250  |  |
|      | <b>Subtotal (Old MTFS)</b>  | <b>930</b>                    |               |                                |                  |              | <b>930</b>   |  |
|      | <b>Total</b>  | <b>2,615</b>                  |               |                                |                  |              | <b>2,540</b>   |  |



## Capital Expenditure for Priority 3

## Appendix 2

| 2017/18 Capital Monitoring, @<br>Period 3 (30th June 2017)<br>Quarter 1 Projection Sheet |                                       | Budget  |                                    |   |   | Forecast Outturn                           |  | Variance Analysis<br>Full Year Forecast Vs. Revised Budget |                                     |  |
|--|---------------------------------------|---|------------------------------------|---|---|--|--|--|-------------------------------------|--|
|  |                                       | 17/18<br>Approved B/F<br>Budget<br>Underspend<br>from 2016/17 | Original<br>(MTFS)<br>Budget 17/18 | 17/18<br>Budget<br>Adjustment /<br>Virement | 17/18<br>Full year<br>Revised<br>Budget | Actual<br>Spend to<br>Date @<br>June 17/18 | Full year<br>Forecast<br>@ Q1<br>17/18 | Budget<br>Variance<br>(Underspend)<br>/ Overspend          | Capital<br>Slippage (to<br>2018/19) | Revised<br>Variance<br>(Underspend)<br>/ Overspend<br>after Slippage |
|  |                                       | £,000   | £,000                              | £,000                                       | £,000                                   | £,000                                      | £,000                                  | £,000  | £,000                               | £,000  |
| SCHEME<br>REF  | SCHEME NAME                           |   |                                    |   |   |  |  |  |                                     |  |
| 301  | Street Lighting                       | (45)  | 1,000                              | 0   | 955                                     | (348)                                      | 955                                    | 0  |                                     | 0  |
| 302  | Borough Roads                         | 314   | 3,000                              | 0   | 3,314                                   | 31   | 3,314                                  | 0  |                                     | 0  |
| 303  | Structures (Highways)                 | 178   | 320                                | 0   | 498                                     | 0  | 498                                    | 0  |                                     | 0  |
| 304  | Flood Water Management                | 0   | 530                                | 0   | 530                                     | 2  | 530                                    | 0  |                                     | 0  |
| 305  | Borough Parking Plan                  | (23)  | 300                                | 0   | 277                                     | (47)                                       | 277                                    | 0  |                                     | 0  |
| 307  | CCTV                                  | 2,100   | 0                                  | 0   | 2,100                                   | 0  | 0                                      | (2,100)  | 2,100                               | 0  |
| 309  | Local Implementation Plan(LIP)        | 0   | 2,700                              | 299   | 2,999                                   | 150  | 2,999                                  | 0  |                                     | 0  |
| 310  | Developer S106 / S278                 | 817   | 1,700                              | 0   | 2,517                                   | (566)                                      | 2,517                                  | 0  |                                     | 0  |
| 311  | Parks Asset Management:               | 225   | 350                                | 146   | 721                                     | 6  | 721                                    | 0  |                                     | 0  |
| 313  | Active Life in Parks:                 | 0   | 230                                | 0   | 230                                     | (292)                                      | 230                                    | 0  |                                     | 0  |
| 314  | Parkland Walk Bridges                 | 13  | 300                                | 0   | 313                                     | 0  | 313                                    | 0  |                                     | 0  |
| 316  | Asset Management of Council Buildings | 0   | 2,500                              | 0   | 2,500                                   | 25   | 2,500                                  | 0  |                                     | 0  |
| 419  | Northumberland Highways & Parking     | 0   | 540                                | 0   | 540                                     | 11   | 540                                    | 0  |                                     | 0  |
| 399  | P3 Other                              | 0   | 0                                  | 0   | 0                                       | 0  | 0                                      | 0  |                                     | 0  |
| <b>Priority 3 - Safe &amp; Sustainable Places</b>  |                                       | <b>3,579</b>  | <b>13,470</b>                      | <b>445</b>                                  | <b>17,494</b>                           | <b>(1,028)</b>                             | <b>15,394</b>                          | <b>(2,100)</b>   | <b>2,100</b>                        | <b>0</b>   |

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