

Report for: Environment and Community Safety Scrutiny Committee
12th 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

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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

Services	Revised Budget	Quarter 1(Mth3) Forecast	Variance to budget at Quarter 1
	£'000	£'000	£'000
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
Total for Priority 3	25,909	26,991	1,083

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	%
Priority 3	1,685	930	2,615	2,540	75	97%
Total	1,685	930	2,615	2,540	75	97%

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 £'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				Actual Spend to Date @ June 17/18	Full year Projection @ Q1 17/18	Variance Analysis 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			Budget Variance (Underspend) / Overspend	Capital Slippage (to 2018/19)	Revised Variance (Underspend) / Overspend after Slippage
	£,000	£,000	£,000	£,000			£,000	£,000	£,000
Priority 3 - Safe & Sustainable Places	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

Appendix 1

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
	P3 - Cleaner and Safer				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
	Subtotal (New MTFS)	1,685					1,610	
	OLD MTFS (GREEN SAVINGS)				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	
	Subtotal (Old MTFS)	930					930	
	Total	2,615					2,540	

Capital Expenditure for Priority 3

Appendix 2

2017/18 Capital Monitoring, @ Period 3 (30th June 2017) Quarter 1 Projection Sheet		Budget				Forecast Outturn		Variance Analysis 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 Forecast @ 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
SCHEME 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
Priority 3 - Safe & Sustainable Places		3,579	13,470	445	17,494	(1,028)	15,394	(2,100)	2,100	0