POLICY AND RESOURCES COMMITTEE	14 February 2018
Is the final decision on the recommendations in this report to be made at this meeting?	**Yes**

Third Quarter Budget Monitoring 2017/18

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Director of Finance and Business Improvement
Lead Officer and Report Author	Mark Green – Director of Finance and Business Improvement (Lead Officer) Paul Holland - Senior Finance Manager Client Accountancy (Report Author)
Classification	Public
Wards affected	All

Executive Summary

This report provides the committee with an overview of the revenue and capital budgets and outturn for the third quarter of 2017/18, and highlights financial matters which may have a material impact on the Medium Term Financial Strategy or the Balance Sheet. It also includes an update on the capital programme.

The position for the Council as a whole at the end of the third quarter shows that there is currently an underspend but that the forecast for the end of the year shows this figure reducing. However there are still a number of underlying pressures across all the Committees that need to be addressed to ensure that this position is sustained to the end of the year. The individual variances for each Committee are detailed within Appendix 1.

This report makes the following recommendations to this Committee:

1. That the revenue position at the end of the third quarter and the actions being taken or proposed to improve the position where significant variances have been identified, as set out in table 1, paragraph 2.6 are noted;
2. That the capital position at the end of the third quarter is noted;
3. That the performance of the Collection Fund and the estimated level of balances at the year-end is noted;
4. That the write-off of unpaid business rates as set out in Appendix 3 is approved; and
5. That the performance in relation to the Treasury Management Strategy for the third quarter of 2017/18 is noted.

Timetable	
Meeting	***Date***
Policy and Resources Committee	14 February 2018

Third Quarter Budget Monitoring 2017/18

1. INTRODUCTION AND BACKGROUND

1.1 The Director of Finance & Business Improvement is the Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. However in practice day to day budgetary control is delegated to service managers, with assistance and advice from their director and the finance section.

1.2 The Medium Term Financial Strategy for 2017/18 onwards was agreed by full Council on 1 March 2017. This report advises and updates the committee on the current position with regards to both revenue and capital expenditure against the approved budgets, and also includes sections on Collection Fund performance and Treasury Management performance.

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2. REVENUE BUDGET

2.1 Attached at **Appendix 1** is a table detailing the current budget and expenditure position in relation to the first three quarters of 2017/18, to December 2017. The Appendix details net budget for all Service Committees including this one. Actual expenditure is shown to the end of December 2017 and includes accruals for goods and services received but not yet paid for.

2.2 The columns of the table in the Appendix show the following detail:

a) The Service Committee;
b) The value of the total budget for the year;
c) The amount of the budget expected to be spent by the end of December 2017;
d) The actual spend to that date;
e) The variance between expected and actual spend;
f) The forecast spend to year end; and
g) The expected variance at 31 March 2018.

2.3 The budgets used in this report are now the revised estimates for 2017/18.

2.4 The figures are analysed in three ways and set out in three tables which show the following levels of detail:

Table 1: by Committee;
Table 2: by Priority;
Table 3: by Expenditure Type.

2.5 Appendix 1 shows that of an annual budget of £20,562,830 there was an expectation that £13,357,710 would be spent by the end of the third quarter of the year. At this point in time the budget is reporting an underspend of £3,493,623. However a significant proportion of this relates to rent allowances and this position will be corrected over the final quarter, and an underspend of £505,000 is projected at present for the year as a whole. Whilst this would be a positive outcome, it remains simply a projection. There remains the risk of unforeseen events and service managers will need to continue maintaining rigorous oversight of their budgets.

2.6 Explanations for variances within individual cost centres which exceed or are expected to exceed £30,000 have been provided in accordance with the council's constitution.

2.7 Each Committee considers the major adverse and positive variances reported within their service areas. In each case they will choose to either develop plans to act further in resolving the issue, or continue to monitor the position and act if necessary at a later date. The variances identified to date and year end forecast variances are set out in summary below. Where the year-end forecast variance relates to a shared service, only the Maidstone share of the variance is reported.

	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
Policy and Resources Committee			
Registration of Electors – There has been a high level of expenditure this year but it will be funded by the Individual Electoral Registration Grant		-47	0
Interest & Investment Income - Interest rates have stayed low over a long period of time. The Council has agreed in its strategy to run down balances so all investments are kept short term, therefore not attracting higher rates of interest.		-82	-100
Rent Allowances – The current variance is caused by differences in timing between receipts and payments and will be corrected by the end of the year.	899		49
Economic Development Section – This is due to a vacant post and a one-off insurance excess payment.	32		31
Legal Services – This area is currently over-achieving on income due to a high level of planning and contract work.	33		39
Mid-Kent ICT Services – There are a number of posts currently being held vacant which is creating this variance.	38		43
IT Operational Services – This variance is caused by an underspend on the equipment purchase budget.	31		25
MBC Human Resources Services	40		10

	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
Section – This variance is due to an underspend on running costs, but it is expected that this variance will be reduced by year-end.			
Commercial Investments – The purchase of new commercial property is now generating additional rental income.	157		157
Internal Printing - This continues to be an area of concern. The hourly rate has been adjusted which has improved the position slightly but further work is needed to resolve the underlying issues.		-47	-83
Policy and Resources total	**1,230**	**-129**	**171**
Heritage, Culture & Leisure Committee			
Leisure Centre – The budget includes utility costs savings from installation of solar panels that have not yet been realised. It is hoped that this issue will be resolved for 2018/19.		-21	-30
Parks & Open Spaces - Following a restructure this budget area now includes the grounds maintenance team. The variance is a combination of staff vacancies, an underspend on running costs and additional income above the budget.	98		90
Playground Maintenance & Improvements – This variance is a consequence of reduced maintenance costs following the recent programme of play area capital works.	49		39
Bereavement Services - Income is currently ahead of budget, but the current surplus income is earmarked to fund the refurbishment of the toilets at the crematorium and to undertake some other minor works, so it is anticipated that the service will be on budget by the end of the financial year.	37		0
Market - The adverse variance has arisen from unachieved income in this area, with the most notable shortfall arising from the Tuesday market. This is a continuation of the trend observed in previous years and nationally, which indicates this to be a declining sector.		-19	-51

	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
Officers are looking at alternative revenue generating opportunities. The other contributor to the increased adverse variance is the service charge for 2017-18 which has increased by 25%.			
Heritage, Culture & Leisure total	**184**	**-19**	**48**
Strategic Planning, Sustainability and Transport Committee			
Building Control – Income from fees and charges is currently running at a high level, but it is anticipated that this will slow down in the final quarter.	55		40
Development Control Applications - The current positive variance is a consequence of an assumption that the proposed planning fees increase would come into effect earlier than it actually did, which was January 2018. Planning fees themselves are currently £49,000 below the budgeted target, but the increase in fees will now bring in additional income in the final quarter, although this will be offset by a refund of fees that will shortly take place.	43		0
Development Control Appeals - The second quarter report projected a negative variance of £200,000 by year-end. The inquiries that were scheduled to take place this year have now been delayed, so the anticipated expenditure will now be incurred during 2018/19. It is nevertheless appropriate to make provision for these future costs at a corporate level, as there is a reasonable likelihood that they will still be incurred.	36		-200
Spatial Planning Policy Section - There are currently vacant posts in the section but these will shortly be filled by temporary staff so the current underspend should reduce by year-end.	40		20
Mid Kent Planning Support Service - This variance is due to vacant posts, which the manager is intending to delete to contribute to the savings requirement identified within the medium term	54		62

	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
financial strategy.			
Parking Services - Pay & Display car parks continue to perform overall above budgeted income. There also continues an adverse variance against the parking enforcement budget caused by a reduction in Penalty Charge Notice income. This has arisen in part because there is a backlog in dealing with appeals against PCNs, although the position has improved since the 2nd quarter report.	204		265
Strategic Planning, Sustainability and Transport total	**432**		**187**
Communities, Housing and Environment Committee			
CCTV - The variance has arisen from a combination of previously agreed savings targets which have not been realised and a shortfall of income against the budgeted figure. A review is due to be carried out which will address how the service can be delivered within budget in future.		-72	-105
Street Cleansing – The position has improved slightly since the 2nd quarter report, but overtime payments remain high due to staff sickness and there has been additional spend on fly-tipping and materials.		-66	-62
Commercial Waste – The service has been generating additional income.	31		40
Homelessness Temporary Accommodation – There continues to be a rise in the number of households requiring temporary accommodation. In addition there has been some delays in getting the properties purchased for accommodation available for use. However as these become available the variance will reduce in the final quarter.		-96	-81
Homelessness Prevention – The underspend includes a £200,000 Homelessness Support Grant which will be carried forward to 2018/19. The projected year-end variance represents an underspend on the Homefinder scheme.	254		25

	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
Community Partnerships & Resilience Section – This variance is caused by vacant posts in this team.	41		66
Depot Services Section – This variance is caused by vacant posts in this team which have now been filled.	31		30
Housing & Inclusion Section - This variance is caused by vacant posts and staff on maternity leave in this team.	46		42
Grounds Maintenance – Commercial – This is a new area that has been established following a restructure, and it is doing particularly well so far in delivering external projects such as Section 106 works. However being a new area there remains some uncertainty about the year-end outturn position.	138		142
Communities, Housing and Environment total	**541**	**-234**	**99**
GRAND TOTAL	**2,387**	**-429**	**505**

Table 1: Summary of significant variances by committee

2.8 Following a reference from this Committee at its meeting on 20 September, the Strategic Planning, Sustainability and Transportation Committee was asked at its meeting on 7 November to address the projected overspend on planning appeal costs. The Committee noted the referral and considered the projected overspend. At this point in time delays in bringing the appeals forward mean that the significant expenditure is now forecast to take place in 2018/19.

2.9 In accordance with best practice, virements are reported to this committee as part of quarterly budget monitoring. A virement represents the transfer of a budget between objectives that occurs subsequent to the formal approval of the budget by Council. The following reportable virements were made during the third quarter of 2017/18:

Reason	**Value £**	**Temp/Perm***
Lease budgets transferred to revenue funding for capital to buy rather than lease assets	25,020	Permanent
Business Rates Pool funding for Economic Development Strategy	910	Temporary

Table 2: Reportable virements

* Temporary virements represent one-off budget transfers to fund a discrete project or purchase. Permanent virements reflect alterations to the base budget which will be carried forward into subsequent years.

3. CAPITAL PROGRAMME

3.1 The capital programme was approved by Council on 1 March 2017. Funding for the programme remains consistent with previous decisions of Council in that the majority of resources come from New Homes Bonus along with a small grants budget. Previous decisions of Council, Cabinet and this committee have focused the use of New Homes Bonus on infrastructure projects where these are required by the infrastructure delivery plan that forms part of the Local Plan.

3.2 The current programme is set out in Appendix 2 and shows the current budget and actual expenditure to date. The adjusted budget reflects the figures in the draft programme for approval that is shown elsewhere on this agenda.

3.3 Following a reference from this Committee at its meeting on 20 September, the Heritage, Culture & Leisure Committee addressed the projected slippage on Parks & Open Spaces schemes at their meeting on 28 November. The budgets shown at Appendix 2 reflect the updated position for the various proposed schemes.

3.4 Resources will need to be carried forward from 2017/18 to 2018/19 to fund expenditure on a number of schemes: Play Area Improvements; Brunswick Street and Union Street. This is just re-profiling the budgets and these projects all remain within budget in overall terms.

3.5 Expenditure of £3.5m is projected for the final quarter, the most significant element being £1.5m on completion of the purchase of further industrial units on the Parkwood estate, which was approved by this Committee at its meeting on 30th October 2017.

3.6 The Council has the necessary resources to manage the programme in 2017/18, with the majority of funding coming from New Homes Bonus. However it is projected that the balance of that funding will be used during the course of next year, therefore it may be necessary to borrow to fund any further expenditure. Approval for borrowing has previously been agreed and factored into the programme funding. There is also a government grant in relation to disabled facilities grants funding the programme.

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4. RESERVES AND BALANCES

4.1 The total of earmarked reserves and general fund balances as at 31st March 2017 was £17.3 million. The makeup of this balance, and movements in the first three quarters of 2017-18 are set out in the table below

	1 April 2017 £m	31 December 2017 £m	31 March 2018 (forecast) £m
General Fund			
Asset Replacement	0.2	0.1	0.0
Planning Management	0.1	0.0	0.0
Commercialisation – contingency	0.5	0.5	0.5
Invest to Save projects	0.5	0.5	0.5
2016/17 underspend earmarked for Action Areas	0.1	0.1	0.0
2016/17 grants carried forward and spent in 2017/18	0.8	0.6	0.0
Amounts set aside for collection fund deficit	2.9	2.9	0.0
Forecast revenue under spend	0.0	0.0	0.7
Unallocated balance	4.2	4.2	4.2
Sub-total	9.3	9.2	5.8
Earmarked Reserves			
New Homes Bonus funding for capital projects	7.2	7.2	0.0
Local Plan	0.2	0.	0.2
Neighbourhood Plans	0.1	0.1	0.1
Accumulated Surplus on Trading Accounts	0.3	0.3	0.3
Business Rates Growth Fund	0.1	0.1	0.4
Sub-total	8.0	2.3	0.9
Total General Fund balances	**17.3**	**11.3**	**6.7**

Table 3: General Fund & Earmarked Balances

4.2 The closing position allows for the minimum level of general balances of £2m, as agreed by Council in March 2017, to be maintained.

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5. COLLECTION FUND

5.1 The council is increasingly reliant on income generated through council tax and business rates, which is accounted for through the Collection Fund. Due to the risks in this area, including the risk of non-collection and the pooling arrangements in place for business rates growth, the Council monitors the collection fund carefully.

5.2 The collection rates achieved are reported below, alongside the target for the year, and the actual amount collected. The rates are given as a percentage of the debt targeted for collection in the third quarter of 2017-18:

	Target %	Actual %	Amount Collected
Council Tax	85.50%	84.81%	£28,690,270.11
Business Rates	83.00%	84.27%	£13,198,451.21

Table 4 : Collection Rates for Council Tax and Business Rates, Third Quarter 2017-18

5.3 The target was over achieved for business rates, but narrowly missed for council tax. Although as a percentage of the overall total, the variance appears small, the sums involved are significant and officers are therefore monitoring this closely.

5.4 The Head of the Revenues and Benefits Partnership follows a recovery timetable and action will be taken before year end to attempt to bring the collection rate back to target. Officers will continue to pursue payment of any developing arrears along with the arrears from prior years.

5.5 Income from retained business rates growth is lower than anticipated, due to a significant number of reductions arising from businesses successfully appealing against their rateable value. This is a volatile area of income which can be difficult to predict. The council maintains a prudent provision to minimise the impact of appeals on the Council's income.

5.6 Forecast growth in business rates against the Council's baseline is at the end of the third quarter is £1.7m against a forecast of £2.0m. The benefit from membership in the Kent Business Rates Pool for 2017-18 is currently predicted at £0.76 million, which represents the difference between the levy of 50% which would have been payable on business rates growth if the council were not part of the pool, compared with the 3.63% payable as a pool member.

5.7 As agreed previously the 30% share of the pool benefit retained by the council will be used to fund the delivery of the Economic Development Strategy, alongside the 30% growth fund share which is spent in consultation with KCC.

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6. IRRECOVERABLE BUSINESS RATES

6.1 The committee are asked to approve the write off of £270,007.91 unpaid business rates debt identified in Appendix 3. Please note that information relating to individuals is restricted under the Data Protection Act and has therefore been redacted from this appendix.

6.2 As noted above, the council takes a robust approach to recovery of business rates. This involves progressive action which would typically include:

- Reminder for non-payment

- Final notice for non-payment
- Summons for non-payment
- Application to the Magistrates Court for a liability order
- Instruction of an enforcement agent to recover
- Bankruptcy or liquidation, where appropriate
- Proceeding to seek committal to prison (individuals)

6.3 Throughout the process the Council actively encourages contact from any business experiencing difficulty in order to negotiate arrangement for payment.

6.4 The Council could continue to hold these debts as outstanding, but this option is not recommended as there is no prospect of recovery and this would distort the financial position of the Council.

6.5 For the businesses listed in Appendix 3, the Council has exhausted all of the recovery processes in trying to collect the unpaid amounts. It is therefore suggested that these amounts are written off and the Council's accounts are amended to reflect the fact that the payments identified are not expected to be recovered. The council maintains a provision for bad debts, and there is sufficient resource available within this balance to cover the value of the proposed write offs.

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7. TREASURY MANAGEMENT

7.1 The Council has adopted and incorporated into its Financial Regulations, the CIPFA Code of Practice on Treasury Management in Local Authorities. This Code covers the principles and guidelines relating to borrowing and investment operations. In March 2017, the Council approved a Treasury Management Strategy for 2017/18 that was based on this code. The strategy requires that this committee should formally be informed of Treasury Management activities quarterly as part of budget monitoring.

7.2 During the quarter ended 31 December 2017:

- The most significant economic event saw the increase in the Bank Rate in November by 0.25% to 0.50%, making it the first increase by the Bank of England's MPC to rates since July 2007. The Bank has reiterated that it expects any future increases in Bank Rate to be at a gradual pace and limited in extent.

- UK Consumer Price Inflation (CPI) index continued to rise with November showing CPI at 3.1%, its highest since March 2012 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices.

- The number of unemployed in the economy continued to decrease, although the unemployment rate remained at 4.3% for November and December 2017.

- In the face of a struggling economy and Brexit-related uncertainty, the Council's advisors, Arlingclose expects the Bank of England to take a very measured approach to any monetary policy tightening. Any increases will be gradual and limited as the interest rate backdrop will have to provide substantial support to the UK economy through the Brexit transition.

- There have been no changes to Arlingclose's investment advice regarding banks and building societies during the quarter.

- CIPFA Codes: CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The Authority is currently considering the changes from the 2011 Code for incorporation into future Treasury Management Strategies and monitoring reports and is discussed within the Treasury Management Strategy Statement for 2018/19.

The table below shows Arlingclose's view on future rates.

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.21**
Arlingclose Central Case	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**
Downside risk	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	**-0.17**
3-month LIBID rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.23**
Arlingclose Central Case	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**
Downside risk	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	**-0.22**
1-yr LIBID rate														
Upside risk	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	**0.28**
Arlingclose Central Case	**0.70**	**0.70**	**0.70**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.78**
Downside risk	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.15	-0.15	**-0.26**
5-yr gilt yield														
Upside risk	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	**0.33**
Arlingclose Central Case	**0.75**	**0.80**	**0.80**	**0.80**	**0.85**	**0.90**	**0.90**	**0.95**	**0.95**	**1.00**	**1.05**	**1.10**	**1.15**	**0.92**
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	**-0.35**
10-yr gilt yield														
Upside risk	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	**0.33**
Arlingclose Central Case	**1.25**	**1.25**	**1.25**	**1.25**	**1.30**	**1.30**	**1.35**	**1.40**	**1.45**	**1.50**	**1.55**	**1.55**	**1.60**	**1.38**
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	**-0.34**
20-yr gilt yield														
Upside risk	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	**0.33**
Arlingclose Central Case	**1.85**	**1.85**	**1.85**	**1.85**	**1.90**	**1.90**	**1.95**	**1.95**	**2.00**	**2.05**	**2.05**	**2.05**	**2.10**	**1.95**
Downside risk	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	**-0.41**
50-yr gilt yield														
Upside risk	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	**0.33**
Arlingclose Central Case	**1.70**	**1.70**	**1.70**	**1.70**	**1.75**	**1.80**	**1.85**	**1.90**	**1.95**	**1.95**	**1.95**	**1.95**	**2.00**	**1.84**
Downside risk	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	**-0.41**

- The MPC has increased Bank Rate. Future expectations for higher short term interest rates are subdued. Ongoing decisions remain data dependent and negotiations on exiting the EU cast a shadow over monetary policy decisions.

- The MPC minutes emphasised that any prospective increases in Bank Rate would be expected to be gradual and to a limited extent.

- Arlingclose suggest that gilt yields will remain broadly stable across the medium term. Upward movement will be limited.

8. CURRENT INVESTMENTS AT 31 DECEMBER 2017

8.1 The council held investments totalling £30.4 million. A full list of investments held at the end of December is given in Appendix 4. All new investments have been short term which complied with the current strategy.

8.2 Investment income for this period is £82,000.

8.3 Average interest rate for this period is 0.42% which is benchmarked against the average 3 month LIBOR rate plus 10 basis points. The average 3 month LIBOR rate at the end of December was 0.36% plus 10 basis points, makes a benchmarked figure of 0.46%.

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9. BORROWING

9.1 The Council did have some short term borrowing requirements during this period, which was due to short term liquidity issues over the weekend of 24th November to 27th November 2017. Details of the borrowing are as follows:

Lender	**Principal (£)**	**Term**
Rhondda Cynon Taff CBC	1,300,000	24/11/17 to 27/11/17

Rate (%)0.35

Total interest payable: £37.40

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10. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

10.1 In considering the strategic position on the revenue budget at the end of December 2017 the committee has been provided with details of the actions each service committee plans to take on significant variances. The committee can chose to note those actions and reconsider the outcomes at the end of the third quarter or it could chose to take further action.

10.2 The Committee is requested to note the content of the report to enable more accurate monitoring of the programme in future periods.

10.3 The capital programme is reporting expenditure of £8,920,016 to the end of the third quarter, with projected expenditure for the year of £12,418,760. The committee is requested to note the current position of the programme.

10.4 Details of the performance of the Collection Fund and the level of available balances are both as expected and the committee need only note this information at this time.

10.5 Treasury Management is for information only as the Audit, Governance & Standards Committee takes responsibility for considering changes that may be required, for reference on to Council. The committee could make reference to the Audit, Governance and Standards Committee of any issues that it may wish to be considered at a future meeting.

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11. RISK

11.1 The Council has produced a balanced budget for both capital and revenue expenditure and income for 2017/18. This budget is set against a backdrop of limited resources and an difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives this committee the best opportunity to take actions to mitigate such risks.

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12. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

12.1 The third quarter's budget monitoring report will be considered by each of the other three service committees. The key issues and their consideration is set out in table 1 at paragraph 2.7.

12.2 This report will not lead to further consultation.

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13. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

13.1 The third quarter's budget monitoring reports are being considered by the service committees between January and March 2018, including a full report to this Committee.

13.2 There are no significant issues arising from this report that require action from this Committee. The success of actions by the other service committees to manage the pressures in their budgets will be regularly reported to this Committee through later versions of this report.

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14. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	This report monitors actual activity against the revenue and capital budgets and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's medium term financial strategy which is linked to the strategic plan and corporate priorities.	Director of Finance & Business Improvement
Risk Management	The Council has produced a balanced budget for both capital and revenue expenditure and income for 2017/18 This budget is set against a backdrop of limited resources and an difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives this committee the best opportunity to take actions to mitigate such risks. The issues set out in this report do not exhibit the level of potential risk identified in previous years.	Director of Finance & Business Improvement
Financial	Financial implications are the focus of this report through high level budget monitoring. The process of budget monitoring ensures that services can react quickly to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.	Director of Finance & Business Improvement
Staffing	The budget for staffing represents approximately 50% of the direct spend of the	Director of Finance &

	council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.	Business Improvement
Legal	The Council has a statutory obligation to maintain a balanced budget this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain a balanced budget for the year.	Keith Trowell, Interim Team Leader (Corporate Governance)
Equality Impact Needs Assessment	The budget ensures the focus of resources into areas of need as identified in the Council's strategic priorities. This monitoring report ensures that the budget is delivering services to meet those needs.	Director of Finance & Business Improvement
Environmental/Sustainable Development	No specific issues arise.	Director of Finance & Business Improvement
Community Safety	No specific issues arise.	Director of Finance & Business Improvement
Human Rights Act	No specific issues arise.	Director of Finance & Business Improvement
Procurement	No specific issues arise.	Director of Finance & Business Improvement
Asset Management	Resources available for asset management are contained within both revenue and capital budgets and do not represent a significant problem at this time.	Director of Finance & Business Improvement

15. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Third Quarter 2017/18 Revenue Monitoring – Strategic Level
- Appendix 2: Third Quarter 2017/18 Capital Monitoring
- Appendix 3: Written-off Business Rates Third Quarter 2017/18

- Appendix 4: List of investments as at 31 December 2017

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16. BACKGROUND PAPERS

None.