

HERITAGE, CULTURE AND LEISURE COMMITTEE

6 June 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Fourth Quarter Budget Monitoring 2016/17

Final Decision-Maker	Heritage, Culture & Leisure Committee
Lead Head of Service	Director of Finance and Business Improvement
Lead Officer and Report Author	Paul Holland – Senior Finance Manager, Client Accountancy
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the Committee notes the financial position for services within its remit at the end of the fourth quarter.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

Financial resources are allocated in accordance with the Council's strategic priorities. This report shows how the resources have been spent and identifies any areas where there have been variances from the budgeted allocation of resources.

Timetable

Meeting	Date
Heritage, Culture & Leisure Committee	6 June 2017

Fourth Quarter Budget Monitoring 2016/17

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the revenue budget and outturn for services within the Committee's remit at the end of the fourth quarter of 2016/17. It highlights significant variances from budget and any other matters which are likely to have a material financial impact.
 - 1.2 As at the end of the fourth quarter there was an overall underspend for services within the Committee's remit of £69,199. The individual variances for each cost centre are shown at Appendix 1. The totals include internal recharges.
 - 1.3 The Council as a whole will also be reporting an underspend at the end of the fourth quarter. This is a significant improvement from the end of the third quarter, when an overspend of £288,000 was projected. It follows the introduction of additional controls over spending, designed to ensure that the Council remained within budget for the year. The Council will need to continue maintaining tight controls in 2017/18 given likely spending pressures.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The Director of Finance & Business Improvement is the Council's Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. Day to day budgetary control is delegated to service managers, with assistance and advice from their Director and the Finance section.
- 2.2 The budget for 2016/17 was agreed by full Council on 2 March 2016. This report sets out the position as at the end of the fourth quarter in relation to the revenue budget. The fourth quarter figures will be incorporated within the Council's draft Statement of Accounts for the year ending 31st March 2017, which will be considered by the Audit, Governance and Standards Committee at its meeting on 26th June 2017.
- 2.3 Attached at Appendix I is a table detailing the current budget and actual position in relation to the fourth quarter of 2016/17, to March 2017, by cost centre.
- 2.4 The Appendix shows:
 - a) The cost centre description;
 - b) The value of the net expenditure budget for the year;
 - c) Actual expenditure;
 - d) Actual income;
 - e) Actual net expenditure (gross expenditure less income)
 - f) The variance between expected and actual net expenditure.

- 2.5 Appendix 1 shows net expenditure of £5,062,301 compared with a budget of £5,131,500.
- 2.6 Explanations are shown below for all variances within individual cost centres which exceed £30,000:

Cost Centre	Positive Variance £000	Adverse Variance £000
<p>Museum</p> <p>This variance is a combination of an underspend of £60,000 on staff and running expenses, partially off-set by a shortfall in income of £26,000.</p>	35	
<p>Museum – Grant Funded Activities</p> <p>This is unused grant funding that will be carried forward to be used in 2017/18.</p>	56	
<p>Cultural Development – Sports</p> <p>There have been no major initiatives in this service area this year. Given expenditure pressures elsewhere it would have been inappropriate to spend discretionary budgets of this nature.</p>	39	
<p>Leisure Centre</p> <p>This is an unrealised budget strategy saving relating to the installation of solar panels at the Leisure Centre. Whilst the panels have been installed, there have been delays in capturing the benefit in terms of the cash return to the Council.</p>		30
<p>Cobtree Golf Course</p> <p>The contract for the operation of the course expired in September 2016, and in order for the course to remain open for the winter months a one-off payment was agreed with the contractor. This was in addition to a reduction in the contract fee that had already been agreed. The total net cost represents the Council's 2/9^{ths} interest in the course.</p>		37
<p>Parks & Open Spaces</p> <p>There is an underspend on arboricultural works which is offset by additional running costs and a shortfall in income.</p>	37	

Cost Centre	Positive Variance	Adverse Variance
<p>Mote Park Café</p> <p>This variance has arisen due to higher than budgeted staff costs and lower than expected income, as had already been projected in earlier monitoring reports. The Chairman and Vice-Chairman of the Committee are now receiving monthly updates on the position following the meeting of the Committee in March.</p>		170
<p>Crematorium</p> <p>This service has generated income above budget due to in part to increased memorial sales.</p>	88	

3. AVAILABLE OPTIONS

- 3.1 There are no matters for decision in this report. The Committee may choose to take further action depending on the matters reported here.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Committee is requested to note the contents of this report. It may choose to take further action, bearing in mind the implications of the financial outturn for future budget management and financial strategy development.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 This report is not expected to lead to any consultation.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Fourth quarter budget monitoring reports are being considered by the Service Committees in June 2017. The overall outturn for the year ended 31st March 2017 will be reported as part of the Council's Statement of Accounts, which will be considered in draft form by the Audit, Governance and Standards Committee at its meeting on 26th June 2017. The Statement of Accounts will be audited and is due to be approved, in its final form, by the Audit, Governance and Standard Committee at its meeting on 18th September 2017.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Council's budget reflects its corporate priorities. This report compares actual performance with the budget, and so provides a measure of whether the Council has fulfilled its priorities in financial terms.	Director of Finance and Business Improvement (Section 151 Officer)
Risk Management	Regular and comprehensive monitoring of financial performance as summarised in this report ensures early warning of significant issues that may place the Council at significant risk and gives the Committee the best opportunity to take actions to mitigate such risks.	Director of Finance and Business Improvement (Section 151 Officer)
Financial	Financial implications are the focus of this report. Budget monitoring, as summarised in this report, ensures that services can react quickly to potential operational and resourcing problems. The process helps to ensure that the Council delivers against its strategic priorities.	Director of Finance and Business Improvement (Section 151 Officer)
Staffing	Employee costs represent approximately 50% of the direct spend of the Council. Any consideration of resource allocation and monitoring therefore pays attention to employee costs and relevant issues will be raised in monitoring reports such as this.	Director of Finance and Business Improvement (Section 151 Officer)
Legal	The Council has a statutory obligation to maintain a balanced budget. The monitoring process enables the Committee to ensure that it meets this requirement for the services within its remit.	[Legal Team]
Equality Impact Needs Assessment	No specific implications.	Director of Finance and Business Improvement

		(Section 151 Officer)
Environmental/Sustainable Development	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Community Safety	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Human Rights Act	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Procurement	No specific implications.	Director of Finance and Business Improvement (Section 151 Officer)
Asset Management	The budget allocates resources for asset management. There are no specific issues arising from service performance as reported here for asset management.	Director of Finance and Business Improvement (Section 151 Officer)

8. REPORT APPENDICES

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

- Appendix I: Fourth Quarter 2016/17 Budget Monitoring – Heritage, Culture & Leisure

9. BACKGROUND PAPERS

None.