

HERITAGE, CULTURE AND LEISURE COMMITTEE

7 March 2017

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

Yes

Third 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	Mark Green – Director of Finance and Business Improvement (Lead Officer) Paul Holland - Senior Finance Manager Client Accountancy (Report Officer)
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

That the committee:

1. Notes 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.

This report relates to the following corporate priorities:

The budget is a statement, in financial terms, of the priorities set out in the strategic plan. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan. The issues raised in this report identify areas where financial performance is at variance with priority outcomes.

Timetable

Meeting	Date
Heritage, Culture and Leisure Committee	7 th March 2017

Third Quarter Budget Monitoring 2016/17

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides the committee with an overview of the revenue budget and outturn for the third quarter of 2016/17, and highlights financial matters which may have a material impact on the medium term financial strategy or the balance sheet.
 - 1.2 As at the 31 December 2016, this committee was showing an overall adverse variance of £15,000. The individual variances for each service area are detailed within **Appendix I**.
 - 1.3 The position for the council as a whole at the end of the third quarter shows a decrease in the overspend forecast at the end of the second quarter. Additional controls over spending that were introduced to address this at the end of the second quarter are detailed at paragraph 2.7 of this report.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 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.
- 2.2 The medium term financial strategy for 2016/17 onwards was agreed by full Council on 2 March 2016. This report advises and updates the committee on the current position with regards to revenue expenditure against the approved budgets.
- 2.3 Attached at **Appendix I** is a table detailing the current budget and expenditure position for this Committee's services in relation to the third quarter of 2016/17, to December 2016. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of December 2016 and includes accruals for goods and services received but not yet paid for.
- 2.4 The columns of the table in the Appendix show the following detail:
 - a) The cost centre description;
 - 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 2016;
 - 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 significant variances at 31 March 2017.

- 2.5 **Appendix I** shows that of a net annual expenditure budget of £2,471,734 it was expected that £2,486,830 would be spent up until the end of December. These totals include internal recharges. At this point in time the budget is reporting an over spend of £15,096, and the current forecast indicates that the current forecast indicates that the outturn position for this committee is a net overspend of £187,000.
- 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.

Heritage, Culture & Leisure Committee	Positive Variance Q3 £000	Adverse Variance Q3 £000	Year end Forecast Variance £000
Cultural Development Sports – There has been very little expenditure in this service area this year.	30		40
Leisure Centre – There is an unrealised budget strategy saving relating to the installation of solar panels at the leisure centre.		-28	-37
Parks & Open Spaces – There is an underspend on the arboricultural works budget which is offset by additional running costs.	40		13
Mote Park Café – This variance has arisen due to higher than budgeted staff costs and lower than expected income. The budget variance has highlighted an urgent need for a review of the café's operating model.		-152	-197
Bereavement Services – This service is currently generating income above budget due to in part to increased memorial sales.	25		16
Market – There is a shortfall against the income budget.		-18	-22
Heritage, Culture & Leisure total			-187

- 2.7 The overall forecast for the council at the end of the third quarter shows a decrease in the overspend projected at the end of the second quarter. Increased control in the following areas of spending were introduced across the council at the end of the second in order to improve the position:

1. Recruitment;
2. Temporary staff;
3. Discretionary spending; and
4. Contractual commitments.

These have achieved a measure of success and at this stage a reduction in the previously forecast overspend is projected for the Council as a whole.

3 AVAILABLE OPTIONS

- 3.1 In considering the current position on the revenue budget at the end of December 2016 the committee can choose to note those actions or it could chose to take further action.
-

4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The committee is requested to note the content of the report and agree on any necessary action to be taken in relation to the budget position.
-

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 The third quarter budget monitoring reports were considered by the service committees in January and February 2017, culminating in a full report to Policy and Resources committee on 15 February.
- 6.2 Details of the actions taken by service committees to manage the pressures in their budgets will be reported to Policy and Resources committee if appropriate.
-

7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	This report monitors actual activity against the revenue budget 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	Director of Finance & Business

	<p>expenditure and income for 2016/17 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.</p> <p>The issues set out in this report do not exhibit the level of potential risk identified in previous years.</p>	Improvement
Financial	<p>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.</p>	Director of Finance & Business Improvement
Staffing	<p>The budget for staffing represents approximately 50% of the direct spend of the council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p>	Director of Finance & Business Improvement
Legal	<p>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.</p>	[Legal Team]
Equality Impact Needs Assessment	<p>The budget ensures the focus of resources into areas of need as identified in the Council's strategic priorities. This</p>	Director of Finance & Business Improvement

	monitoring report ensures that the budget is delivering services to meet those needs.	
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

8 REPORT APPENDICES

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

- Appendix I: Third Quarter 2016/17 Revenue Monitoring – Heritage, Culture & Leisure

9 BACKGROUND PAPERS

None