

Second Quarter Budget Monitoring 2017/18

Final Decision-Maker	Heritage, Culture and Leisure Committee
Lead Director	Director of Finance & Business Improvement
Lead Officer and Report Author	Mark Green – Director of Finance & 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 second 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 now includes an update on the capital programme for this committee.

As at the 30 September 2017, this Committee was showing an overall positive variance of £237,447. The individual variances for each service area are detailed within **Appendix 1**.

The position for the Council as a whole at the end of the second quarter shows that there is a significant 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.

This report makes the following recommendations to this Committee:

1. That the revenue position at the end of the second quarter and the actions being taken or proposed to improve the position where significant variances have been identified be noted.
2. That the capital position at the end of the second quarter is noted.

Timetable

Meeting	Date
Policy and Resources Committee	22 November 2017
Heritage, Culture and Leisure Committee	28 November 2017

Second 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 revenue and capital expenditure against the approved budgets within its remit.
 - 1.3 Policy and Resources Committee is responsible for co-ordinating financial management and performance across the Council. After slippage on Parks and Open Spaces capital schemes in the first quarter of the year was reported to the Policy and Resources Committee at its meeting on 20th September, this Committee was asked to consider the slippage in relation to Mote Park and other parks.
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2. REVENUE BUDGET

- 2.1 Attached at **Appendix 1** is a table detailing the current budget and expenditure position for this Committee's services in relation to the second quarter of 2017/18, to September 2017. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of September 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 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 September 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 significant variances at 31 March 2018.
- 2.3 **Appendix 1** shows that of a net annual expenditure budget of £4,778,650 it was expected that £1,772,317 would be spent up until the end of September. These totals include internal recharges. At this point in time the budget is reporting an under spend of £237,447, and the current forecast indicates that the year-end position for this committee will decrease to an under spend of £143,000.

- 2.4 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 Q2 £000	Adverse Variance Q2 £000	Year End Forecast Variance £000
Parks & Open Spaces – Following a restructure this budget area now includes the grounds maintenance team. The variance is a combination of staff vacancies, an under spend on running costs and additional income above the budget. As part of the Medium Term Financial Strategy, this service area is due to make savings of £150,000 over the next two years so this variance shows that it is well placed to deliver this.	74		143
Mote Park Café – The café benefited from a good summer of trading and a reduction in the salaries budget. The operation will be taken over by a private contractor at the end of October.	41		40
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.	52		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 indicate this to be a declining sector. Officers are looking at alternative revenue generating opportunities.		-21	-40

3. CAPITAL PROGRAMME

- 3.1 Service committees will now receive an update on their capital programme schemes. Policy and Resources Committee will continue to receive an overarching report for the whole programme.

- 3.2 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.
- 3.3 The current programme for this Committee is set out in **Appendix 2** and shows the current budget and actual expenditure to the end of September. The current budget includes the approved budget plus any unused resources brought forward from 2016/17, as well as reflecting any slippage identified at the end of the first quarter. The Appendix details the profile of expenditure that is forecast for the remainder of the year and identifies £100,000 that will require to be carried forward into 2018/19.
- 3.4 The slippage relates to the Other Parks Essential Improvements budget. This budget for this scheme along with the three major schemes at Mote Park (Adventure Zone/Play Area, Essential Improvements and the Visitor Centre) has been re-profiled now that the contract for the construction of the Adventure Zone has been let and the timescales confirmed.
- 3.5 To clarify a question that was raised at September's Policy & Resources Committee the use of the term 'Essential' in the programme for the Committee does not imply that the works in question are necessarily urgent. The intention is to carry them out as soon as possible, but at this stage given available resources to manage major capital works the initial focus has been on the Adventure Zone/Play Area and Visitor Centre projects. The intention is for all the parks projects to be completed by the end of the 2019/20 financial year. The description of this scheme in the programme has been adjusted to remove the word 'Essential'.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 In considering the current position on the revenue budget and the capital programme at the end of September 2017 the committee can choose to note those actions or it could choose to take further action.
- 4.2 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.
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5. RISK

- 5.1 This report is presented for information only and has no risk management implications.
- 5.2 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 a 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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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 This report is not expected to lead to any consultation.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The second quarter budget monitoring reports were considered by the relevant Service Committees in November 2017, culminating in a full report to Policy and Resources committee on 22 November.

7.2 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.

8. 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	This has been addressed in section 5 of the report.	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 council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.	Director of Finance & 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.	Interim Deputy Head of Legal Partnership
Privacy and Data Protection	No specific issues arise.	Director of Finance & Business Improvement
Equalities	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
Crime and Disorder	No specific issues arise.	Director of Finance & Business Improvement
Procurement	No specific issues arise.	Director of Finance & Business Improvement

9. REPORT APPENDICES

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

- Appendix 1: Second Quarter 2017/18 Revenue Monitoring – Heritage, Culture & Leisure
- Appendix 2: Capital Programme – Heritage, Culture & Leisure

10. BACKGROUND PAPERS

None