

# HERITAGE, CULTURE AND LEISURE COMMITTEE

**1 November 2016**

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

**Yes**

## Second Quarter Budget Monitoring 2016/17

<b>Final Decision-Maker</b>	Heritage, Culture & Leisure Committee
<b>Lead Head of Service</b>	Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Ellie Dunnet Chief Accountant
<b>Classification</b>	Public
<b>Wards affected</b>	All

### **This report makes the following recommendations to this Committee:**

That the committee:

1. Notes 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.

### **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**

<b>Meeting</b>	<b>Date</b>
Heritage, Culture and Leisure Committee	1 November 2016
Policy & Resources Committee	23 November 2016

# Second 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 second 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 30 September 2016, this committee is projected to show an overall adverse variance for the financial year of £25,000. 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 second quarter shows an increase in the overspend forecast at the end of the first quarter. Additional controls over spending introduced to address this are detailed at paragraph 2.8 of this report.
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## 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 second quarter of 2016/17, to September 2016. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of September 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 September 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 £4,802,777 it was expected that £2,033,154 would be spent during the first half of the year. These totals include internal recharges. At this point in time the budget is reporting an under spend of £11,625, although the current forecast indicates that the current underspend will not be sustained through to the year end.
- 2.6 Currently the outturn position for this committee is a forecast net overspend of £25,000. The major variances within this total relate to the overspend within Mote Park Café and the projected underspend for the crematorium. Further detail relating to these items is provided in **Appendix I**.
- 2.7 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.
- 2.8 The overall forecast for the council at the end of the second quarter is an increase in the overspend projected at the end of the first quarter, despite planned actions to address this. Increased control in the following areas of spending have therefore been introduced across the council with immediate effect in order to improve the current position:
1. Recruitment;
  2. Temporary staff;
  3. Discretionary spending; and
  4. Contractual commitments.

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### **3 AVAILABLE OPTIONS**

- 3.1 In considering the current position on the revenue budget at the end of September 2016 the committee can choose to note those actions and reconsider the outcomes at the end of the third quarter or it could choose to take further action.

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### **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.

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### **5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

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

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### **6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The second quarter budget monitoring reports will be considered by the

service committees in November 2016, culminating in a full report to Policy and Resources committee on 23 November.

- 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 at this meeting.

## 7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	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
<b>Risk Management</b>	The Council has produced a balanced budget for both capital and revenue 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. The issues set out in this report do not exhibit the level of potential risk identified in previous years.	Director of Finance & Business Improvement
<b>Financial</b>	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.	Director of Finance & Business Improvement

	The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.	
<b>Staffing</b>	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
<b>Legal</b>	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.	Legal Team
<b>Equality Impact Needs Assessment</b>	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
<b>Environmental/Sustainable Development</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Community Safety</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Human Rights Act</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Procurement</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Asset Management</b>	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: Second Quarter 2016/17 Revenue Monitoring – Heritage, Culture & Leisure
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## **9 BACKGROUND PAPERS**

None