

**4<sup>th</sup> Quarter Budget Monitoring 2017/18**

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

**Executive Summary**

This report sets out the financial position for this Committee at the end of 2017/18 against the revenue and capital budgets. The figures included within the report are still subject to external audit so should be considered provisional at this stage.

This Committee has ended 2017/18 with an overall positive variance of £0.1m. The individual variances which make up this total are detailed by service area in **Appendix 1**.

The position for the Council as a whole at the end of 2017/18 was an underspend of £0.2m, after deducting resources to be carried forward.

This Committee spent £1.7m against the planned capital programme during 2017/18, against the estimate of £2.4m. Unspent resources required in subsequent years will be carried forward.

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

1. That the Committee notes the financial performance of the services within its remit for 2017/18.
2. That the Committee notes the revenue resources to be carried forward into the current financial year, detailed at **Appendix 2**.
3. That the Committee notes the slippage within the capital programme in 2018/19, detailed in **Appendix 3**.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Heritage, Culture and Leisure Committee	5 June 2018

## 4<sup>th</sup> Quarter Budget Monitoring 2017/18

### 1. INTRODUCTION AND BACKGROUND

- 1.1 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 how each service has performed in regards to revenue and capital expenditure against the approved budgets within its remit.
- 1.2 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.

#### Revenue Budget

- 1.3 Attached at **Appendix 1** is a table detailing the budget and expenditure position for this Committee's services in relation to 2017/18. The appendix details the net budget per cost centre for this Committee. Actual expenditure is shown to the end of March 2018 and includes accruals for goods and services received but not yet paid for.
- 1.4 The columns of the table in the Appendix show the following detail:
- The cost centre description;
  - The value of the total budget for the year;
  - Amounts to be carried forward from 2017/18 to 2018/19;
  - Adjusted budget for the year (original budget less amounts carried forward);
  - Actual expenditure and income for the year; and
  - The variance between the total spend and the adjusted budget
- 1.5 **Appendix 1** shows that of a net annual expenditure budget of £5,602,420, £5,477,022 has been spent, representing an under spend of £125,398, after deducting resources to be carried forward. Please note that these totals include internal recharges. The budget has also been adjusted for technical accounting entries such as depreciation and pension related items. The Council is required to account for these items in this way, although they do not impact upon the general fund or spending power of the Council.
- 1.6 **Appendix 2** details the resources which have not been utilised during 2017/18, but which are required to fund expenditure in subsequent years and are therefore being carried forward into 2018/19. This includes grants and a small number of specific carry forwards which have been agreed by the Director of Finance and Business Improvement in line with the Council's Financial Procedure Rules.
- 1.7 Explanations for variances within individual cost centres which exceed £30,000 have been provided in accordance with the Council's constitution.

<b>Heritage, Culture &amp; Leisure Committee</b>	<b>Positive Variance Q4 £000</b>	<b>Adverse Variance Q4 £000</b>
<b>Museum</b> – This variance relates to staff vacancies and associated recharges.	43	
<b>Leisure Centre</b> – The budget includes cost savings from installation of solar panels that were over-estimated. Monitoring of the installation is taking place to identify any reasons for under-performance. Utilities charges amounting to £14,000 are also reflected in this area, although this is currently under query with the contractor.		-53
<b>Parks &amp; Open Spaces</b> - The variance is a combination of staff vacancies, an underspend on running costs and additional income above the budget for grounds maintenance. There was also an underspend on the budget for trees, as a consequence of vacancies during the year.	59	
<b>Playground Maintenance &amp; Improvements</b> - This variance is a consequence of reduced maintenance costs following the recent programme of play area capital works.	74	
<b>Mote Park</b> – The variance has arisen from a combination of factors including higher than budgeted costs for water due to a leak which occurred during August, underachievement of income and the need to undertake a tree survey during the year.		-55
<b>Mote Park Café</b> – The variance arose from the transfer of the contract to new management taking longer than anticipated. These arrangements have now been finalised.		-36
<b>Cemetery</b> – The variance reflects higher than budgeted income, and a vacant post in this area.	74	
<b>Market</b> - 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		-39

<p>indicates this to be a declining sector. This has been incorporated into the budget for 2018/19 which reflects a reduced income target. 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%.</p>		
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### **Capital Budget**

- 1.8 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 capital resources come from New Homes Bonus along with a small grants budget.
- 1.9 The 2017/18 capital programme for this Committee is set out in **Appendix 3**. The revised estimated includes resources brought forward from 2016/17, and adjustments for slippage against the 2017/18 budget agreed earlier in the year.
- 1.10 During the year, spending against the budgets for Play Area Improvements and the Museum Development Plan have been higher than forecast due to work being completed earlier than originally planned. Budgets were therefore brought forward from 2018/19. In overall terms, the projects remain within budget.
- 1.11 The Mote Park Play Area and Improvement schemes are both being progressed. Unfortunately work has been delayed following leakage from a sewage pipe, but completion is expected in 2018/19. The budget for these projects has therefore been carried forward into 2018/19.

## **2. AVAILABLE OPTIONS**

- 2.1 There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported here.

## **3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 3.1 In considering the current position on the revenue budget and the capital programme at the end of 2017/18 the committee can choose to note those actions or it could choose to take further action.
- 3.2 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.

#### **4. RISK**

- 4.1 This report is presented for information only and has no risk management implications.
- 4.2 The Council has produced a balanced budget for both capital and revenue expenditure and income for 2018/19. 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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#### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 No consultation has been undertaken in relation to this report.
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#### **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The fourth quarter budget monitoring reports are being considered by the relevant Service Committees throughout June, including a full report to Policy & Resources Committee on 27 June 2018.
- 6.2 Details of the discussions which take place at service committees regarding budget management will be reported to Policy and Resources Committee where appropriate.
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#### **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<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>	This has been addressed in section 4 of the report.	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. 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
<b>Staffing</b>	The budget for staffing represents a significant proportion 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 and 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.	Mid Kent Legal
<b>Privacy and Data Protection</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Equalities</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>Crime and Disorder</b>	No specific issues arise.	Director of Finance & Business Improvement
<b>Procurement</b>	No specific issues arise.	Director of Finance &

		Business Improvement
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## **8. REPORT APPENDICES**

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

- Appendix 1: Fourth Quarter 2017/18 Revenue Monitoring – Heritage, Culture & Leisure
  - Appendix 2: Carry Forward of Revenue Resources 2017/18 – Heritage, Culture & Leisure
  - Appendix 3: Capital Programme 2017/18 – Heritage, Culture & Leisure
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## **9. BACKGROUND PAPERS**

None