

First Quarter Budget Monitoring 2019/20

Economic Regeneration & Leisure Committee
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Executive Summary

This report is intended to provide Members with an overview of performance against revenue and capital budgets and forecast outturn during quarter 1 of 2019/20 for the services within this Committee's remit.

Robust budget monitoring is a key part of effective internal financial control, and therefore is one of the elements underpinning good corporate governance.

The aim of reporting financial information to service committees at quarterly intervals is to ensure that underlying trends can be identified at an early stage, and that action is taken to combat adverse developments or seize opportunities.

It is advisable for these reports to be considered in conjunction with quarterly performance monitoring reports, as this may provide the context for variances identified with the budget and general progress towards delivery of the Council's strategic priorities.

Headline messages for Quarter 1 are as follows:

- For this Committee, there is an under spend against the Revenue budget of £61,000 at the Quarter 1 stage, although this is expected to change to an over spend of £54,000 by the end of the financial year.
- The position for the Council as a whole at the end of Quarter 1 is an under spend against Revenue budgets of £0.346m, and at this stage we expect to remain within budget for the year.
- Capital expenditure of £0.40m has been incurred in Quarter 1 for the projects within this Committee's remit. Total budget for the year is £2.89m.
- For the Council as a whole, Capital expenditure of £1.424m has been incurred during Quarter 1. Total budget for the year is £51.754m.

Revenue Budget

1st Quarter 2019/20



Revenue Spending

At the end of the first quarter, there is an overall positive variance of £61,000 against the revenue budget for this Committee. Based on current information, we are forecasting that this will decrease to an overspend of £54,000 by the end of the year.

The charts below show the income and expenditure position for each of the service committees.

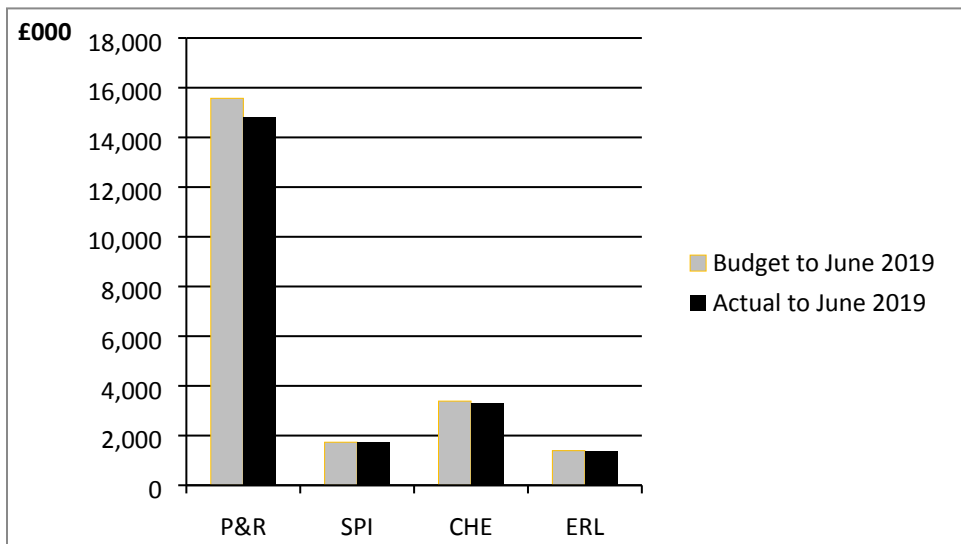


Chart 1 Performance against budget analysed by service committee (Expenditure)

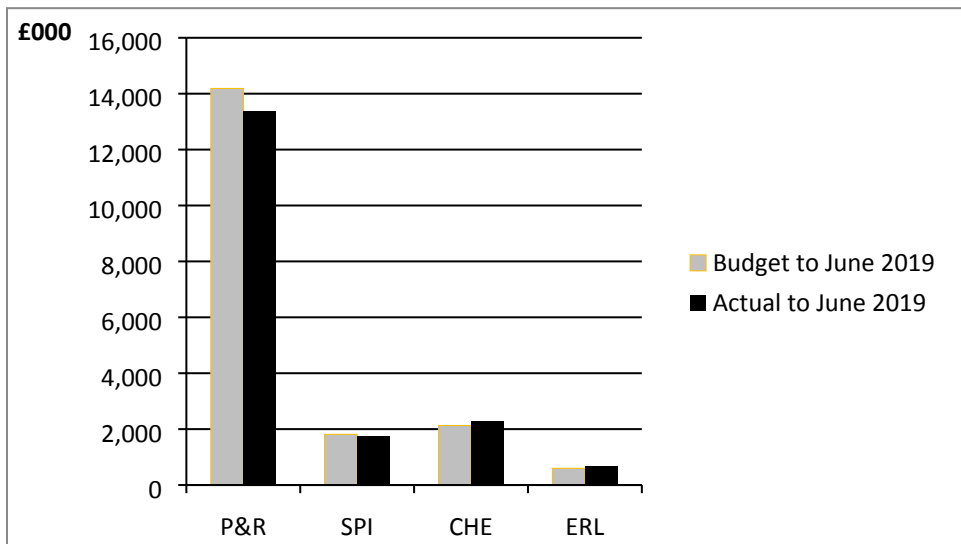


Chart 2 Performance against budget analysed by service committee (Income)

The table on the following page details the budget and expenditure position for this Committee's services during the first quarter. These figures represent the net budget for each cost centre. The actual position includes expenditure for goods and services which we have received but not yet paid for.

The columns of the table 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 June 2019;
- 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 2020.

The table shows that of a net annual expenditure budget of £1.26m for Quarter 1, it was expected that £0.35m would be spent up until the end of June 2019. At this point in time the budget is reporting an under spend of £61,000, although the current forecast indicates that the year-end position for the Committee will change to an over spend of £54,000.

Revenue Budget Summary Q1 2019/20

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Budget for Year £000	Budget to 30 June 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Cultural Development Arts	14	3	2	1	14	0
Museum	14	5	-12	17	14	0
Carriage Museum	4	1	1	0	4	0
Museum-Grant Funded Activities	2	-3	-27	24	2	0
Museum Cafe	-3	-3	2	-5	-3	0
Hazlitt Arts Centre	279	82	84	-2	279	0
Festivals and Events	-21	-37	-47	10	-21	0
Lettable Halls	-3	-1	-3	2	-3	0
Community Halls	76	24	15	9	76	0
Leisure Centre	-180	-45	-58	13	-180	0
Mote Park Adventure Zone	-113	-28	0	-28	-59	-54
Mote Park Cafe	-50	-13	-13	0	-50	0
Parks & Open Spaces Leisure Activities	-14	-2	-0	-1	-14	0
Mote Park Leisure Activities	-46	-10	-12	3	-46	0
Tourism	26	7	3	4	26	0
Museum Shop	-19	-5	-4	-1	-19	0
Maintenance of Closed Churchyards	6	1	0	1	6	0
Sandling Road Site	183	18	4	13	183	0
Business Support & Enterprise	2	2	1	1	2	0
Business Terrace	75	51	46	4	75	0
Business Terrace Expansion (Phase 3)	27	7	-16	22	27	0
Market	-68	8	25	-17	-68	0
Economic Dev - Promotion & Marketing	35	19	19	-0	35	0
Leisure Services Section	31	9	13	-4	31	0
Cultural Services Section	502	126	126	-0	502	0
Visitor Economy Section	111	28	28	0	111	0
Economic Development Section	279	74	64	10	279	0
Market Section	79	20	20	0	79	0
Head of Economic and Commercial Development	80	20	21	-1	80	0
Salary Slippage 4HCL.	-54	-14	0	-14	0	0
	1,256	347	285	61	1,364	-54

Table 1 Revenue Budget Position, Q1 2019/20 – Economic Regeneration & Leisure Committee

Significant Variances

Within these headline figures, there are a number of adverse and favourable variances for individual service areas. This report draws attention to the most significant variances, i.e. those exceeding £30,000 or expected to do so by the end of the year. The table below provides further detail regarding these variances, and the actions being taken to address them.

It is important that the potential implications of variances are considered at this stage, so that contingency plans can be put in place and if necessary, this can be used to inform future financial planning.

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000		
Mote Park Adventure Zone- This facility is now open. However the contract awarded allows for an initial rent free period for the first three months and the final contract value was less than originally forecast. The income expectation consists of fixed regular payments and a profit share element.		-28	-54

Table 2 Significant Variances – Economic Regeneration & Leisure Committee

Capital Budget

1st Quarter 2019/20



Capital Spending

The five-year Capital Programme for 2019/20 onwards was approved by Council on 27th February 2019. Funding for the Programme remains consistent with previous Council decisions in that the majority of capital resources will now come from prudential borrowing as other sources of funding are not sufficient to cover the costs of the programme, although funding does continue to be available from New Homes Bonus. At the time of writing this report there has been no need to borrow, but it is anticipated that borrowing will be needed during 2019/20.

Progress made towards the delivery of planned projects for 2019/20 is set out in the table below. The budget figure is the approved estimate for 2019/20 and includes resources which have been brought forward from 2018/19, which have been added to the agreed budget for the current year.

To date, expenditure of £0.40m has been incurred against a budget of £2.88m. At this stage, it is anticipated that there will be slippage of £2.28m, although this position will be reviewed at the end of the year when the Committee will be asked to approve/note the carry forward of resources into the next financial year.

Capital Budget Summary Q1 2019/20

Capital Programme Heading	Estimate 2019/20. £000	Actual to June 2019 £000	Budget Remaining £000	Q2 Profile £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2020/21 £000
Commercial Projects - Cemetery Chapel Repairs	100		100		25	75	100	
Commercial Projects - Mote Park Adventure Zone		378	-378				378	
Mote Park Centre & Estate Services Building	2,496	15	2,482	25	75	100	215	2,282
Mote Park Lake - Dam Works	267		267		167	100	267	0
Museum Development Plan	11	4	7	4	3		11	0
Total	2,875	396	2,478	29	270	275	970	2,282

Table 3 Capital Expenditure, Q1 2019/20

- The overspend on the Mote Park Adventure Zone relates to the additional costs incurred as a result of the sewage leak in the park that significantly delayed the completion of the project. These costs are the subject of a legal claim that is currently ongoing, so the overspend will be funded temporarily until the outcome of the claim is known.
- The budgets for the Mote Park Centre and the Estates Services Building have now been combined as the construction of this facility will be let as one contract. At this stage the timing of the building works has not been determined, and this forecast assumes they will not begin until April 2020.