

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

11 APRIL 2018

REPORT OF DIRECTOR FOR CORPORATE SERVICES

BUDGET MONITORING APRIL TO DECEMBER 2017 AND CARRY FORWARD OF REVENUE BUDGETS

1.0 PURPOSE

1.1 The purpose of this report is to provide information on actual expenditure and income incurred on this Committee's services compared to the latest approved budget for the period 1st April 2017 to 31st December 2017 and to submit for approval requests from budget holders to carry forward under spent budgets from 2017/18 to 2018/19.

2.0 RECOMMENDATIONS

2.1 That the financial position on each of this Committee's services at 31st December 2017 be noted along with the year end forecast;

2.2 That the requests set out in Appendix D for budgets to be carried forward from 2017/18 to 2018/19 are approved; and

2.3 That once the final year end position is known the actual under spend be compared to the amount requested and the Director for Corporate Services be given delegated authority to amend the actual amount carried forward.

3.0 KEY ISSUES

Budget Monitoring

3.1 As part of the Council's budget monitoring procedures all budget holders are asked on a quarterly basis to provide details of service and financial performance. Copies of the budget holders' returns are available for further information.

Overall Position

3.2 A summary of income and expenditure for all of this Committee's services is attached at Appendix A. This information has previously been circulated to Members as part of the Members' Newsletter.

	Approved Budget at Dec '17	April to Dec Budget	April to Dec Net Exp	Variance (Under)/over spend	Year End Forecast	Year End Variance (Under) / overspend
	£	£	£	£	£	£
General Expenses	6,067,090	4,214,271	3,501,476	(712,575)	6,095,090	28,000
Special Expenses	645,750	408,272	358,757	(49,515)	645,320	(430)
HRA Total Expenditure	8,043,220	3,703,021	3,079,986	(623,035)	7,831,220	(212,000)
HRA Total Income	7,983,310	5,973,511	5,973,841	(330)	8,001,310	(18,000)

Note the General Expenses Forecast has been adjusted from that shown in Appendix A to include the £94k surplus on investment income, the budget reductions balance of

£101k, adjustment to contribution to Business Rates Retention Scheme reserve of £64k to reflect the shortfall of section 31 grant. The £28k overspend is in line with the anticipated overspend reported to Members during the budget setting process.

Key Service Areas

- 3.3 The Key Service Areas report as at the end of February 2018 for all services is attached at Appendix B. This report is presented to the Management Team on a monthly basis and highlights the high risk budgets that were identified as part of the Council's budget protocols. These budgets are reviewed with budget holders monthly. Those budgets which are more complex in nature are supported by more detailed analysis of the service usage that drives the costs.
- 3.4 The overall position on the Key Service Areas shows a potential overall deficit of £268,180.
- 3.5 There are also a number of other budget variances identified on the budget action list, including those relating to Key Service Areas above, which are considered by the Council's Strategic Management Team on a monthly basis. As such the overall current predicted position, as at 25th February 2018, when taking into account all known variances and unused budget reduction money, shows a net overspend of £28,060.
- 3.6 A summary for all of this Committee's services is attached at Appendix C.
- 3.7 A summary of the income and expenditure for this Committee's services compared to the approved budget at December 2017 is as follows:

	Approved Budget at Dec 17	April to Dec Budget	April to Dec Net Expenditure	Variance (Under)/over spend	Year End Forecast	Year End Variance (Under) / overspend
	£	£	£	£	£	£
General Expenses	1,751,000	1,303,260	882,596	(420,663)	1,717,450	(33,550)

Budget Variance Exception Reporting +/- £10k

- 3.8 As part of the budget monitoring process, variances are being promptly and proactively managed, facilitating more detailed reporting. Details of the more significant year end forecast variations +/-£10k (as shown in Appendix A) are also set out below:

Overspends

Parkside £60,000

Shortfall in income of £60k due to LPT vacating Parkside in April 2017, the budget was set assuming they would continue occupation at a reduced rate of rent and service charge.

NNDR Collection £48,000

Shortfall on section 31 grants, offset by lower than budgeted contribution to the business rates retention reserve, therefore nil impact on the bottom line.

Underspends

Corporate Costs Finance £16,270

Underspend arises as amount due to HMRC relating to correction of VAT allocation on internet payments lower than reserve creditor, also external audit fees savings due to year end position anticipated to be in line with 2016-17.

Communications £81,000

Savings arising from vacancies- Business Analysts 1.5FTE, Customer Experience Manager (covered by agency staff), and for part of the year- Digital Engagement Officer, HR officer & Health & Safety officer.

Carry Forwards

- 3.9 The current financial procedure rules allow for under spent budgets below £100,000 to be carried forward to the next financial year subject to the approval by the Policy, Finance and Administration Committee by 30th April in any year. Carry forward requests in excess of £100,000 require further approval by Full Council.
- 3.10 By agreeing to such carry-forward requests this should remove the need for associated supplementary estimate requests being made in 2018/19.
- 3.11 For 2017/18 the requests from budget holders have been co-ordinated by Finance. The requests submitted are set out in Appendix D and total £290,750 for General Expenses and £6,150 for Special Expenses. These requests have been scrutinised and approved by Management Team after taking into account carry-forward approvals agreed in previous years.
- 3.12 A review will be undertaken at the end of 2018/19 to establish the impact on the budget performance for those areas that have carried forward under spends. This information can be used to inform the decision making process for requests in subsequent years

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 Policy and corporate implications were addressed in setting the current year's budget. There are no further policy and corporate implications arising from this report.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 A co-ordinated approach to the carry forward of under spent revenue budgets provides greater flexibility and freedom to budget holders to manage their budgets. This approach also allows members to see the overall financial implications of approving requests from budget holders.
- 5.2 Once the accounts have been finalised a check will be made to ensure that the actual net position on individual services supports each request to carry forward under spent budgets. Where the net overall position shows an under spent amount that is below that requested the amount carried forward will be adjusted downwards accordingly. Similarly where the request is to carry forward the balance on an account and the actual under spend is greater than the request then the amount will be adjusted upwards. These adjustments will be submitted for approval by Management Team.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1 Legal implications/powers were addressed in setting the current year's budget. There are no further legal implications arising from this report.

7.0 COMMUNITY SAFETY

- 7.1 Community issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

8.0 EQUALITIES

8.1 Equality issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

9.0 RISKS

9.1 The regularity of budget monitoring for each specific budget is based on the level of risk attributed to that budget. This is determined at the start of the financial year and is reported to members as part of the Council Tax setting report.

10.0 CLIMATE CHANGE

10.1 Climate change issues were addressed in setting the current year's budget. There are no further climate change issues arising from this report.

11.0 CONSULTATION

11.1 All budget holders and MT have been consulted regarding carry forwards.

11.2 Budget Holders and the Service Accountant discuss the financial performance of the service accounts at budget monitoring meetings arranged with reference to current budget monitoring protocols.

12.0 WARDS AFFECTED

12.1 To varying degrees, most if not all wards are affected.

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Date:	19 March 2018
Appendices:	Appendix A – Summary of Income & Expenditure- All Committees Appendix B – Budget Monitoring – Key Service Areas Appendix C – Summary of Income & Expenditure- PFA Appendix D – Request for Carry Forward of Revenue Budgets
Background Papers:	Carry Forward Request Forms Oracle Financial Reports Budget Holder Comments on Performance
Reference:	X: C'tees, Council & Sub-C'tees/PFA/2017-18/11-04-18/DG-Carry Forward of Revenue Budgets & Budget Monitoring