

CORPORATE COMMITTEE

10 APRIL 2019

REPORT OF DIRECTOR FOR CORPORATE SERVICES

BUDGET MONITORING APRIL TO DECEMBER 2018 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 2018 to 31st December 2018 and to submit for approval requests from budget holders to carry forward under spent budgets from 2018/19 to 2019/20.

2.0 RECOMMENDATIONS

- 2.1 That the financial position on each of this Committee's services at 31st December 2018 be noted along with the year end forecast for all Committees;
- 2.2 That the requests set out in Appendix D for budgets to be carried forward from 2018/19 to 2019/20 are approved;
- 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; and
- 2.4 The virements approved under delegated powers (para. 3.13 refers) be noted.

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 the Council's services is attached at Appendix A and summarised below:

	Original Budget	Approved Budget at 31.12.18	Year End Forecast	Year End Variance*
	£	£	£	£
GENERAL FUND				
Total Service cost - All Committees	5,714,300	6,328,560	6,187,438	(141,122)
Other Expenses	(690,552)	(730,552)	(730,552)	0
Net Expenditure Requiring Funding	5,023,748	5,598,008	5,456,886	(141,122)
Funding from Tax and Non-Specific Grants	(4,860,678)	(4,860,678)	(4,641,836)	218,842
Use of Reserves**	(163,070)	(737,330)	(919,164)	(181,834)
Net Underspending*	0	0	(104,114)	(104,114)

HOUSING REVENUE ACCOUNT				
Net Total HRA	(488,390)	(488,390)	(272,390)	216,000
Use of Reserves**	488,390	488,390	272,390	(216,000)
Net Underspending*	0	0	0	0

SPECIAL EXPENSES				
Total Special Expenses	526,570	532,720	532,720	0
Funding from Tax and Non-Specific Grants	(521,294)	(521,294)	(521,294)	0
Use of Reserves**	(5,276)	(11,426)	(11,426)	0
Net Underspending*	0	0	0	0

* Underspending (-), Overspending (+)

** Use of Reserves (-) Contribution to Reserves (+)

Key Service Areas

- 3.3 The Key Service Areas report as at the end of January 2019 for all services is attached at Appendix B. This report is presented to the Senior Leadership 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 Revenue Budget 2019/20 and MTFs report, which was presented to Council on 13th February 2019, estimated that the 2018/19 year end accounts would show an overspend of £63k. This estimate was determined as part of the budget setting process which ended in November 2018. This report now estimates that based on the latest information there will be a £104,000 underspend by the year end. However, this figure remains indicative and the actual position will depend on the actual year end position, including the impact of any agreed carry forwards.

Corporate Committee

- 3.5 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 2018 is as follows:

	Original Budget	Approved Budget at 31.12.18	Year End Forecast	Year End Variance*
	£	£	£	£
Corporate Committee	3,612,960	3,860,500	3,776,631	(83,869)

* Underspending (-), Overspending (+)

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 C) are also set out below:

Overspends

7 King Street £14,160

Shortfall in income due to a tenancy being delayed while this listed building was undergoing essential maintenance.

Legal Services £23,000

Due to a restructuring it was necessary to employ agency staff to fill vacancies while the new structure was being established.

Housing and Community Assets £12,260

A restructuring of the service coupled with difficulties in recruitment and retention has resulted in additional advertising and staff recruitment costs.

Underspends

Land Charges £12,510

Additional income as a result of a “New Burdens” payment from Central Government which will need to be carried forward at the Year End due to delays in implementing the relevant changes, together with an increase in the number of Land Searches.

NNDR Collection £58,680

Additional income for S31 Grant based on current NNDR figures although any underspend at the year end will be taken into account when assessing the overall NNDR position. Use of the Equalisation Reserve will therefore ensure that there is no overall under or overspending.

Communications £56,060

Savings due to a restructuring of the team, together with 2 vacancies relating to the Corporate Improvement Team. Additionally there has been no requirement for legal advice in this area in the year resulting in a saving in professional fees.

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 Corporate 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 2019/20.
- 3.11 For 2018/19 the requests from budget holders have been co-ordinated by Finance. The requests submitted are set out in Appendix D and total £148,883 for General Expenses and £6,880 for Special Expenses. These requests have been scrutinised and approved by the Strategic Leadership Team after taking into account carry-forward approvals agreed in previous years.
- 3.12 A review will be undertaken at the end of 2019/20 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

Virements – Delegated Authority

- 3.13 Since the last meeting the Director for Corporate Services has approved eleven requests for virement within the same service totalling £232,420 and three requests for virement between services totalling £80,500. More details of those requests in excess of £10,000 can be found in Appendix E.

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.
- 5.3 Once the carry forwards have been agreed any remaining underspending at the year end will be transferred to the Corporate Priorities Reserve.

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.

Contact Officer:	D Scott
Date:	13 March 2019
Appendices:	Appendix A – Summary of Income & Expenditure- All Committees Appendix B – Budget Monitoring – Key Service Areas Appendix C – Summary of Income & Expenditure- Corporate Committee 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/Corporate Committee/2018-19/Reports/2019 04 10/Item 6 Carry Forwards & Budget Monitoring