**POLICY AND RESOURCES COMMITTEE**

**7 NOVEMBER 2017**

**PART I - NOT DELEGATED**

**9. BUDGET MONITORING – MONTH 6 (SEPTEMBER)**(DOF)

1. **Summary**

* 1. Budget monitoring report is a key tool in scrutinising the Council’s financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives and that corrective action is taken where necessary.

1.2 This report seeks approval to a change in the Committee’s 2017 - 2020 medium-term revenue financial plan. The report shows the Council’s overall consolidated medium term financial plan for both revenue and capital.

1. **Details**

2.1 An overall increase in the Council’s budgets requiring the use of balances must be approved by Council. Virements between cost centres within each service are approved by each committee.

***Revenue***

2.2 The original net revenue budget for 2017/18 (as approved by Council on 21 February 2017) was **£12.163 million**. The latest budget is **£12.306 million.** The forecast outturn at period 6 (September) is estimated to be **£12.687 million** which gives a variance compared to the latest budget of **£0.381 million**. The table below shows how the forecast outturn has been constructed.

|  |  |
| --- | --- |
| **Net Revenue Budget 2017/18** | **£ million** |
| **Original Net Revenue Budget** | **12.163** |
| Carry Forward from 2016/17 | 0.289 |
| Variances Previously Approved - Period 4 (July) | (0.146) |
| **Latest Approved Budget** | **12.306** |
| Variances Reported This Period – Period 6 (September) *to be approved* | 0.381 |
| **Forecast Outturn** | **12.687** |

***Service Budgets***

2.3 After removing other non-service costs (parish precepts and interest earned on investments) and indirect costs (internal recharges, capital financing charges & adjustments under statute) the net original direct revenue budget was set at **£10.538 million** and the latest budget is **£10.681 million**. The forecast outturn is now estimated to be **£11.062 million** which results in an unfavourable variance of **£0.381 million.**

2.4 The document attached (Budget Management 2017/18 - Annex 1) contains detailed information on the variance and the impact on the Council’s medium term financial plan.

***Capital***

2.5 The original budget for 2017/18 (as approved by Council on 21 February 2017) was **£17.605 million**. The latest budget is **£21.569 million**. Services have identified a variance of **£2.052 million** which has reduced the 2017/18 budget to **£19.517 million**. The table below shows how the forecast outturn has been constructed.

|  |  |
| --- | --- |
| **Capital Investment Programme 2017/18** | **£ million** |
| **Original Budget** | **17.605** |
| Rephasing from 2016/17 | 3.974 |
| Variances Previously Approved - Period 4 (July) | (10) |
| **Latest Approved Budget** | **21.569** |
| Variances Reported This Period – Period 6 (September) *to be approved* | (2.052) |
| **Forecast Outturn** | **19.517** |

2.6 The document attached (Budget Management 2017/18 - Annex 1) contains detailed information on the variance and the impact on the Council’s medium term financial plan.

3. **Options/Reasons for Recommendation**

3.1 The recommendations below enable the Committee to make recommendations to Council concerning their budget.

4. **Policy / Budget Reference and Implications**

4.1 In accordance with the Council’s financial procedure rules, if the recommendations are accepted, this will amend the Council’s budgets.

4.2 There are no substantial changes to Council policy resulting from this report.

5. **Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, and Health & Safety Implications**

5.1 None specific.

6. **Financial Implications**

6.1The following revenue and capital variations have been identified for all service committees for Period 6 (end of September).

|  |  |  |  |
| --- | --- | --- | --- |
| **Variance** | **2017/18**  **£** | **2018/19**  **£** | **2019/20**  **£** |
| **Revenue** - (Favourable)/ Unfavourable | 381,050 | 54,110 | 104,110 |
| **Capital** - Increase / (Decrease) | (2,051,890) | 2,520,630 | 2,200 |

7. **Risk Management Implications**

7.1 There are no risks to the Council in agreeing the recommendations.

7.2 *The following table gives the risks if the recommendations are rejected, together with a scored assessment of their impact and likelihood:*

|  |  |  |  |
| --- | --- | --- | --- |
| *Description of Risk* | | *Impact* | *Likelihood* |
| *1* | *The Council’s Medium-Term Financial Plan would be out of date and officers would not have accurate budgets to work to.* | *III* | *A* |

7.3 The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan. The risk is managed within the Finance services service plan.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood** | A |  |  | 1 |  |  | Impact | Likelihood |
| B |  |  |  |  |  | V = Catastrophic | A = >98% |
| C |  |  |  |  |  | IV = Critical | B = 75% - 97% |
| D |  |  |  |  |  | III = Significant | C = 50% - 74% |
| E |  |  |  |  |  | II = Marginal | D = 25% - 49% |
| F |  |  |  |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = <2% |
| **Impact** | | | | | |  |  |

8. **Recommendation**

To Council:

8.1 That the following revenue and capital budget variations be approved and incorporated into the three-year medium-term financial plan:-

|  |  |  |  |
| --- | --- | --- | --- |
| **Variance** | **2017/18**  **£** | **2018/19**  **£** | **2019/20**  **£** |
| **Revenue** - (Favourable)/ Unfavourable | 381,050 | 54,110 | 104,110 |
| **Capital** - Increase / (Decrease) | (2,051,890) | 2,520,630 | 2,200 |

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**Background Papers**

Budget setting recommendations - Council 21 February 2017.

Budget monitoring (Month 10) - Policy and Resources Committee 20 March 2017.

Outturn for 2016/17 - Policy and Resources Committee 12June 2017.

Budget monitoring (Period 4 July) – Policy and Resources Committee 4 September 2017.

**ATTACHMENTS**

Annex 1 – Budget Management 2017/18 Period 6 (end of September)