

Cabinet Report



Listening Learning Leading

Report of Head of Finance

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To: CABINET

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Budget monitoring April – May 2019

Recommendation(s)

Cabinet is recommended to note the contents of the report

Purpose of Report

1. To report the revenue and capital expenditure against budget for the period April to May 2019.

Corporate Objectives

2. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The budget monitoring report shows how these resources have been during the first two months of the financial year.

Background

3. Council agreed in setting the 2019/20 budget to increase the management accounting function of the council to support more frequent revenue and capital budget monitoring activity in year, including the re-introduction of formal reporting to Cabinet of performance against budget three times per year.
4. The formal reports will cover performance to the end of period two (May), period five (August) and period eight (November). These time periods have been chosen so that formal budget monitoring activity does not clash with peak's in the management accounting team's workload on budget setting.

Revenue budget monitoring

5. On 14 February 2019, Council agreed its revenue budget for 2019/20. For revenue service expenditure, Council agreed to a net cost of services of £16.809 million. In reviewing in-year financial performance, the focus is on two things:
 - Comparing expenditure and income for the year to date (in the case of this report for April and May 2019), against the “profiled” working¹ budget for the year to date. The profiled working budget is the proportion of the budget that would have been expected to have been incurred at the end of May 2019
 - Reviewing the outturn forecast of expenditure and income at year end compared to the working budget for the whole year.
6. Appendix 1 is a summary, by service, of both of these. Where variances of over £50,000 are identified, in either net expenditure to date against profiled working budget, or in forecast net expenditure against whole year budget, then heads of service have provided commentary for the reasons. It should be noted that the budgets do not include any revenue carry forwards from the previous financial year which had not been agreed at the time the budget reports were run.
7. At this early stage in the financial year there is little to report, other than in Planning the forecast under achievement of income of £250,000 due to adverse market conditions. This will be monitored as the financial year progresses.

Capital budget monitoring

8. On 14 February 2019, Council agreed a capital programme for 2019/20 as follows:
 - Approved programme - £5.186 million
 - Provisional programme (including Cabinet growth proposals) - £9.811 million.
9. At the end of May 2019, the approved programme had increased to £8.049 million. This reflects the approved capital programme as approved by Council, plus slippage from the previous financial year, additions and deletions, and transfers from the provisional capital programme.
10. As shown in appendix 2, spend against the latest approved capital programme² was £254,714. At this stage no forecast year end underspends against the approved capital programme have been identified.

Financial, legal and any other implications

11. The financial implications are as set out in the body of the report. There are no other implications of this report.

¹ The working budget is the latest budget. It is the original budget agreed by Council, plus any additions such as carry forwards, in year supplementary estimates and externally funded expenditure

² The latest approved capital programme is referred to as “Working budget full year” in appendix 2

Conclusion

12. At this early stage of the financial year only a limited number of year end variances against budget have been identified. However, as budget monitoring activity will be more frequent during 2019/20, it is anticipated that such variances will be identified earlier which will enable corrective action to be undertaken in year and the implications for future years' budgets to be better understood.

Appendices

- 1) Revenue budget monitoring
- 2) Capital budget monitoring

Background Papers

- Budget papers for 2019/20