

REPORT TO **CORPORATE SCRUTINY COMMITTEE**
Date of Meeting: **28 MARCH 2019**
Report of: **Chief Finance Officer**
Title: **2018/19 Budget Monitoring Report – Quarter 3**

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report advises Members of any material differences, by management unit, between the 2018/19 approved budget and the current outturn forecast in respect of Corporate Scrutiny Committee.

2. Recommendations:

That Members of Corporate Scrutiny Committee assure themselves that satisfactory actions are being undertaken by Officers to address the key areas of budgetary pressure, as highlighted in this report.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of Corporate Scrutiny Committee and this is the first report for 2018-19.

4. What are the resource implications including non financial resources

The financial resources required to deliver Corporate Services during 2018-19 are set out in the body of this report.

5. Section 151 Officer comments:

It should be noted that the significant swing in performance is largely driven by expenditure that will be funded from earmarked reserves. The results for the General Fund as a whole will be reported to the Executive and Full Council within the Revenue Overview report, which collates the financial performance of the three Scrutiny Committees alongside other income and expenditure of the Council. Any issues will be highlighted to Councillors at this stage.

6. What are the legal aspects?

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report Details:

Budget Monitoring – Quarter 3

8.1 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will reduce from the revised budget by a total of £49,635 after transfers to and from reserves, as detailed in Appendix 1. This represents a favourable variation of 0.62% from the revised budget, which now includes supplementary budgets of £677,590 already agreed by Council.

8.2 Members may wish to note that, because of the often-large sums involved in individual corporate transactions, many quarterly variances are simply 'administrative' and are naturally resolved in-year. Areas of genuine budgetary risk are addressed as explained in paragraph 10 below.

8.3 The significant variations (+/- £30,000) by management unit are:

Forecast Budget Variances by Management Unit:		
Management Unit	Forecast Outturn Budget Variance at Quarter 2	Forecast Outturn Budget Variance at Quarter 3
	(Under) / Overspend	(Under) / Overspend
86A5 Democratic Representation	(£35,000)	(£50,000)
<p>Responsible Officer: Corporate Manager Democratic and Civic Support</p> <p>Members Allowances are expected to be £20,000 less than the budget due to some members undertaking more than one role whilst taking only one allowance.</p> <p>One part time employee left the service and has not been replaced, reducing the pay outturn forecast by £10,000.</p> <p>Income is being generated by sharing Member Services officers with Teignbridge District Council; this arrangement is expected to generate additional income of £20,000 in the current year.</p>		
86A6 Grants/Central Support/Consultation	(£0)	£32,710
<p>Responsible Officer: Programme Manager Communities</p> <p>Grant to Exeter St James Community Trust Ltd, of £50,000, to be covered by New Homes Bonus support.</p>		
86A7 Unapportionable Overheads	(£0)	£63,500
<p>Responsible Officer: Chief Finance Officer</p> <p>Strain payments re Superannuation of £90,000 partially offset by saving against expected additional superannuation payments.</p>		
86B5 Corporate Support	(£35,000)	(£46,000)

Forecast Budget Variances by Management Unit:		
Management Unit	Forecast Outturn Budget Variance at Quarter 2	Forecast Outturn Budget Variance at Quarter 3
	(Under) / Overspend	(Under) / Overspend
<p>Responsible Officer: Corporate Manager Democratic and Civic Support</p> <p>Postage costs are expected to be £28,000 less than the budget.</p> <p>£22,000 rental income will be generated from leasing part of the Civic Centre to the Police.</p> <p>Staff cost savings of £9,000 will arise as a result of an unfilled vacancy.</p> <p>The cost of utilities and other premises costs in the Civic Centre is expected to exceed the budget by £13,000</p>		
86B6 IT Services	(£0)	(£37,000)
<p>Responsible Officer: Chief Finance Officer</p> <p>Benefit accrued from return of surplus anticipated from Strata contract.</p>		
86B7 Strategic Management	(£0)	£84,500
<p>Responsible Officer: Chief Finance Officer</p> <p>Saving against payroll costs £85,000 within Deputy Chief Executive Cost Centre offset by use of consultants on Strategy/Commercialisation projects, £163,500 to be supported from Transformation Earmarked Reserve.</p>		
86B8 Procurement	(£0)	£154,250
<p>Responsible Officer: Chief Finance Officer</p> <p>Delays in forming the Procurement Team have resulted in anticipated savings not being realised £122,690 whilst use of consultants/contractors have more than consumed savings from pay budget £32,000.</p>		

8.4 The total approved budget has risen by £90,000 in Quarter 3 (from £7,925,530 to £8,015,530) to cover the costs of the St Sidwell's Point multi-venue review charged in 86A6 Grants/Central Support/Consultation.

9. How does the decision contribute to the Council's Corporate Plan?

Corporate Committee supports the delivery of all Corporate Plan priorities, and in particular contributes significantly to • *Provide value-for-money services despite continuing central government budget reductions* and • *Lead a well-run council.*

10. What risks are there and how can they be reduced?

An action plan addressing the key areas of budgetary risks within Corporate will be included if and when they arise. Members are reminded of the general risk that, unless otherwise noted, the current outturn forecast expects Services to achieve and deliver the savings included in the budget set in February.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

12. Are there any other options?

No

DAVE HODGSON

Chief Finance Officer

Authors: Mark Neville Smith, Sally Reeve and Adrian Rutter

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275