

**Date:** 5<sup>th</sup> July 2018

**Title:** Report Item 10 – Budget Update Quarter 1

**By:** Councillor Kevin Godden, Lead Member for Finance  
K Larkin (Parish Clerk)

**Purpose:** To report on the financial position of the Council for the three months ending 30<sup>th</sup> June 2018

**Recommendations:** a) To note the projected outturn of the annual 2018/19 budget and explanations of variations  
b) to note the budget virements  
c) to approve the use of reserves to support the budget

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1. Under Council Standing Order 17, the Responsible Financial Officer is required to provide details of the receipts and payments for the quarter, the cumulative receipts and payments to date, the balances held at the end of each quarter and the projected outturn for the year highlighting any actual or potential overspends.
2. At the last meeting, the Council agreed a new set of Standing Orders and Financial Regulations. This report is in-line with the reporting and budget approval requirements set out in these revised documents. The Council accounts for its income and expenditure on a cash basis and not an accruals basis which is reflected in its Annual Governance and Accountability Return.

### **2018/19 Budget**

3. Council approved its 2018/19 budget at the 4<sup>th</sup> January 2018 meeting. This included a forecast for the following three years ending 31<sup>st</sup> March 2022. As part of the budget setting process, the Council also approved a precept for £57,730 for the year ending 31<sup>st</sup> March 2019. A summary of the original 2018/19 budget approved by the Council is set out in the table below with the three-year forecast.

**Table 1 – Budget and Forecast Figures**

| All £                               | Budget  | Forecast |         |         |
|-------------------------------------|---------|----------|---------|---------|
|                                     | 2018/19 | 2019/20  | 2020/21 | 2021/22 |
| Income                              | 62,803  | 61,183   | 61,105  | 61,105  |
| Expenditure                         | -72,575 | -60,330  | -61,325 | -57,490 |
| Net Deficit to be met from Reserves | -9,772  | 853      | -220    | 3,615   |

4. A detailed breakdown and subjective analysis of the budgeted income, precept and expenditure is set out in Appendix A of this report.

#### Income and Expenditure for Quarter 1

5. Under Financial Regulation [6.2.7] all invoices must be brought to Council for approval prior to payment, unless payments are classified as urgent in which case approval may be granted in consultation with the Chairman of the Council, Deputy Chair or the Lead Member for Finance.
6. A summary of these payments that have already been authorised at each Council meeting in this financial year (April and May 2018) and those that are recommended for approval (June 2018) for the last quarter is summarised in the table below. Detail of how these payments are distributed against the 2018/19 budget is shown in Appendix A.

**Table 2 – Summary of Net Income and Expenditure approved by Council**

| All £                 | Profiled Budget<br>2018/19 | Actual Spend<br>to Date |
|-----------------------|----------------------------|-------------------------|
| Total Receipts        | -15,201                    | 36,667                  |
| Less:                 |                            |                         |
| Council Office        | 3,854                      | -3,822                  |
| Professional expenses | 1,130                      | -1,053                  |
| Councillor expenses   | 194                        | -110                    |
| Major Projects        | 6,274                      | -11,649                 |
| Asset Maintenance     | 1,625                      | -1,848                  |
| Services              | 4,568                      | -4,856                  |
| VAT Payments          | -500                       | -3,013                  |
| Total Payments        | 17,144                     | -26,350                 |
|                       |                            |                         |
| Net Surplus/(Deficit) | 1,943                      | 10,317                  |

7. It may be seen that the net figure reconciles with the column in Appendix A regarding net income incurred this for the quarter.

## Budget Virements for Quarter 1

8. The Council's budget is an estimate of planned future income and expenditure and there are some occasions where it makes sense to revise the budget during the year to reflect a known change in activity. This is undertaken by a process called "Budget Virements".
9. The aim of a budget virement is to enable the Council to move budgeted amounts between each of the budget headings, without affecting the overall original 2018/19 budget figure which as a result can more accurately reflect the Council's anticipated net expenditure.
10. As a budget virement impacts on budgets, it is important that there is an audit trail of where the budget head was when the original budget was approved, and the allocation of a budget during the year as it impacts on the monitoring of the overall Council budget (see later in this report), and therefore each budget virement must be formally recorded.
11. Under Financial Regulation [4.2.2], the Council may, where there is essential spending which would otherwise exceed an approved budget, may use a budget virement from other budget heads or from Council Reserves with the approval of Council.
12. The table sets out the following virements that have been approved by Council during the first quarter ending 30th June 2018/19.

**Table 3 – Approved Virements in Quarter 1**

| Details               | £      |
|-----------------------|--------|
| Total Receipts        | 2,000  |
|                       | 0      |
| Council Office        | 0      |
| Professional expenses | 0      |
| Councillor expenses   | 0      |
| Major Projects        | 0      |
| Asset Maintenance     | 0      |
| Services              | 0      |
| VAT Payments          | -2,000 |
| Total                 | 0      |

13. These budget virements are used for the purposes of monitoring the financial decisions made by the Council against its budget. Changes have been made to the 2018/19 budget below and reflected in Appendix A. Any income or expenditure that cannot be met from a budget virement may need to call for the use of Capital Reserves. Where this is the case, this is reflected in Table 5 below.

## Projected Outturn 2018/19

14. The table below sets out the revised budget for 2018/19, which includes agreed budget virements. It also includes the actual income and expenditure incurred to date as well as a prediction of the forecast income and expenditure to be incurred to meet the obligations and requirements of the Council for the current financial year. Any variations between the revised budget and projected outturn is explained in this section.

**Table 4 - Summary of Projected Outturn for 2018/19**

| All £                 | Original Budget 2018/19 | Virements Approved in Quarter | Revised Budget 2018/19 | Income and Expenditure Quarter 1 | Income & Expenditure to be incurred in Year | Projected Outturn 2018/19 |
|-----------------------|-------------------------|-------------------------------|------------------------|----------------------------------|---|---------------------------|
| Income                | 62,803                  |                               | 62,803                 |                                  |   | 62,803                    |
| Payments:             |                         |                               | 0                      |                                  |   | 0                         |
| Council Offices       | -15,415                 |                               | -15,415                |                                  |   | -15,415                   |
| Professional Expenses | -4,520                  |                               | -4,520                 |                                  |   | -4,520                    |
| Councillor Expenses   | -775                    |                               | -775                   |                                  |   | -775                      |
| Major Projects        | -25,095                 |                               | -25,095                |                                  |   | -25,095                   |
| Asset Maintenance     | -6,500                  |                               | -6,500                 |                                  |   | -6,500                    |
| Services              | -18,270                 |                               | -18,270                |                                  |   | -18,270                   |
| VAT on Paymnets       | -2,000                  |                               | -2,000                 |                                  |   | -2,000                    |
| Total Payments        | -72,575                 | 0                             | -72,575                | 0                                | 0   | -72,575                   |
| Net Position          | -9,772                  | 0                             | -9,772                 | 0                                | 0   | -9,772                    |

15. We have set out below an explanation of variations where income received, or expenditure incurred exceeds or is likely to exceed the current budget (after adjusting for budget virements)
- Expenditure incurred exceeds or is likely to exceed the current budget under the following heads: Clerk's salary; pavilion general maintenance; path and highway signs; and general ROW maintenance
  - Expenditure incurred is likely to be less than forecast in respect of the insurance premium (-£511); there is also a question mark over the Friston buildout (-£6,000?) as the Community Match funding scheme seems not to be functioning at present. Other major project monies (War Memorial; pavilion refurbishment) have not yet been allocated.

## Council Reserves

16. Council Reserves are the funds it holds in the bank, cash or investments that are basically its long-term assets. The Council Reserves change where underspends or overspends in the annual budget occur and these variations are applied to these assets.
17. The opening balance of Council Reserves that were predicted at 31<sup>st</sup> March 2018 as part of the budget process for 2018/19 were £31,540 with the assumption that £9,772 would be used to fund net expenditure (expenditure exceeding planned income) in 2018/19, leaving a projected balance of £21,768 at 31<sup>st</sup> March 2019.

18. However, following the closure of the 2017/18 accounts the actual balance of Council Reserves was £40,123.93 at 31<sup>st</sup> March 2018. As a result, we have used this as the starting point in the table below.

**Table 5 – Council Reserves**

| All £                      | Original Budget<br>2018/19 | Revised Outturn<br>2018/19 | Difference |
|----------------------------|----------------------------|----------------------------|------------|
| Balance at 31st March 2018 | 40,124                     | 40,124                     | 0          |
| Income                     | 62,803                     | 62,803                     | 0          |
| Payments                   | -72,575                    | -72,575                    | 0          |
| Balance at 31st March 2019 | 30,352                     | 30,352                     | 0          |

## Appendix A

| Cost Centre   | Account Code                   | Sub Ledger | Original Budget 2018-19 | Budget Virements | Revised Budget 2018/19 | Actual Spend to Date | Estimate of Future Spend | Projected Outturn 2018/19 |
|---------------|--------------------------------|------------|-------------------------|------------------|------------------------|----------------------|--------------------------|---------------------------|
|               | <b>SUMMARY</b>                 |            |                         |                  |                        |                      |                          |                           |
| IZ            | <b>Total Receipts</b>          |            | -62,803                 | 2,000            | -60,803                | 36,667               | 30,839                   | 6,703                     |
|               | Less:                          |            |                         |                  |                        |                      |                          |                           |
| EA            | Council Office                 |            | 15,415                  | 0                | 15,415                 | -3,822               | -10,827                  | 766                       |
| EB            | Professional expenses          |            | 4,520                   | 0                | 4,520                  | -1,053               | -1,502                   | 1,965                     |
| EC            | Councillor expenses            |            | 775                     | 0                | 775                    | -110                 | 0                        | 665                       |
| ED            | Major Projects                 |            | 25,095                  | 0                | 25,095                 | -11,649              | 0                        | 13,446                    |
| EE            | Asset Maintenance              |            | 6,500                   | 0                | 6,500                  | -1,848               | 0                        | 4,652                     |
| EF            | Services                       |            | 18,270                  | 0                | 18,270                 | -4,856               | 0                        | 13,414                    |
| EG            | VAT Payments                   |            | 0                       | -2,000           | -2,000                 | -3,013               | 0                        | -5,013                    |
|               | <b>Total Payments</b>          |            | <b>70,575</b>           | <b>-2,000</b>    | <b>68,575</b>          | <b>-26,350</b>       | <b>-12,329</b>           | <b>29,896</b>             |
|               | <b>Net Surplus/(Deficit)</b>   |            | <b>7,772</b>            | <b>0</b>         | <b>7,772</b>           | <b>10,317</b>        | <b>18,510</b>            | <b>36,599</b>             |
|               | <b>RECEIPTS</b>                |            |                         |                  |                        |                      |                          |                           |
| IZ - Receipts | 900 - Precept                  |            | -57,730                 |                  | -57,730                | 28,865               | 28,865                   | 0                         |
| IZ - Receipts | 901 - Support grant            |            | -198                    |                  | -198                   | 99                   | 99                       | 0                         |
| IZ - Receipts | 902 - Pavilion hires           |            | -1,000                  |                  | -1,000                 | 13                   |                          | -988                      |
| IZ - Receipts | 903 - ESCC verge cutting       |            | -1,500                  |                  | -1,500                 | 0                    | 1,500                    | 0                         |
| IZ - Receipts | 904 - Downlands Way Mtce       |            | 0                       |                  | 0                      | 0                    | 0                        | 0                         |
| IZ - Receipts | 905 - Village Hall rent        |            | -375                    |                  | -375                   | 0                    | 375                      | 0                         |
| IZ - Receipts | 906 - Bonfire                  |            | 0                       |                  | 0                      | 0                    | 0                        | 0                         |
| IZ - Receipts | 907 - Grants                   |            | 0                       |                  | 0                      | 0                    | 0                        | 0                         |
| IZ - Receipts | 908 - Other                    |            | 0                       |                  | 0                      | 3,000                |                          | 3,000                     |
| IZ - Receipts | 909 - Bank Interest            |            |                         |                  |                        | 0                    | 0                        |                           |
| IZ - Receipts | 910 - VAT on receipts/reclaims |            | -2,000                  | 2,000            | 0                      | 4,691                |                          | 4,691                     |
|               | <b>TOTAL RECEIPTS</b>          |            | <b>-62,803</b>          | <b>2,000</b>     | <b>-60,803</b>         | <b>36,667</b>        | <b>30,839</b>            | <b>6,703</b>              |

| Cost Centre            | Account Code                               | Sub Ledger                         | Original Budget 2018-19 | Budget Virements | Revised Budget 2018/19 | Actual Spend to Date | Estimate of Future Spend | Projected Outturn 2018/19 |
|------------------------|--|------------------------------------|-------------------------|------------------|------------------------|----------------------|--------------------------|---------------------------|
|                        | <b>PAYMENTS</b>                            |                                    |                         |                  |                        |                      |                          |                           |
|                        | <b>Council Office</b>                      |                                    |                         |                  |                        |                      |                          |                           |
| EA - Council Office    | 100 - Clerk's salary (Gross)               |                                    | 13,360                  |                  | 13,360                 | -2,994               | -10,827                  | -461                      |
| EA - Council Office    | 101 - Employer's NICS & PAYE               |                                    | 695                     |                  | 695                    | -649                 |                          | 46                        |
| EA - Council Office    | 102 - Clerical support                     |                                    | 0                       |                  | 0                      | 0                    | 0                        | 0                         |
| EA - Council Office    | 103 - Travel expenses                      |                                    | 360                     |                  | 360                    |                      |                          | 360                       |
| EA - Council Office    | 104 - Office phone/broadband/power         |                                    | 250                     |                  | 250                    |                      |                          | 250                       |
| EA - Council Office    | 105 - Office equipment                     |                                    | 600                     |                  | 600                    |                      |                          | 600                       |
| EA - Council Office    | 106 - Commercial printing                  |                                    | 0                       |                  | 0                      |                      |                          | 0                         |
| EA - Council Office    | 107 - Post/stationery/officeprint          |                                    | 150                     |                  | 150                    | -178                 |                          | -28                       |
|                        | <b>Total council office</b>                |                                    | <b>15,415</b>           | <b>0</b>         | <b>15,415</b>          | <b>-3,822</b>        | <b>-10,827</b>           | <b>766</b>                |
|                        | <b>Professional expenses</b>               |                                    |                         |                  |                        |                      |                          |                           |
| EB - Professional Exps | 200 - Insurances                           |                                    | 1,630                   |                  | 1,630                  | 0                    | -1,119                   | 511                       |
| EB - Professional Exps | 201 - Audit fees                           |                                    | 500                     |                  | 500                    | -117                 | -383                     | -0                        |
| EB - Professional Exps | 202 - Village Hall rent                    |                                    | 375                     |                  | 375                    | -375                 | 0                        | 0                         |
| EB - Professional Exps | 203 - Subscriptions                        |                                    | 765                     |                  | 765                    | -560                 |                          | 205                       |
| EB - Professional Exps | 204 - Other fees/clerk's training          |                                    | 500                     |                  | 500                    |                      |                          | 500                       |
| EB - Professional Exps | 205 - Election expenses                    |                                    | 750                     |                  | 750                    |                      |                          | 750                       |
|                        | <b>Total Professional Expenses</b>         |                                    | <b>4,520</b>            | <b>0</b>         | <b>4,520</b>           | <b>-1,053</b>        | <b>-1,502</b>            | <b>1,965</b>              |
|                        | <b>Councillor expenses</b>                 |                                    |                         |                  |                        |                      |                          |                           |
| EC - Councillor Exps   | 300 - Councillors course fees              |                                    | 375                     |                  | 375                    |                      |                          | 375                       |
| EC - Councillor Exps   | 301 - Chair's expenses                     |                                    | 100                     |                  | 100                    | -110                 |                          | -10                       |
| EC - Councillor Exps   | 302 - Councillors expenses                 |                                    | 300                     |                  | 300                    |                      |                          | 300                       |
|                        | <b>Total councillor expenses</b>           |                                    | <b>775</b>              | <b>0</b>         | <b>775</b>             | <b>-110</b>          | <b>0</b>                 | <b>665</b>                |
|                        | <b>Major Projects</b>                      |                                    |                         |                  |                        |                      |                          |                           |
| ED - Major Projects    | 400 - War Memorial                         |                                    | 2,500                   |                  | 2,500                  |                      |                          | 2,500                     |
| ED - Major Projects    | 401 - Pavilion - refurb                    |                                    | 2,000                   |                  | 2,000                  |                      |                          | 2,000                     |
| ED - Major Projects    | 402 - Playground upgrade                   |                                    | 13,595                  |                  | 13,595                 | -11,649              |                          | 1,946                     |
| ED - Major Projects    | 403 - Friston Build-out                    |                                    | 6,000                   |                  | 6,000                  |                      |                          | 6,000                     |
| ED - Major Projects    | 404 - Other projects                       |                                    | 1,000                   |                  | 1,000                  |                      |                          | 1,000                     |
|                        | <b>Total major projects</b>                |                                    | <b>25,095</b>           | <b>0</b>         | <b>25,095</b>          | <b>-11,649</b>       | <b>0</b>                 | <b>13,446</b>             |
|                        | <b>Asset Maintenance</b>                   |                                    |                         |                  |                        |                      |                          |                           |
|                        | <b>Pavilion</b>                            |                                    |                         |                  |                        |                      |                          |                           |
| EE - Asset Maintenance | 500 - Pavilion - refurb                    | Mtce - Pavilion                    | 0                       |                  | 0                      |                      |                          | 0                         |
| EE - Asset Maintenance | 501 - Pavilion - general mtce              | Mtce - Pavilion                    | 500                     |                  | 500                    | -754                 |                          | -254                      |
| EE - Asset Maintenance | 502 - Cleaner's wages                      | Mtce - Pavilion                    | 500                     |                  | 500                    | -199                 |                          | 301                       |
| EE - Asset Maintenance | 503 - Winterisation                        | Mtce - Pavilion                    | 100                     |                  | 100                    |                      |                          | 100                       |
| EE - Asset Maintenance | 504 - Fire extinguisher mtce               | Mtce - Pavilion                    | 100                     |                  | 100                    |                      |                          | 100                       |
| EE - Asset Maintenance | 505 - Utilities                            | Mtce - Pavilion                    | 500                     |                  | 500                    | -132                 |                          | 368                       |
|                        | <b>Total Pavilion</b>                      |                                    | <b>1,700</b>            | <b>0</b>         | <b>1,700</b>           | <b>-1,085</b>        | <b>0</b>                 | <b>615</b>                |
|                        | <b>Sports Ground &amp; Play Area</b>       |                                    |                         |                  |                        |                      |                          |                           |
| EE - Asset Maintenance | 525 - General Mtce                         | Mtce - Sports Ground and Play Area | 500                     |                  | 500                    | -375                 |                          | 125                       |
| EE - Asset Maintenance | 526 - ROSPA inspection                     | Mtce - Sports Ground and Play Area | 200                     |                  | 200                    |                      |                          | 200                       |
| EE - Asset Maintenance | 527 - Safety Surface                       | Mtce - Sports Ground and Play Area | 500                     |                  | 500                    |                      |                          | 500                       |
| EE - Asset Maintenance | 528 - Tennis court equipment               | Mtce - Sports Ground and Play Area | 500                     |                  | 500                    |                      |                          | 500                       |
| EE - Asset Maintenance | 529 - Replacement playground kit           | Mtce - Sports Ground and Play Area | 0                       |                  | 0                      |                      |                          | 0                         |
|                        | <b>Total Sports Ground &amp; Play Area</b> |                                    | <b>1,700</b>            | <b>0</b>         | <b>1,700</b>           | <b>-375</b>          | <b>0</b>                 | <b>1,325</b>              |
|                        | <b>Other Assets</b>                        |                                    |                         |                  |                        |                      |                          |                           |
| EE - Asset Maintenance | 550 - War Memorial                         | Mtce - Other Assets                | 100                     |                  | 100                    |                      |                          | 100                       |
| EE - Asset Maintenance | 551 - Other Village green assets           | Mtce - Other Assets                | 200                     |                  | 200                    |                      |                          | 200                       |
| EE - Asset Maintenance | 552 - Public seats                         | Mtce - Other Assets                | 500                     |                  | 500                    |                      |                          | 500                       |
| EE - Asset Maintenance | 553 - Downlands Way Mtce                   | Mtce - Other Assets                | 500                     |                  | 500                    |                      |                          | 500                       |
| EE - Asset Maintenance | 554 - Friston Pond Mtce                    | Mtce - Other Assets                | 500                     |                  | 500                    |                      |                          | 500                       |
| EE - Asset Maintenance | 555 - Bus shelters- cleaning, mtce         | Mtce - Other Assets                | 1,000                   |                  | 1,000                  | -388                 |                          | 612                       |
| EE - Asset Maintenance | 556 - Notice Boards                        | Mtce - Other Assets                | 100                     |                  | 100                    |                      |                          | 100                       |
| EE - Asset Maintenance | 557 - Minor asset replacement              | Mtce - Other Assets                | 200                     |                  | 200                    |                      |                          | 200                       |
| EE - Asset Maintenance | 558 - Other/provision/project - new bins   | Mtce - Other Assets                | 0                       |                  | 0                      |                      |                          | 0                         |
|                        | <b>Total Other Assets</b>                  |                                    | <b>3,100</b>            | <b>0</b>         | <b>3,100</b>           | <b>-388</b>          | <b>0</b>                 | <b>2,712</b>              |
|                        | <b>Total Asset Maintenance</b>             |                                    | <b>6,500</b>            | <b>0</b>         | <b>6,500</b>           | <b>-1,848</b>        | <b>0</b>                 | <b>4,652</b>              |

