

Date: 5th 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 30th 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

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 4th January 2018 meeting. This included a forecast for the following three years ending 31st March 2022. As part of the budget setting process, the Council also approved a precept for £57,730 for the year ending 31st 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 2018/19	Actual Spend 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 Payments	-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 31st 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 31st March 2019.

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

Table 5 – Council Reserves

All £	Original Budget 2018/19	Revised Outturn 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
	SUMMARY							
IZ	Total Receipts		-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
	Total Payments		70,575	-2,000	68,575	-26,350	-12,329	29,896
	Net Surplus/(Deficit)		7,772	0	7,772	10,317	18,510	36,599
	RECEIPTS							
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
	TOTAL RECEIPTS		-62,803	2,000	-60,803	36,667	30,839	6,703

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
	PAYMENTS							
	Council Office							
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
	Total council office		15,415	0	15,415	-3,822	-10,827	766
	Professional expenses							
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
	Total Professional Expenses		4,520	0	4,520	-1,053	-1,502	1,965
	Councillor expenses							
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
	Total councillor expenses		775	0	775	-110	0	665
	Major Projects							
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
	Total major projects		25,095	0	25,095	-11,649	0	13,446
	Asset Maintenance							
	Pavilion							
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
	Total Pavilion		1,700	0	1,700	-1,085	0	615
	Sports Ground & Play Area							
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
	Total Sports Ground & Play Area		1,700	0	1,700	-375	0	1,325
	Other Assets							
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
	Total Other Assets		3,100	0	3,100	-388	0	2,712
	Total Asset Maintenance		6,500	0	6,500	-1,848	0	4,652

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
	▼							
	Services							
	Mowing:							
EF - Services	600 - PC owned	Services - Mowing	1,330		1,330			1,330
EF - Services	601 - Rec	Services - Mowing	1,760		1,760			1,760
EF - Services	602 - Private	Services - Mowing	2,530		2,530			2,530
EF - Services	603 - Verges (incl Fridays)	Services - Mowing	1,950		1,950	-1,786		164
EF - Services	604 - Extras	Services - Mowing	800		800			800
	Total Mowing		8,370	0	8,370	-1,786	0	6,584
	Other Services							
EF - Services	650 - Donations	Services - Other Services	2,000		2,000			2,000
EF - Services	651 - Commercial printing	Services - Other Services	1,500		1,500			1,500
EF - Services	652 - Public Relations/Services	Services - Other Services	0		0	-398		-398
EF - Services	653 - PC Website	Services - Other Services	1,000		1,000			1,000
EF - Services	654 - Cuckmere Bus	Services - Other Services	2,550		2,550	-566		1,984
EF - Services	655 - Tree Maintenance	Services - Other Services	500		500			500
EF - Services	656 - Village Events	Services - Other Services	500		500	-250		250
EF - Services	657 - Bonfire	Services - Other Services	0		0			0
EF - Services	658 - Dog/litter bins	Services - Other Services	500		500	-188		313
EF - Services	659 - Footpath Maintenance	Services - Other Services	300		300			300
EF - Services	660 - Path & Highway Signs	Services - Other Services	300		300	-535		-235
EF - Services	661 - General ROW Maintenance	Services - Other Services	750		750	-1,133		-383
EF - Services	662 - Other	Services - Other Services	0		0			0
	Total Other Services		9,900	0	9,900	-3,070	0	6,830
	Total Services		18,270	0	18,270	-4,856	0	13,414
	VAT Payments							
EG - VAT Payments	700 - Output Tax				0	-3,015		-3,015
EG - VAT Payments	701 - Input Tax				0	3		3
EG - VAT Payments	702 - Refunds of VAT			-2,000	-2,000			-2,000
EG - VAT Payments	703 - Other				0			0
	Total VAT Payments		0	-2,000	-2,000	-3,013	0	-5,013