

Report to	<b>Governance Committee</b>
Date	<b>18 September 2014</b>
By	<b>Chief Finance Officer</b>
Title of Report	<b>Budget Monitoring Report for Quarter 1, 2014/15</b>
Purpose of Report	<b>To advise the Committee of the forecast financial position of the Authority for 2014/15 as at Quarter 1</b>

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**Recommendation: The Committee is recommended to note the forecast financial position as at Quarter 1**

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## **1. Introduction**

- 1.1 This report sets out the Authority's forecast financial position as at the first quarter of operation in 2014/15. This report includes the Revenue Forecast, the Capital Programme and the Treasury Management position.

## **2. Background**

- 2.1 The Authority approved the revenue budget for 2014/15 on 25 March 2014. The adjusted budget shown in the report reflects the original budget approved by the Authority plus any virements during the financial year. The adjusted budget therefore includes new budgets for the carry forward underspend for specific projects from 2013/14, totalling £764,920 as approved at Policy & Programme Committee on 22 May 2014 and also the carry forward underspending for the Sustainable Communities Fund £374,148.
- 2.2 The capital programme for 2014/15 consists of two schemes: completion of the refurbishment of the South Downs Centre, and the purchase of replacement vehicles.
- 2.3 The Treasury Management Policy Statement and Annual Investment Strategy was adopted by the Authority on 25 March 2014 and sets out the policy and principles used to manage the Authority's investments.

## **3. Revenue Forecast Outturn**

- 3.1 The forecast outturn position as at Quarter 1 is a net overspend of £101,000. Detailed information is found in the following Appendices:

- **Appendix 1** – Revenue forecast outturn by Subject (by expenditure type).
- **Appendix 2** – Revenue forecast outturn by Service Area.
- **Appendix 3** – Revenue Forecast by Purpose and Duty.
- **Appendix 4** - Treasury Management performance compared to benchmarks.

The significant variations are detailed below:

### Expenditure

- 3.2 The direct employee's budget is forecast to overspend by £10,000 arising from the IT Consultant contract being extended to the end of December 2014. The total costs for the IT Consultant is £45,000 but this will be offset by savings of £35,000 on the computer contract.
- 3.3 Supplies and services budgets are projecting a net overspend of £88,000 with the significant variances being as follows:

- An overspend of £22,000 in relation to consultancy to provide ongoing support to the Planning Service and Planning Customer Survey. The support will be required until mid August 2014.
- The IDOX (Planning system) budget is forecast to overspend by £22,000 for 30 additional users licences to enable IDOX to be more widely used across District Councils.
- The Communications Team is forecast to overspend by £21,000 which is in respect of £11,000 for new hosting arrangements for the website and £10,000 for legal protection costs for the National Park visual identity.

There are minor other overspends partially reduced by an underspend of £7,000 for legal fees within Planning.

- 3.4 Third Party Payments budgets are projecting a net underspend of £9,000. This is due to forecast payments to local authorities for joint examination costs being lower than the original budget.

#### Income

- 3.5 Planning fee income is historically unpredictable, but is driven by the prevailing economic climate. For Quarter 1, the forecast is to breakeven at £971,000 income.
- 3.6 Other Grants and Other Income is forecast to under-achieve by £7,000. This relates to the non-recovery of legal fees and reflects the forecast underspend referred to at 3.4.

## **4. Capital Programme**

- 4.1 The capital programme consists of two schemes: the refurbishment of the South Downs Centre and the purchase of replacement vehicles. The forecast outturn is detailed in the table below.

<b>Schemes</b>	<b>Adjusted Budget</b>	<b>Actual To Date</b>	<b>Forecast Outturn</b>	<b>Variance To Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
South Downs Centre	270	209	270	0
Vehicles	60	2	60	0
<b>Total Capital</b>	<b>330</b>	<b>211</b>	<b>330</b>	<b>0</b>

- 4.2 The refurbishment of the South Downs Centre has now been completed and final outturn figures should be available for the next budget monitoring report.
- 4.3 The vehicles budget is for the planned incremental replacement of the old Land Rovers that were inherited from the South Downs Joint Committee.

## **5. Resources**

- 5.1 This report details the position of the Authority's financial resources. Whilst the forecast is currently an overspend position, it is very early in the financial year and mitigating action will be taken where possible to improve the position.

## **6. Risk management**

- 6.1 The monthly monitoring of the Authority's financial position seeks to minimise and manage financial risks. It is essential that all budgets are monitored closely to ensure that the year end figures can be predicted with certainty. Any overspend at year end would need to be funded from the General Reserve with any impact on the working balance being reimbursed in due course. Any underspend at year end could be used to provide one-off resources in

future years. The process for sound budget management is established within the Authority with budget management reports to the Strategic Management Team on a monthly basis as well as continuous budget monitoring by all budget managers supported by finance staff.

**7. Human Rights, Equalities, Health and Safety**

7.1 There are no implications arising from this report.

**8. Sustainability**

8.1 There are no implications arising from this report.

**9. External Consultees**

9.1 None.

**CATHERINE VAUGHAN**

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Appendices:

1. Revenue Forecast Outturn by Subject
2. Revenue Forecast Outturn by Service Area
3. Revenue Forecast Outturn by Corporate Plan
4. Treasury Management performance

SDNPA Consultees: Chief Executive Officer, Strategy and Partnerships, Director of Planning, Director of Operations, Monitoring Officer

Background Documents: None

**REVENUE BUDGET MONITORING 2014/15, AS AT QUARTER I BY SUBJECT**

<b>Expenditure and Income by Subject</b>	<b>Original Budget £'000</b>	<b>Budget Virements £'000</b>	<b>Adjusted Budget £'000</b>	<b>Actual To Date £'000</b>	<b>Forecast Quarter I £'000</b>	<b>Variance To Budget £'000</b>
<b>EXPENDITURE:</b>						
Direct Employees	4,974	163	5,137	1,180	5,147	10
Indirect Employees	212	10	222	13	219	(3)
Premises	369	26	395	28	395	0
Transport	245	3	248	41	256	8
Supplies & Services	2,394	2,849	5,243	854	5,331	88
Third Party Payments	3,427	42	3,469	(815)	3,460	(9)
<b>Total Expenditure</b>	<b>11,621</b>	<b>3,093</b>	<b>14,714</b>	<b>1,301</b>	<b>14,808</b>	<b>94</b>
<b>INCOME:</b>						
National Park Grant	(9,968)	0	(9,968)	(2,479)	(9,968)	0
Other Grants	(492)	(1,621)	(2,113)	(57)	(2,113)	0
Planning Fees	(971)	(1)	(972)	(217)	(972)	0
Other Income	(44)	(12)	(56)	(14)	(49)	7
Investment Income	(20)	0	(20)	0	(20)	0
<b>Total Income</b>	<b>(11,495)</b>	<b>(1,634)</b>	<b>(13,129)</b>	<b>(2,767)</b>	<b>(13,122)</b>	<b>7</b>
<b>Net Budget</b>	<b>126</b>	<b>1,459</b>	<b>1,585</b>	<b>(1,466)</b>	<b>1,686</b>	<b>101</b>
<b>Contribution from Reserves</b>	<b>(126)</b>	<b>(1,459)</b>	<b>(1,585)</b>	<b>0</b>	<b>(1,585)</b>	<b>0</b>
<b>Grand Total</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(1,466)</b>	<b>101</b>	<b>101</b>

**REVENUE BUDGET MONITORING 2014/15, AS AT QUARTER 1 BY SERVICE AREA**

Service Area	Original Budget £'000	Budget Virements £'000	Adjusted Budget £'000	Actual To Date £'000	Forecast Quarter 1 £'000	Variance To Budget £'000	Reason for Material Variance
Chief Executives Service	165	0	165	40	165	0	
<b>Total Costs for Chief Executives Services</b>	<b>165</b>	<b>0</b>	<b>165</b>	<b>40</b>	<b>165</b>	<b>0</b>	
Corporate Services	786	0	786	93	788	2	
Human Resources	255	0	255	43	255	0	
Property Services	671	105	776	218	776	0	
IT Services	646	118	764	201	774	10	IT Consultant
Performance and Planning	288	7	295	60	298	3	Grantfinder Licence
Evidence	31	(2)	29	18	32	3	Mileage
SCF	159	409	568	52	572	4	
Member Services	305	0	305	84	319	14	Mileage, Subs, Hospitality
<b>Total Costs for Corporate Services</b>	<b>3,141</b>	<b>637</b>	<b>3,778</b>	<b>769</b>	<b>3,814</b>	<b>36</b>	
Planning & Information System	501	6	507	94	551	44	Planning Consultant, Idox
Planning Development Mgmt	2,504	(47)	2,457	(824)	2,453	(5)	Mileage
Planning Policy	487	232	719	78	709	(10)	Payments to L.A.
Planning Minerals & Waste	194	57	251	27	250	0	
Sustainable Futures	301	18	319	84	333	13	Smart Project
<b>Total Costs for Planning</b>	<b>3,987</b>	<b>267</b>	<b>4,254</b>	<b>(542)</b>	<b>4,296</b>	<b>42</b>	
Strategy	96	0	96	23	96	0	
People and Places	277	47	324	57	324	0	
Living Landscapes	392	83	475	88	475	0	
Communications	432	82	514	157	536	22	Legal & Website Costs
Mgt Plan & Key Initiatives	0	0	0	10	0	0	
Volunteer Management	35	12	47	25	47	0	

Service Area	Original Budget £'000	Budget Virements £'000	Adjusted Budget £'000	Actual To Date £'000	Forecast Quarter 1 £'000	Variance To Budget £'000	Reason for Material Variance
<b>Total Costs for Strategy and Partnerships</b>	<b>1,232</b>	<b>224</b>	<b>1,456</b>	<b>360</b>	<b>1,478</b>	<b>22</b>	
Access land SDW	116	8	124	22	124	0	
Heathland Project	32	0	32	12	32	0	
Ranger Service	1,096	4	1,100	203	1,100	0	
<b>Total Costs for Operations</b>	<b>1,244</b>	<b>12</b>	<b>1,256</b>	<b>236</b>	<b>1,256</b>	<b>0</b>	
Major Projects	125	320	445	151	445	0	
Purpose and Duty Fund	200	0	200	0	200	0	
<b>NET BUDGET</b>	<b>10,094</b>	<b>1,459</b>	<b>11,553</b>	<b>1,014</b>	<b>11,654</b>	<b>101</b>	
Defra Grant	(9,968)	0	(9,968)	(2,479)	(9,968)	0	
Contribution from Reserves	(126)	(1,459)	(1,585)	0	(1,585)	0	
<b>GRAND TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,466)</b>	<b>101</b>	<b>101</b>	

Budget virements include:

1. Carry forward of allocated Major Projects budgets from 2013/2014 of £286k. (Wood Heaths, LSTF, Learning Through Landscapes, LIDAR, NIA, Forestry Partnership, Alice Holt, Weald and Downland and Linking Communities/Cycling. Please note that the balance of the unallocated Major Projects funding from previous years is held in earmarked reserves.
2. Carry forward of 2013/14 underspend of £765k.
3. Carry forward of SCF fund from 2012/13 of £374k.
4. Short Term Budgets for Wood Heaths, LSTF, Learning Through Landscapes, NIA, Forestry Partnership (Paws), Alice Holt, Weald and Downland, Linking Communities, Community Land Trust (AirS), Leader Transition 2014 and West Sussex Rural Partnership funded from the Major Projects Fund Reserves totalling £159k.
5. Major Projects Budget (£125k) transferred to Reserves.
6. Departmental totals may vary from the Original Budget Report due to technical virements to reflect the restructure and for presentation purposes.

## Agenda Item 9 Report GOV19/14 Appendix 2 continued

The following tables provide a breakdown of the projects within the Major Projects and Purpose and Duty Funds:

### Major Projects Fund

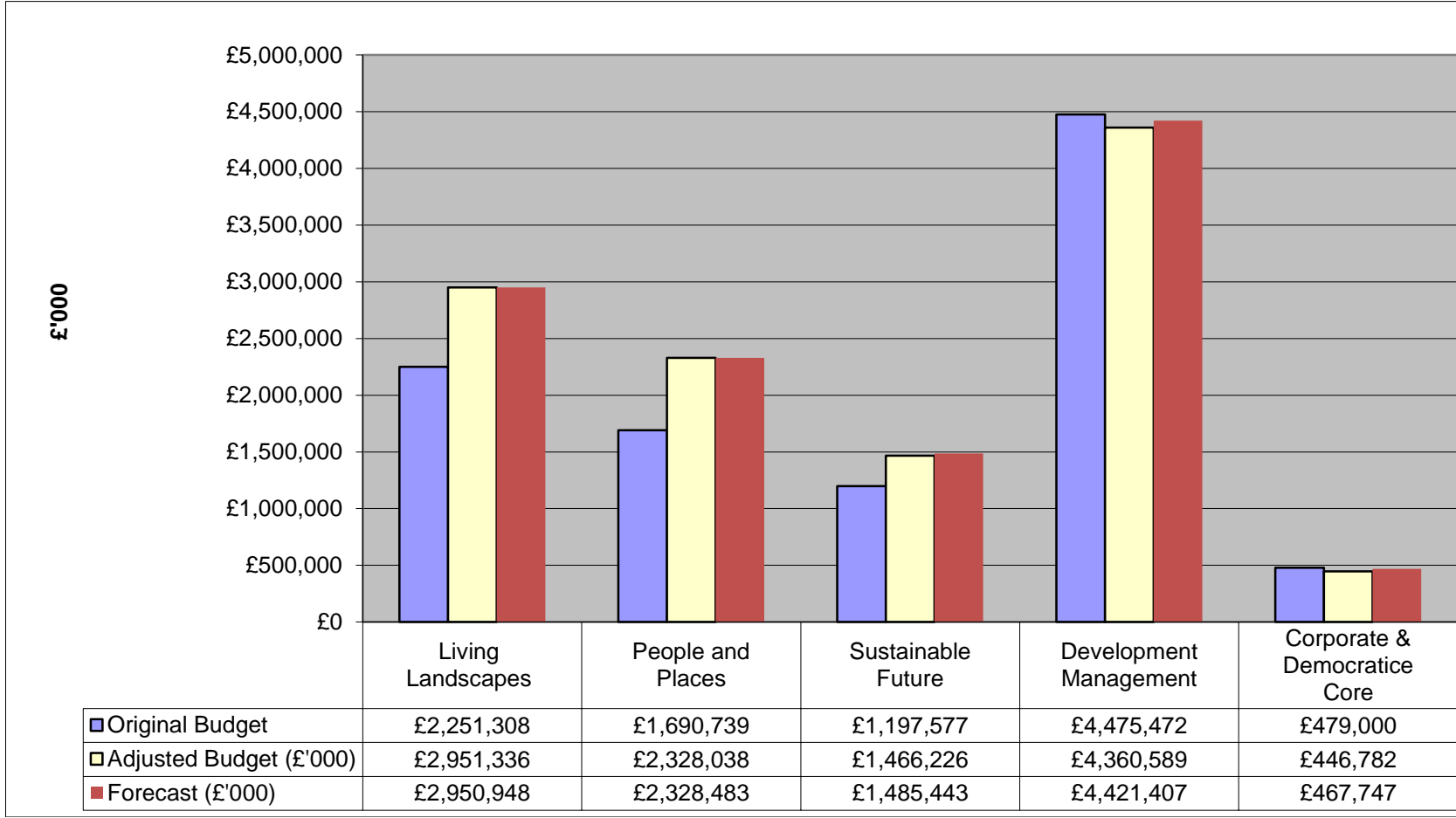
Service Area	Original Budget £'000	Budget Virements £'000	Adjusted Budget £'000	Actual To Date £'000	Forecast Quarter 1 £'000	Variance To Budget £'000	Reason for Material Variance	Potential Carry Forwards to 2015/16 £'000
Major Projects Fund	125	(125)	0	0	0	0		0
Learning thru Landscapes	0	21	21	28	21	0		0
In the High Woods (LIDAR)	0	0	0	26	0	0		0
Nature Improvement Areas	0	91	91	13	91	0		35
PAWS Woodfuel initiative	0	33	33	9	33	0		0
Alice Holt (Forest Enterprise)	0	40	40	30	40	0		0
Local Sustainable Transport Fund (LSTF)	0	104	104	71	104	0		0
Weald & Downland	0	0	0	(4)	0	0		0
Fieldfare Leader Project	0	8	8	0	8	0		0
Linking Communities / Cycling	0	50	50	14	50	0		0
Wooded Heaths	0	40	40	9	40	0		0
Water Vole Reintroduction Project	0	0	0	(45)	0	0		0
Leader (Sussex Downs & Low Weald)	0	8	8	0	8	0		0
Community Land Trust (AirS)	0	25	25	0	25	0		0
West Sussex Partnership	0	25	25	0	25	0		0
<b>NET BUDGET</b>	<b>125</b>	<b>320</b>	<b>445</b>	<b>151</b>	<b>445</b>	<b>0</b>		<b>35</b>

### Purpose and Duty Fund

Service Area	Original Budget £'000	Budget Virements £'000	Adjusted Budget £'000	Actual To Date £'000	Forecast Quarter 1 £'000	Variance To Budget £'000	Reason for Material Variance	Potential Carry Forwards 14/15 £'000
Purpose and Duty Fund	200	-74	126	0	126	0		0
Food and Drink Project	0	25	25	0	25	0		0
Health and Wellbeing Project	0	49	49	0	49	0		0
<b>NET BUDGET</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>		<b>0</b>

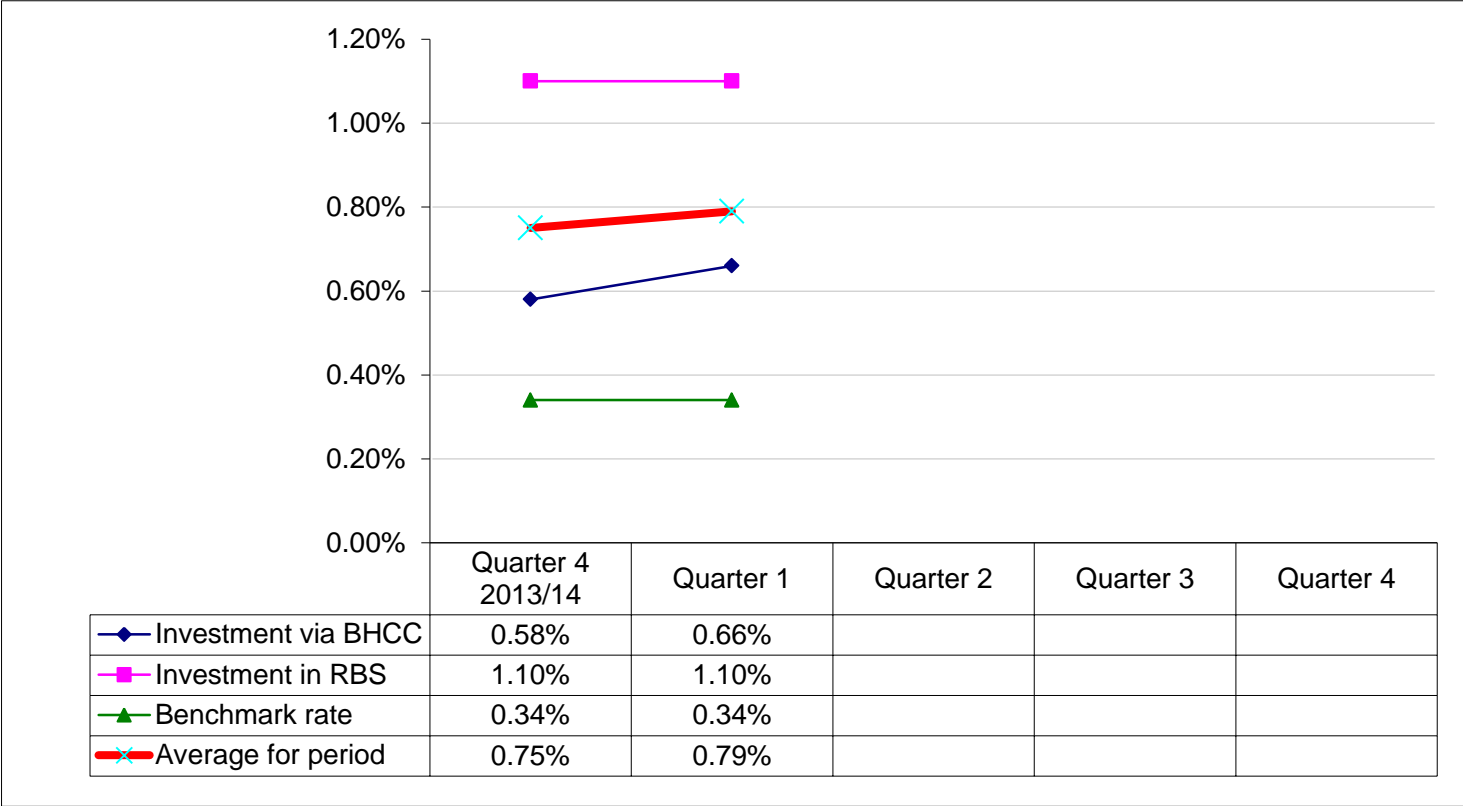


**REVENUE BUDGET MONITORING 2014/2015 AS AT QUARTER I BY PURPOSE AND DUTY**



**TREASURY MANAGEMENT 2014/15, AS AT QUARTER 1**

**Average Interest rate achieved on Investments compared to Benchmark (7-Day LIBID)**



The Royal Bank of Scotland have given notice that they will be reducing their investment rates therefore alternative options are being considered.

**Average amount invested (weighted by amount per day)**

