

MID-YEAR BUDGET MONITORING REPORT

Report of the: Treasurer to the Conservators
Contact: Michael Smith

Annexes/Appendices (attached): Annexe 1 – Mid-year monitoring 2016/17
Annexe 2 – Risk Register 2016/17

Other available papers (not attached): None

REPORT SUMMARY

This report advises the Conservators of income and expenditure in 2016/17 as at 30 September 2016 and seeks guidance on the preparation of the budget and precept for 2017/18. It also provides an updated Risk Register for 2016/17.

RECOMMENDATION (S)

That the Conservators:

- (1) Note the mid-year income and expenditure position as at 30 September 2016.**
- (2) Provide guidance on the preparation of the budget for 2017/18.**
- (3) Note the 2016/17 Risk Register for the Downs.**

Notes

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The Conservators budget for 2016/17 was agreed at the meeting in January 2016.

2 Background

2.1 This report:-

- Informs the Conservators of income and expenditure at mid-year;
- Provides the Conservators with the opportunity to give guidance on the preparation of the 2017/18 budget; and

- Provides an updated Risk Register for the Downs 2016/17.

3 Mid-Year Income and Expenditure

- 3.1 The attached budget monitoring statement at Annexe 1 shows income and expenditure at six months into the financial year (1 April 2016 to 30 September 2016) and provides a forecast of the outturn position for 2016/17.
- 3.2 Net expenditure is forecast at £378,887 compared to the budget of £373,010.
- 3.3 There is a forecast £7,607 use of the working balance.
- 3.4 The working balance stood at £55,628 at 31 March 2016. The latest forecast of the working balance at 31 March 2017 is £48,021.

4 Budget Estimate 2017/18

- 4.1 The final column of Annexe 1 provides a forecast position for 2017/18. This has been prepared ahead of the Council's finalising its service estimates and the figures are provisional.
- 4.2 The indicative budget position for 2017/18 is detailed line by line in Annexe 1, the main changes from 2016/17 are:
 - 4.2.1 An increase in pension contributions from £28,000 to £30,000. A triennial review of our Pension Fund is currently being undertaken by our Actuaries. We anticipate this to have an increase in contributions and therefore have built in a £2,000 increase; and
 - 4.2.2 £4,440 increase in Grounds Maintenance recharge costs reflective of the amount of work anticipated to be undertaken in 2016/17.
- 4.3 The forecast should provide a useful basis to:-
 - Identify the main issues that should be addressed in the budget report in January 2017, and
 - Give early consideration to the recommended precepts for 2017/18 and the options the Conservators would like to have included in the budget report.
- 4.4 The total provisional increase in budget between 2016/17 and 2017/18 is £7,010. This would be a total drawdown of £8,740 from balances should the current precept levels remain the same. The balance at the end of 2017/18 would therefore be estimated as £39,281.

EPSOM AND WALTON DOWNS CONSERVATORS
5 OCTOBER 2016

- 4.5 This clearly leaves a decision in January for if there should be an increased contribution to cover this amount across the 3 preceptors. A 2.35% increase in contributions would create a balanced budget with no budgeted drawdown from balances.
- 4.6 Inflation is currently at 0.6% (August consumer price index) and 1.0% (August retail price index).

5 Financial and Manpower Implications

- 5.1 **Chief Finance Officer's comments:** Precept contributions totalling £371,280 in 2016/17 are being met by the Borough Council (60%), Epsom Racecourse (30%) and the Training Board (10%).
- 5.2 A 2.35% increase would provide additional contributions of £8,725 in 2017/18 being met by the Borough Council (+£5,235), Epsom Racecourse (+£2,617) and the Training Board (+£873).
- 5.3 The financial position of the Council is being presented to Strategy Resources on 27 September 2016. These reports outline the urgent need for delivery of savings and efficiencies to help achieve a balanced budget over the 4 financial years. Therefore options to limit increases in contributions should be explored immediately. Indeed, a review of expenditure, works and income generation should be undertaken to potentially reduce future contributions.
- 5.4 The Repairs and Renewals Fund for vehicles and equipment stood at £34,013 as 31 March 2016. This reserve could be used to release funds to cover in year works or overspends.

6 Risk Assessment

- 6.1 An updated Risk Register is attached at Annexe 2.
- 6.2 The forecast working balance of £55,628 for 2016/17 is considered adequate for the purpose of meeting unforeseen expenditures and providing a stable level of contribution.
- 6.3 The external auditors have completed auditing the 2015/16 accounts and a verbal update as to progress will be given at the meeting. There were no significant recommendations or concerns from the Auditor.

7 Conclusion and Recommendations

- 7.1 The Conservators are requested to note the income and expenditure position at six months.
- 7.2 The Conservators are asked to provide guidance on the preparation of the 2017/18 budget, including any options on precepts needed to maintain a balanced budget and any other options they would like covered in the budget report.

EPSOM AND WALTON DOWNS CONSERVATORS
5 OCTOBER 2016

7.3 The Conservators are also asked to note the updated Risk Register 2016/17.

WARD(S) AFFECTED: