

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/110
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>9<sup>th</sup> August 2017</b>
<b>Title of report:</b>	<b>2017/18 First Quarter Revenue Budget Report</b>
<b>Report by:</b>	<b>Suzanne Bennett</b>
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## 1. Purpose of report

- 1.1 The purpose of this report is to inform the Accountability Board (the Board) of the current year revenue budget forecast outturn position as at the end of the first quarter. In addition, following the Board's approval of an increased contribution to reserves at its meeting held on 26 May 2017, approval is now sought to drawdown those funds to support activity that was previously budgeted to take place in financial year 2016/17.

## 2. Recommendations

- 2.1 Board is asked to:

2.1.1 **Approve** the withdrawal of **£132,000** from reserves and the subsequent equivalent increase in revenue expenditure budgets; and

2.1.2 **Note** the current forecast outturn position.

## 3. Background

- 3.1 Table 1 overleaf details the current forecast outturn spend for the SELEP 2017/18 Revenue Budget. It is currently forecast that spend will be **£124,000** in excess of budget. This over spend is due to £132,000 of additional activity being carried forward from the previous financial year. This activity had been budgeted to take place in 2016/17 and there was an under spend against last year's budget as a result of this slippage.
- 3.2 At the 26 May 2017 meeting of the Board, it was agreed that a contribution of £132,000 would be made to reserves from the 2016/17 under spend with the intention that these monies would be withdrawn in 2017/18 financial year to support the carried forward activity. The activity carried forward can be seen in Table 2 overleaf. The Board is asked to approve this withdrawal now.
- 3.3 The underlying forecast outturn is a £8,000 under spend. This is due to an increase in interest receipts of £45,000 within the general secretariat budget. The forecast external interest receipt has increased due to the early receipt of funding for the A13 Widening project. This increase has been mostly offset by increases to the costs of the ITE contract for additional work to be undertaken to support the next round of GPF allocations.

**Table 1 – 2017/18 Revenue Budget**

	<b>Forecast Outturn - £000</b>	<b>Current Budget - £000</b>	<b>Variance - £000's</b>	<b>Variance - %</b>
Staff salaries and associated costs	553	552	1	0.2%
Staff - non salaries	32	32	-	0.0%
Recharges (incl'd Accountable Body)	74	74	-	0.0%
<b>Total staffing</b>	<b>659</b>	<b>658</b>	<b>1</b>	<b>0.2%</b>
Meetings and administration	47	45	2	4.4%
Communications	40	40	-	0.0%
Chairman's Allowance	20	20	-	0.0%
Consultancy and Sector support	2,063	1,897	166	8.8%
<b>Total other expenditure</b>	<b>2,170</b>	<b>2,002</b>	<b>168</b>	<b>8.4%</b>
<b>Total expenditure</b>	<b>2,829</b>	<b>2,660</b>	<b>169</b>	<b>6.4%</b>
Grant income	(2,184)	(2,184)	-	0.0%
Other OLA contributions	(200)	(200)	-	0.0%
External interest earned	(200)	(155)	(45)	29.0%
<b>Total income</b>	<b>(2,584)</b>	<b>(2,539)</b>	<b>(45)</b>	<b>1.8%</b>
<b>Net expenditure</b>	<b>245</b>	<b>121</b>	<b>124</b>	<b>102.5%</b>
Contributions to/(from) reserves	(121)	(121)	-	0.0%
<b>Net over/(under)spend</b>	<b>124</b>	<b>-</b>	<b>124</b>	<b>100%</b>
Additional draw down from reserves as requested	(132)	-	(132)	100%
<b>Underlying over/(under)spend</b>	<b>(8)</b>	<b>-</b>	<b>(8)</b>	<b>100.0%</b>

- 3.4 The activity carried forward from last year is mainly related to Growth Hubs and the Strategic Economic Plan (SEP) refresh. It is currently expected the full £98,000 of Growth Hub monies will be spent this year as improvements to websites are made from this pot.
- 3.5 £29,000 of SEP funding was not required in 2016/17 and activity has slipped to 2017/18. This was due to delays in releasing the tender for the consultancy support. This contract has now been let and the work is fully underway.
- 3.6 The Skills Funding Agency made available £5,000 for supporting costs of publicising the apprenticeship programmes. This funding was received very close to the end of the financial year, agreements to pass the funding to partners hadn't been reached at that time. These agreements are now all in place.

**Table 2 – consultancy overspend due to activity moved from 2016/17**

	<b>Value - £000</b>
Growth Hub - centrally funded activities	98
SEP costs	29
SFA funded apprenticeships support	5
<b>Total</b>	<b>132</b>

- 3.7 The Secretariat budget is considered to be low risk and large variations are not expected through the year. The secretariat is now largely fully staffed and, aside from Consultancy and Sector Support, staffing makes up the bulk of the budget. The other two major pieces of expenditure are the ITE contract and the contract for supporting the SEP. The costs of these contracts for the year

have been agreed and will now only vary should activity levels change. There is a risk that additional work is needed on the SEP should the Industrial White Paper be fundamentally different from what was put forward at the Green Paper stage, but this risk is recognised in both the forecast outturn and budget provision.

- 3.8 Further work is currently been undertaken by the Accountable Body to review the cash flow and impact on the interest receipts. It is thought that there is potential to increase the value of the forecast interest receipts and this will be updated for the half year report.

#### **Other Specific Grants**

- 3.9 Currently it is forecast that all revenue grants will be spent in line with budgets set. Information on specific grants can be found at Appendix 1. A further application for the next round of Enterprise Zone Commercial Funding has been made but final funding decisions from DCLG are not known at the time of writing.

#### **4. Financial Implications**

- 4.1 The report is authored by the Accountable Body and the recommendations made are considered appropriate.

#### **5. Legal Implications**

- 5.1 None at present.

#### **6. Staffing and other resource implications**

- 6.1 None at present.

#### **7. Equality and Diversity implications**

- 7.1 None at present.

#### **8. List of Appendices**

- 8.1 Details of specific revenue grants for the financial year.

#### **9. List of Background Papers**

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener	13/09/17
On behalf of Margaret Lee	

## South East LEP – Revenue Grants

<b>Name of Grant</b>	<b>Core Funding £'000</b>	<b>GPF Revenue £'000</b>	<b>EZ Commercial Funding £'000</b>	<b>Growth Hubs £'000</b>	<b>TDE Funding £'000</b>	<b>Co- ordinator Funding £'000</b>	<b>Total £'000</b>
Brought forward (April 2017)	-	(2,725)	(27)	-	(26)	-	<b>(2,778)</b>
Additional receipts expected in year	(500)	-	-	(656)	-	(236)	<b>(1,392)</b>
Draw downs planned in year	500	739	27	656	26	236	<b>2,184</b>
<b>Balance to carry forward (March 2018)</b>	<b>-</b>	<b>(1,986)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,986)</b>