

GENERAL FUND REVENUE BUDGET MONITORING REPORT 2016/17 –

POSITION AS AT 30TH NOVEMBER 2016

Summary

The purpose of this report is to provide an update on the Council's General Fund Revenue Budget as at 30th November 2016. The report includes a narrative description of the most significant variances from the profiled latest budget and details any actions required to address these. Appendix A to this report shows the value of the most significant variances (those in excess of £5k) for all of the Council services by Committee and provides a brief explanation for each variance.

1. Background

- 1.1 The Council operates a system of Revenue Budget Monitoring which revolves around the production of detailed monthly monitoring reports for budget holders. Significant variances from the expected budget position at the point of monitoring, both for expenditure and income, are summarised in monitoring reports which are periodically reported to each Programme Committee for information purposes. This report therefore details the findings and issues emerging from budget monitoring carried out to 30th November 2016.
- 1.2 It should be noted that work continues on improving budget profiling across the Council in order that budget profiles more accurately reflect the spending pattern of individual budgets across the financial year. This serves to enhance budget monitoring and focus attention on true variances rather than budget profiling issues. This is a continuous process with budget holders so that the improved profiling continues to refine the budget monitoring system.
- 1.3 Council approved the 2016/17 budget at its meeting on 2nd March 2016. Subsequently on 20th June 2016 the Finance and Democracy Committee approved the Council's outturn position for 2015/16. The impact of those approvals, including savings and growth options approved at Council and slippage from 2015/16 approved by the Finance and Democracy Committee, are now reflected in the Council's financial ledger.

2. Budget Rightsizing Exercise

- 2.1 Since 2011 an annual budget rightsizing exercise has been undertaken to analyse underspends which have occurred over the last 3 financial years and to adjust current and future year budgets to better reflect the level of resource requirement in the context of current financial constraints. This process was undertaken during the autumn of 2016 and the resulting changes to budgets were reflected in the revised Financial Forecast that was presented to the Council in December 2016. These amendments have also now been reflected in the Council's financial ledger. Therefore this report monitors expenditure and income against the updated approved budgets.

3. Budget Areas to Note

As would be expected, because monitoring is being undertaken as a comparison to recently revised budgets, there are only a small number of variances from that revised position to note. The main variances are described below:

i. Employee Costs

The budget forecast which was approved by Budget Council in March 2016 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200k per annum from 2016/17 onwards. The actual savings achieved in relation to direct employee costs for the current year are significantly in excess of this level and consequently the target for the current year was increased to £310k as part of the revised Financial Forecast that was presented to the Council in December 2016. As compared to this revised target the position as at November 30th is a further favourable variance of £39k. This budget will be kept under review during the remainder of the financial year.

ii. Council Tax Costs Recovered

Income is in excess of the budget due to additional court summonses being issued in the first part of the year in respect of Council Tax debts. In 2015/16 there was a reduction in the number of such cases whilst

a legal challenge (to Haringey Council specifically but by extension to all councils in this matter) was resolved. A favourable outturn variance is anticipated.

iii. Planning Application Fee Income

The authority has continued to receive a number of large scale planning applications that have attracted significant application fees. The number of individual planning applications received this year is also notably higher than recent years. This budget will be kept under review during the remainder of the financial year. At this stage a favourable outturn variance is anticipated.

iv. Planning Appeal Hearing Costs

The number of planning inquiries expected in the year has reduced as a result of the method of hearing the appeal being revised or a revised application being approved thereby removing the need for the appeal to proceed. A number of appeals have been delayed and will be heard later in 2017. This budget will be kept under review during the remainder of the financial year. At this stage a favourable outturn variance is anticipated.

v. Car Parking Income

Income levels across most car parks are in excess of the budget, and are also higher than in previous years, as a result of mostly favourable weather during key periods of the season. A favourable outturn variance is anticipated and the budgets in respect of future years will be adjusted to reflect increased income expectations.

4. Conclusions

- 4.1 The updated financial forecast as presented to the Council in December 2016 is an improved position from that considered by the Budget Council in March 2016. The current position is a forecast surplus in the current year and in 2017/18, with deficits in 2018/19 and beyond, albeit at a reduced level since the budget was set. A significant factor in the improved position is the forecast increase in funding receivable from the Business Rate Retention Scheme, including the impact of joining the Lancashire Business Rate Pool in 2017/18.
- 4.2 In light of the budget challenges that will need to be addressed in the later years of the forecast, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contribute to reserves over recent years. Through continued focus on the importance of financial stability the Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period.
- 4.3 Finance staff work continuously with budget holders across the Council, and are heavily reliant upon budget-holders to be able to understand and quantify the potential impact of in-year hotspot variances within their areas of responsibility.
- 4.4 Regular budget monitoring reports such as this one are an integral part of the Council's financial monitoring framework. These are made available on the Councils website.

REVENUE MONITORING 2016/17 - Period 8 to November 30th 2016 (Variances in excess of £5k)

Key	
BLUE	Variance currently showing but expected to be on target at year end
GREEN	Possible Favourable Outturn Variance
AMBER	Possible Adverse Outturn Variance
RED	Projected Adverse Outturn Variance

Service Area	Detailed Description	Full Year Budget	Budget as at Period 8	Actual & Commitments as at Period 8	Variance as at Period 8	FAV / ADV	Variance	Alert	Budget Holder Comments
		£	£	£	£		%		
FINANCE & DEMOCRACY COMMITTEE / CORPORATE CROSS CUTTING BUDGETS									
All Council services	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	8,275,520	5,447,616	5,408,307	-39,309	FAVOURABLE	-0.7%	GREEN	The budget forecast which was approved by Budget Council in March 2016 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200k per annum from 2016/17 onwards. The actual of savings achieved in relation to direct employee costs for the current year to date is in excess of this level and consequently the target for the current year was increased to £310k as part of the revised Financial Forecast that was presented to the Council in December 2016. As compared to this revised target the position as at November 30th is a further favourable variance of £39k. This budget will be kept under review during the remainder of the financial year. At this stage a favourable outturn variance is anticipated.
Council Tax Collection Costs	Council Tax Costs Recovered	-150,000	-100,020	-167,303	-67,283	FAVOURABLE	-67.3%	GREEN	Income is in excess of the budget due to additional court summonses being issued in the first part of the year in respect of Council Tax debts. In 2015/16 there was a reduction in the number of such cases whilst a legal challenge (to Haringey Council specifically but by extension to all councils in this matter) was resolved. A favourable outturn variance is anticipated.
DEVELOPMENT MANAGEMENT COMMITTEE									
Development Management	Planning Application Fees	-700,000	-613,400	-625,533	-12,133	FAVOURABLE	-2.0%	GREEN	The authority has continued to receive a number of large scale planning applications that have attracted significant application fees. The number of individual planning applications received this year is also notably higher than recent years. This budget will be kept under review during the remainder of the financial year. At this stage a favourable outturn variance is anticipated.
Planning Appeals	Planning Appeal Hearing Costs	100,000	42,922	30,020	-12,902	FAVOURABLE	-30.1%	GREEN	The number of planning inquiries expected in the year has reduced as a result of the method of hearing the appeal being revised or a revised application being approved thereby removing the need for the appeal to proceed. A number of appeals have been delayed and will be heard later in 2017. This budget will be kept under review during the remainder of the financial year. At this stage a favourable outturn variance is anticipated.

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		£	£	£	£		%		
ENVIRONMENT HEALTH & HOUSING COMMITTEE									
Residential Park Homes Licensing	Mobile Homes - Annual Licence Fee	-	-	-6,315	-6,315	FAVOURABLE		GREEN	This income arising from the introduction of a new fee new fee for this licence from 2016/17. A favourable outturn variance is anticipated and the budget in respect of future years will be adjusted to reflect this income.
OPERATIONAL MANAGEMENT COMMITTEE									
Car Parks	Car Parking Fees	-544,852	-414,096	-478,230	-64,134	FAVOURABLE	-15.5%	GREEN	Income levels across most car parks are in excess of the budget, and are also higher than in previous years, as a result of mostly favourable weather during key periods of the season. A favourable outturn variance is anticipated and the budgets in respect of future years will be adjusted to reflect increased income expectations.
Computer Services	Purchase of Computer Equipment	108,432	70,136	59,878	-10,258	FAVOURABLE	-14.6%	BLUE	The IT team have had a number of staffing vacancies during the year which has resulted in the rescheduling of expenditure into the latter part of the financial year. It is currently anticipated that the remaining budget will be fully spent by year end in delivering corporate priorities around IT.
	Computer - Other Expenditure	53,644	35,768	16,482	-19,286	FAVOURABLE	-53.9%		