

# GENERAL FUND REVENUE BUDGET MONITORING REPORT 2017/18

## POSITION AS AT 30<sup>TH</sup> NOVEMBER 2017

### Summary

The purpose of this report is to provide an update on the Council's General Fund Revenue Budget as at 30<sup>th</sup> November 2017. 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 30<sup>th</sup> November 2017.
- 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 2017/18 budget at its meeting on 2<sup>nd</sup> March 2017. Subsequently on 19<sup>th</sup> June 2017 the Finance and Democracy Committee approved the Council's outturn position for 2016/17. The impact of those approvals, including savings and growth options approved at Council and slippage from 2016/17 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 2017 and the resulting changes to budgets were reflected in the revised Financial Forecast that was presented to the Council in December 2017. 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 2017 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 this budget will be kept under review during the remainder of the financial year.

#### ii. Reduction in Cemetery and Crematorium Income

Both the number of cremations and of funerals held this year have been below expectations. The income budget has been raised year-on-year as previous income expectations have been exceeded and it is probable that the target has been set at too high a level for 2017/18. The budget for 2017/18 and future years will be reviewed and may be adjusted accordingly as part of the next financial forecast update.

### **iii. Building Control Fee Income**

Total income has exceeded the budget due to an increase in the volume of work carried out. The budget will be adjusted accordingly as part of the next financial forecast update.

## **4. Conclusions**

- 4.1 The updated financial forecast as presented to the Council in December 2017 shows a forecast surplus in the current year and in 2018/19, with deficits in 2019/20 and beyond. 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 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.
- 4.2 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.
- 4.3 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 Council's website.

**REVENUE MONITORING 2017/18 - Period 8 to November 30th November 2017 (Variances in excess of £5K)**

Key

<b>BLUE</b>	Variance currently showing but expected to be on target at year end
<b>GREEN</b>	Favourable variance against latest budget
<b>AMBER</b>	Adverse variance against latest budget
<b>RED</b>	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	Alert	Budget Holder Comments
<b><u>FINANCE &amp; DEMOCRACY COMMITTEE / CORPORATE CROSS CUTTING BUDGETS</u></b>								
All Council services	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	8,399,489	5,696,951	5,658,533	-38,418	FAVOURABLE	<b>GREEN</b>	The budget forecast which was approved by Budget Council in March 2017 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200k per annum. The actual of savings achieved in relation to direct employee costs for the current year to date is in excess of this level. This budget will be kept under review during the remainder of the financial year. At this stage a favourable outturn variance is anticipated.
Miscellaneous Properties	Other Rent	-130,000	-130,000	-136,513	-6,513	FAVOURABLE	<b>GREEN</b>	Total rental income for the year is expected to exceed the budget. The budget will be reviewed as part of the next financial forecast update.
<b><u>TOURISM &amp; LEISURE COMMITTEE</u></b>								
Fylde Tourism	Income - 1940's Lytham Wartime Festival	-8,000	-5,336	-13,230	-7,894	FAVOURABLE	<b>GREEN</b>	Income from the 1940's Weekend has exceeded the budgeted amount due to higher car park revenue over the weekend than was forecast, largely due to favourable weather conditions and consequently higher visitor numbers. In addition the use of the marquee over two nights (which had not been done previously) brought in additional income. The budget will be reviewed as part of the next financial forecast update.
<b><u>ENVIRONMENT, HEALTH &amp; HOUSING COMMITTEE</u></b>								
Community Safety Initiatives	Community Safety Initiatives	41,688	27,800	20,723	-7,077	FAVOURABLE	<b>BLUE</b>	Community Safety initiatives are identified and responded to by the Community Safety Partnership. The budget represents the balance of funding that was originally bequeathed by the former LSP and there is no time constraint on when the money has to be spent by. It is anticipated that not all of this budget may be spent in 2017/18 and that the slippage of a portion of this budget into 2018/19 may requested in the future.

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<b>ENVIRONMENT, HEALTH &amp; HOUSING COMMITTEE(cont'd)</b>								
Cemetery & Crematorium	Interments	-194,000	-129,360	-117,027	12,334	ADVERSE	<b>AMBER</b>	Both the number of cremations and of funerals held this year have been below expectations. The income budget has been raised year-on-year as previous income expectations have been exceeded and it is probable that the target has been set at too high a level for 2017/18. The budget for 2017/18 and future years will be reviewed and may be adjusted accordingly as part of the next financial forecast update.
	Cremations	-1,030,000	-686,804	-613,861	72,944	ADVERSE		
	CAMEO Scheme Income	0	0	-8,666	-8,666	FAVOURABLE	<b>GREEN</b>	The Council has received an unbudgeted payment resulting from the CAMEO scheme (related to the replacement of the cremators a number of years ago to reduce emission levels). The budget will be adjusted accordingly as part of the next financial forecast update.
Community Grants	Community Projects Fund	25,000	16,668	5,088	-11,580	FAVOURABLE	<b>BLUE</b>	Although there have been two rounds of grant award so far this year, with a third planned for early 2018, it is anticipated that not all of this budget may be spent in 2017/18 and that the slippage of a portion of this budget into 2018/19 may requested in the future.
<b>PLANNING COMMITTEE</b>								
Development Management	Consultants Fees	38,000	25,340	7,680	-17,660	FAVOURABLE	<b>BLUE</b>	There are a number of major planning applications outstanding that are likely to require professional input from external consultants before the end of the financial year.
Building Control	Inspection Fee - Dwellings	-8,000	-5,336	-22,248	-16,912	FAVOURABLE	<b>GREEN</b>	Total income has exceeded the budget due to an increase in the volume of work carried out. The budget will be adjusted accordingly as part of the next financial forecast update.
	Building Notice Fee - Dom Ext	-64,000	-42,676	-60,296	-17,620	FAVOURABLE	<b>GREEN</b>	