

GENERAL FUND REVENUE BUDGET MONITORING REPORT 2017/18 –

POSITION AS AT 31ST JULY 2017

Summary

The purpose of this report is to provide an update on the General Fund (GF) Revenue Budget of the Council as at 31st July 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 31st July 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 2nd March 2017. Subsequently on 19th June 2017 the Finance and Democracy Committee approved the financial 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 financial ledger of the Council and therefore this report monitors expenditure and income against the updated approved budgets.

2. Budget Rightsizing Exercise

- 2.1 In 2011/12 The Councils Management Team committed to carrying out an annual budget rightsizing exercise 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 has continued to be undertaken annually and will be repeated during the second quarter of 2017/18. Any resulting changes to budgets will be reflected in later updates to the Councils Financial Forecast.

3. Budget Areas to Note

There are a number of budget areas to note on this General Fund Budget Monitoring report:

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 £200,000 per annum from 2017/18 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a marginally increased level of turnover savings to date. This budget will be kept under review during the remainder of the financial year.

ii. Green Waste Subscription Charges

There has been a higher uptake for the new chargeable green waste collection scheme than was originally forecast and consequently income exceeds the budget for the year. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

iii. Replacement Waste Containers

There has been a need to replenish bin stocks due to increased requests from new build properties, such that the annual budget has almost all been expended. The budget will be kept under review but it is anticipated that an increase will be required later in the year. This expenditure is offset by additional income from the charges levied for new bins as and when they are provided.

iv. Sale of Sand (Sand-winning)

Income from the sale of sand has been higher than the forecast amount and consequently this income budget will be reviewed as part of the budget right-sizing exercise with the intention of increasing the income budget to reflect an increased level of income. The increase may be a consequence of greater levels of activity in the construction industry following a period of relative inactivity.

v. Planning Appeal Costs

A number of planning appeals are expected to be contested later in the year which will result in further costs being incurred. This budget will be kept under review during the remainder of the financial year.

vi. Council Tax and Housing Benefits

There are currently a number of significant variances on the various control accounts in respect of Council Tax and Housing Benefits, particularly Rent Allowance expenditure. However, as the majority of these are directly reimbursed from central government grant a large variance at year end is not currently anticipated and the variances have therefore been excluded from the variance analysis report. The position will be kept under review throughout the remainder of the year and a MTFS adjustment may follow.

4. Conclusions

External pressures outside the Council's control are impacting on all local authorities. Instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies. This approach has a downward impact on costs incurred by the Council and may result in an under-spend against budget this year.

Regular budget monitoring reports are an integral part of the Council's financial monitoring framework. These will be available on the Council's website.

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.

We are still at the early part of 2017/18 and it is therefore not possible to draw any firm conclusions on the in-year financial position. The financial risks facing the Council, as set out in the MTFS to Council in March 2017 still remain. Instructions issued by Management Team that budget holders are to remain prudent in order to build up additional balances are still in place.

REVENUE MONITORING 2017/18 - Period 4 to July 31st 2017 (Variances in excess of £5k)
Appendix A

| | | |
|-----|-------|---|
| 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 4 | Actual & Commitments as at Period 4 | Variance as at Period 4 | FAV / ADV | Variance | Alert | Budget Holder | 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 | 8,459,696 | 2,909,075 | 2,899,162 | -9,913 | FAVOURABLE | -0.3% | GREEN | Corporate | 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 £200,000 per annum from 2017/18 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a marginally increased level of turnover savings to date. This budget will be kept under review during the remainder of the financial year. |
| Legal Services Team | Legal Fees | -7,500 | -2,500 | -9,301 | -6,801 | FAVOURABLE | -272.0% | GREEN | Ian Curtis | This favourable variance arises from an increase in the level of legal fees, which are largely fees that are charged for the preparation of Section 106 Developer agreements. It therefore varies significantly depending on the number of such agreements completed in any given period. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| TOURISM & LEISURE COMMITTEE | | | | | | | | | | |
| Coast and Countryside | Sale of Sand (sandwinning) | -230,000 | -76,728 | -96,952 | -20,224 | FAVOURABLE | -26.4% | GREEN | Estates Asset Manager | The sale of sand has continued on an improving trend which is likely to be related to the increase in activity amongst construction companies following a period of relative inactivity. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| OPERATIONAL MANAGEMENT COMMITTEE | | | | | | | | | | |
| Fylde Waste Schemes | Replacement Waste Containers | 40,000 | 13,344 | 39,253 | 25,909 | ADVERSE | 194.2% | AMBER | Sarah Wilson | There has been a need to replenish bin stocks due to increased requests from new build properties, such that the annual budget has almost all been expended. The budget will be kept under review but it is anticipated that an increase will be required later in the year. This expenditure is offset by additional income from the charges levied for new bins as and when they are provided. |
| | Green Waste Subscription Charge | -300,000 | -300,000 | -408,550 | -108,550 | FAVOURABLE | -36.2% | GREEN | | There has been a higher uptake for the new chargeable green waste collection scheme than was originally forecast and consequently income exceeds the budget for the year. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |

REVENUE MONITORING 2017/18 - Period 4 to July 31st 2017 (Variances in excess of £5k)
Appendix A (cont'd)

| | | |
|-----|--------------|---|
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| Service Area | Detailed Description | Full Year Budget | Budget as at Period 4 | Actual & Commitments as at Period 4 | Variance as at Period 4 | FAV / ADV | Variance | Alert | Budget Holder | Budget Holder Comments |
|--|--------------------------------|------------------|-----------------------|-------------------------------------|-------------------------|------------|----------|-------|------------------------|--|
| | | £ | £ | £ | £ | | % | | | |
| ENVIRONMENT, HEALTH AND HOUSING COMMITTEE | | | | | | | | | | |
| Housing Standards | Disabled Facilities Grant Fees | -35,000 | -11,672 | -21,668 | -9,996 | FAVOURABLE | -85.6% | GREEN | Kirstine Riding | The significant increase in the level of Disabled Facilities Grant funding from central government has the effect of also increasing the level of fees receivable by Fylde Council for the management of grant-funded works as more grants are awarded. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| Pollution Control | Permits - Waste Oil Burners | -3,800 | -1,268 | -6,893 | -5,625 | FAVOURABLE | -443.6% | GREEN | Chris Hambly/Phil Dent | Income is higher than anticipated as a result of the receipt of two new permit applications which are each subject to an application fee. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| Cemetery and Crematorium | Cremations | -1,060,000 | -299,701 | -294,242 | 5,460 | ADVERSE | 1.8% | AMBER | Alan Royston | The number of cremations carried out is marginally below the anticipated level. The income budget will be kept under review but may recover this relatively minor shortfall, given the scale of the annual income budget, during the remainder of the financial year. |
| DEVELOPMENT MANAGEMENT COMMITTEE | | | | | | | | | | |
| Planning Appeals | Planning Application Fees | -775,000 | -340,000 | -333,835 | 6,165 | ADVERSE | 1.8% | AMBER | Mark Evans | Planning application fee income for the period is marginally below the budget. The timing of when applications are made is often difficult to forecast and this shortfall may be recovered during the remainder of the year. The budget will be kept under review. |
| | Planning Appeal Hearing Costs | 80,000 | 26,688 | 1,013 | -25,676 | FAVOURABLE | -96.2% | BLUE | | A number of planning appeals are expected to be contested later in the year which will result in further costs being incurred. This budget will be kept under review during the remainder of the financial year. |