

GENERAL FUND REVENUE BUDGET MONITORING REPORT 2020/21

POSITION AS AT 30TH SEPTEMBER 2020

Summary

The purpose of this report is to provide an update on the General Fund Revenue Budget of the Council as at 30th September 2020. 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 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 September 2020.
- 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 2020/21 budget at its meeting on 4th March 2020. Subsequently on 28th July 2020 the Finance and Democracy Committee approved the financial outturn position for 2019/20. The impact of those approvals, including savings and growth items approved at the Council budget meeting, along with slippage from 2019/20 as approved by the Finance and Democracy Committee, are now reflected in the financial ledger. Therefore, this report monitors expenditure and income against the updated approved budgets for 2020/21.

2. Budget Rightsizing Exercise

- 2.1 For a number of years the Council has carried 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 been repeated during the second quarter of 2020/21 and the resulting changes to budgets will be reflected in later updates to the Councils Financial Forecast.

3. Covid-19 Impact

- 3.1 In the weeks following the setting of the budget for 2020/21, and the revised budget for 2019/20, the impact of the covid outbreak became increasingly apparent. The national 'lock-down' that was implemented in late March was unprecedented and had a substantial impact on both the national and the local economy. However, due to the timing of the commencement of the lock-down (24th March 2020) the effects of that situation for the 2019/20 financial year were limited.
- 3.2 The impact of the covid restriction measures on a number of service areas, and consequently on the Council's financial position for 2020/21, has been much more noticeable, although a range of national funding measures have also been introduced that assist in off-setting some of those negative financial effects.
- 3.3 Under the funding package for councils in respect of reduced sales, fees and charges income announced in July, the government will reimburse a proportion of lost income. Where losses are more than 5% of the

budgeted income from sales, fees and charges, the government will cover them for 75p in every pound lost for the remainder i.e. the council will stand the first 5% of the loss and will be reimbursed for 75% of the remaining 95% of the shortfall. An initial assessment of the losses for the first four months of 2020/21 has recently been submitted with an anticipated receipt of grant in the sum of £0.426m. Further assessment of losses will be submitted later in 2020/21 and the position will be monitored carefully and reflected in future updates to the Financial Forecast.

- 3.4 The financial impact of the restriction measures for the current year, in terms of reduced levels of income and the cost of providing financial assistance to specific local businesses, continues to be carefully monitored. The pandemic has led to significant volatility in both income and expenditure levels across a number of service areas, and number of budget variations resulting from the impact of the covid restriction measures are included within this revenue budget monitoring report, with details of the most significant variations being included within Appendix A.
- 3.5 In addition to the reimbursement for lost income, the government has announced funding allocations of both a general and specific nature to help local authorities manage the spending pressures caused by the covid restrictions. The specific and general grants notified to date are:

Covid Grant Allocation	£000
Specific funding for the employment costs of covid marshals	36
Specific funding to support vulnerable people (food and essential supplies)	74
Specific funding for the prevention of outbreaks of infectious diseases	109
Specific funding for Council Tax Hardship Relief – awards of £150 per claimant - plus other discretionary relief awards	586
General / non-specific funding for Covid related pressures	963
Total	1,768

These will also be reflected in future updates to the Financial Forecast.

- 3.6 All Local Authorities are required to complete monthly government returns estimating the overall financial impact of the covid situation on their finances. Alongside all of the adverse financial impacts noted within the analysis at Appendix A, the single most significant anticipated consequence that is included within the Fylde Council return is the reduction in the collection of Council Tax and Business Rates for the year. Collection rates for 2020/21 are lower for the year to date than at this point in previous years and are being carefully monitored. It is possible that collection rates may improve through the remainder of the year. Similarly it is not clear at this stage how much of the council tax and business rate debt will prove to be uncollectable and will ultimately be written off at a cost to the council and the other major preceptors.

4. Conclusions

This year has seen particular volatility in expenditure and income levels as the impact of the covid restriction measures on the financial position of the Council for 2020/21, and possibly beyond, together with the potential for future general reductions in central government funding from 2021/22 onwards, requires that the Council continue the approach to continually seek opportunities to achieve savings and efficiencies to enable a balanced budget position and financial stability.

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

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 wherever possible.

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 at the mid-point of the 2020/21 financial year and much uncertainty exists with respect to the remainder of the year. Therefore, it is 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 2020 remain alongside the significant addition risks presented by the pandemic. Instructions issued by Management Team that budget holders remain prudent are still in place, and the overall financial position of the council will be captured in the next update of the financial forecast in the Medium Term Financial Strategy which will be presented to members in the forthcoming committee cycle.

REVENUE MONITORING 2020/21 - Period 6 to September 30th 2020 (Variances in excess of £5K)

Appendix A

Key

BLUE	Variance currently showing but expected to be on target at year end
GREEN	Favourable variance against latest budget
AMBER	Adverse variance against latest budget
RED	Projected adverse outturn variance

Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual as at Period 6	Commitments at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	FAV / ADV	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	9,024,704	4,669,520	4,588,679	24,059	4,612,738	-56,782	FAVOURABLE	GREEN	The budget forecast which was approved by Council in March 2020 assumes Employee Cost Savings (including vacancy savings arising from delays in the recruitment to vacant posts) of £300,000 per annum from 2020/21 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a level of savings in excess of this. This budget will be kept under review during the remainder of the financial year and may be adjusted as part of the budget right-sizing exercise.
Human Resources	Training Expenses - qualifications	15,000	7,500	0	0	0	-7,500	FAVOURABLE	GREEN	The delivery of this training has been delayed due to covid restrictions. Some slippage of the budget into 2021/22 may be required if delivery of the training is delayed beyond year end as the training is still necessary.
Legal Services Team	Legal Fees and Court Costs	10,000	5,002	13,695	130	13,825	8,823	ADVERSE	RED	Legal costs relating to a business rates case were awarded against the council leading to his adverse variance. This will be addressed as part of the budget right-sizing exercise.
Mayoralty	Mayoral Chauffeur/Assistant	19,485	9,747	102	0	102	-9,645	FAVOURABLE	GREEN	There have been no Mayoral engagements during the year due to covid restrictions and consequently little expenditure has been incurred to date. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Council Tax Collection Costs	Council Tax Costs Recovered	-200,000	-100,040	5,594	0	5,594	105,634	ADVERSE	RED	Magistrates Courts have not been sitting due to the covid situation. It is possible that no income in relation to the recovery of court costs will be received for 2020/21. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
TOURISM AND LEISURE COMMITTEE										
Fairhaven Lake and Gardens	Games Site Fees	-70,000	-35,014	0	0	0	35,014	ADVERSE	RED	The games sites and boat hire at Fairhaven Lake have not been operating due to the covid restrictions and therefore no income has been generated. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Management of the Arts	Festival Support/Club Days	10,800	5,400	0	0	0	-5,400	FAVOURABLE	GREEN	The planned festivals, club days and other tourism related events have been cancelled due to covid restrictions and therefore no expenditure has been incurred, nor income generated, in respect of these events. There is a net favourable variance of £23k across all such events. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Fylde Tourism	1940's Lytham Wartime Festival	35,000	17,504	1,250	0	1,250	-16,254	FAVOURABLE		
Fylde Tourism	Kite Festival	30,000	30,000	0	0	0	-30,000	FAVOURABLE		
Fylde Tourism	Income - 1940's Lytham Wartime Festival	-18,000	-9,004	0	0	0	9,004	ADVERSE		
Fylde Tourism	Income - Kite Festival	-20,000	-20,000	0	0	0	20,000	ADVERSE	RED	Rent reductions in respect of a range of Council-owned sites and concessions, resulting from the lack of trading activity due to the covid restrictions, have been approved by the Tourism and Leisure Committee at the meeting of September 2020. Additionally income from the Council share of ticket receipts in respect of the Lytham Festival have also been lost for 2020/21. It is anticipated that rental income shortfalls may increase further during the remainder of the financial year. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Miscellaneous Properties	Café Rents	-22,000	-11,006	0	0	0	11,006	ADVERSE		
	Other Rent and Receipts	-202,420	-101,250	-4,283	0	-4,283	96,967	ADVERSE		
Pleasure Island/Salters Wharf	Rent of Stands/Site	-69,263	-34,645	0	0	0	34,645	ADVERSE	RED	It has been necessary to purchase additional personal protective equipment (PPE) in order to adhere to covid regulations. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Carr Bridge Wood Caravan Site	Rent of Stands/Site	-28,250	-14,132	0	0	0	14,132	ADVERSE		
5 Moor Street, Kirkham	Rent of Rooms	-11,200	-5,602	0	0	0	5,602	ADVERSE	RED	Consultant fees have been incurred in relation to the possible re-commencement of sand-winning activities. A report will be presented to a future meeting of the Operational Management Committee to provide full details in this regard.
St. Annes-Parks (Strategic)	Protective Clothing Purchase/Replacement	1,845	924	5,553	2,512	8,064	7,140	ADVERSE		
Coast and Countryside	Consultants Fees	0	0	6,388	1,789	8,178	8,178	ADVERSE	RED	

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OPERATIONAL MANAGEMENT COMMITTEE										
Fylde Waste Schemes	Protective Clothing Purchase/Replacement	12,000	6,000	9,825	2,645	12,470	6,470	ADVERSE	RED	It has been necessary to purchase additional PPE in order to adhere to covid regulations. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
	Bulky Waste Collection	35,000	17,508	-459	0	-459	-17,967	FAVOURABLE	GREEN	These services have been suspended due to covid restrictions and the partnership arrangement with the external provider has terminated as a consequence. Therefore no income has been generated nor costs incurred to date. A revised form of these services is currently being considered and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
	Household Refuse Special Collection	-40,000	-20,006	142	0	142	20,148	ADVERSE	RED	
	Green Waste Subscription Charge	-545,000	-545,000	-572,610	0	-572,610	-27,610	FAVOURABLE	GREEN	There has been an increase in the level of subscriptions for the green waste collection service, believed to be as a result of additional home gardening activity during the period of covid restrictions. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Trade Waste Service	LCC-Landfill Levy/Tipping Charges	158,000	79,032	32,440	0	32,440	-46,592	FAVOURABLE	GREEN	The suspension of trade waste collection services during the period of covid restrictions has resulted in a reduced requirement for waste disposal/tipping, but also reduced income receipts. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
	Bulk Bin Collection Charges	-161,000	-161,000	-134,414	0	-134,414	26,586	ADVERSE	RED	
	Bulk Bin Disposal Charges	-165,000	-165,000	-131,124	0	-131,124	33,876	ADVERSE	RED	
Recycling Project	Purchase of Hessian Sacks	18,500	9,252	0	0	0	-9,252	FAVOURABLE	GREEN	This project has been delayed due to covid restrictions and therefore there has been no income nor expenditure to date. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
	LCC - Recycling Grant	-20,600	-10,304	0	0	0	10,304	ADVERSE	RED	
Fleet & Plant	FMS Materials	165,670	82,941	48,041	4,675	52,716	-30,225	FAVOURABLE	GREEN	There are a number of favourable variances in respect of vehicle costs. Some are due to the fact that a number of vehicles have been acquired in the past 24 months, replacing older and more expensive to maintain vehicles. Additionally fuel costs for the first part of the year have been lower than anticipated as a result of reduced the demand for, and the cost of fuel, due to covid restrictions. Hired transport has not been used as much as in previous years as a result of Fylde Council being exempted from testing HGV vehicles following recognition of the Council as a good operator for this financial year. These budgets will be kept under review during the remainder of the financial year and adjusted as necessary as part of the budget right-sizing exercise.
	Repairs by Commercial Garages	43,400	21,806	10,892	3,124	14,015	-7,791	FAVOURABLE		
	Fuel	330,595	165,403	121,948	917	122,866	-42,537	FAVOURABLE		
	Hire of Transport	63,357	31,688	13,736	5,569	19,305	-12,383	FAVOURABLE		
The Island Car Park	Car Parking Fees - St Annes Pool	15,000	7,500	0	18,800	18,800	11,300	ADVERSE	RED	As the swimming pool has been closed due to covid restrictions no fee refunds have been required. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Car Parking Fees	Car Parking Fees	-679,278	-339,773	-302,527	0	-302,527	37,246	ADVERSE	RED	Car park income is reduced as a result of the covid restrictions on travel. Due to the good weather later in the year and as restrictions were eased, the earlier losses have been recouped to an extent. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Land Charges	Land Charges - CON29 Fees	-52,000	-26,008	-15,073	0	-15,073	10,935	ADVERSE	RED	Land Charges fee income is reduced as a result of the covid restrictions which have delayed many planned property transactions. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Other Miscellaneous Repairs	Other Miscellaneous Repairs	201,230	100,664	42,915	32,513	75,428	-25,236	FAVOURABLE	BLUE	Some planned maintenance works have been delayed due to covid restrictions. The service is now focussing on bringing the planned works schedule back on course.
Computer Services	Purchase of Computer Equipment / IT Infrastructure maintenance / other IT expenditure	345,170	172,652	67,896	44,884	112,781	-59,872	FAVOURABLE	GREEN	An underspend is currently recorded against the profiled budget, however with an essential infrastructure improvement project identified in response to the challenges of additional required capacity for remote working and to future proof our virtual desktop estate due to commence imminently alongside our commitment to business continuity, data centre upgrade and networking provision at the delayed Snowdon Road Parks Building work then we expect variances to normalise in the next period.

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ENVIRONMENT, HEALTH & HOUSING COMMITTEE										
Homelessness	Void Loss/Recharge Costs	14,290	7,150	-6,000	0	-6,000	-13,150	FAVOURABLE	GREEN	This budget relates to void loss from the temporary units managed by Progress Housing Association. Due to current levels of demand for temporary accommodation, voids have been kept to a minimum and as soon as properties are returned by Progress Housing and ready to let they have been re-occupied, resulting in this favourable variance. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
Cemetery and Crematorium	Miscellaneous Materials	1,375	690	7,668	121	7,789	7,099	ADVERSE	RED	It has been necessary to purchase additional personal protective equipment (PPE) in order to adhere to covid regulations. The budgets will be adjusted as necessary as part of the budget right-sizing exercise.
	Interments	-200,000	-100,038	-72,455	0	-72,455	27,583	ADVERSE	RED	There has been a reduced demand for services from residents outside of the borough, thought to be due to the restrictions on the number of mourners at ceremonies. Additionally the demand for memorials has been reduced, again partly as a result on the covid restrictions which have reduced the availability of memorials, at least temporarily. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.
	Cremations	-1,140,000	-570,222	-525,224	0	-525,224	44,998	ADVERSE		
	Memorial Income	-40,000	-20,008	-11,509	0	-11,509	8,499	ADVERSE		
Community Grants	Community Projects Fund	20,000	10,004	3,644	0	3,644	-6,360	FAVOURABLE	GREEN	There has been a reduced level of applications to the fund due to other priorities from would-be applicants due to the covid situation. The availability of the fund continues to be promoted and applications may increase in the latter part of the year.
Taxi Licensing	Private Hire Vehicle Licences	-35,296	-17,654	-11,429	0	-11,429	6,226	ADVERSE	RED	Due to covid restrictions many vehicle proprietors took the decision not to renew licences and some vehicles were taken off the road, reducing the amount of income received for the year. Re-licensing of those vehicles is now slowly taking place. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.

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PLANNING COMMITTEE										
Development Management	Consultants Fees	25,000	12,504	-3,000	2,250	-750	-13,254	FAVOURABLE	BLUE	The number of major planning applications received during the year to date is lower than normally expected, presumably as a result of developers not taking projects forward due to the economic uncertainties caused by the covid pandemic. Enquiries about major development sites are now beginning to increase and the budget will continue to be closely monitored. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose.
	Planning Application Fees	-675,000	-337,638	-193,088	0	-193,088	144,550	ADVERSE	RED	The number of major planning applications received during the year to date is lower than normally expected, presumably as a result of developers not taking projects forward due to the economic uncertainties caused by the covid pandemic. Initial indications of economic recovery suggest that the development industry appears to be returning strongly and that some of the reduction in income may be recovered in the second half of the year. The budget will continue to be closely monitored. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose.
	Pre-Planning Advice Fees	0	0	-6,208	0	-6,208	-6,208	FAVOURABLE	GREEN	Charges for pre-application advice have only recently expanded and so it has not been possible to establish the level of fee income that should be expected. Budgets will be amended to reflect expected income as part of the budget right-sizing exercise.
Planning Appeals	Planning Appeal Hearing Costs	75,390	37,695	0	0	0	-37,695	FAVOURABLE	GREEN	The covid pandemic has resulted in all planning appeals being placed on hold. Consequently no expenditure has been incurred in relation to appeals to date. The budget will continue to be monitored over the remainder of the year, but the reduction in major applications during the first part of the year may present an opportunity to deliver a favourable variance at year end.
Planning Enforcement	Enforcement Costs	30,000	15,004	0	0	0	-15,004	FAVOURABLE	GREEN	Court action regarding a specific case has been suspended due to the covid pandemic. As the courts reopen for business this funding will be required in due course, although expenditure may be delayed as the courts recover from their backlog of cases. The budget will continue to be monitored over the remainder of the year.
Planning Policy	Local Development Framework Costs	15,000	7,504	0	0	0	-7,504	FAVOURABLE	BLUE	The review of the local plan has been delayed due to not being able to carry out public consultation exercises during the period of covid restrictions. The local plan submission is to be considered by the Planning Committee in October 2020 with submission by the end of October 2020. The budget will be required during the second half of the year with potential slippage into 2021/22 depending on the progress of the local plan examination.
Building Control	Fee Income	-175,000	-87,534	-69,875	0	-69,875	17,659	ADVERSE	RED	Building Control fee income is reduced as a result of the covid restrictions which have delayed many planned building and development projects. It is expected that the loss of income will be partly offset by specific government covid grant for this purpose and the budgets will be adjusted as necessary as part of the budget right-sizing exercise.