

Revenue Monitoring Report 2018/19 – Quarter 3 (to 30 December 2018)

REPORT TO EXECUTIVE



DATE	11 February 2019
PORTFOLIO	Resources and Performance Management
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PURPOSE

1. To report the forecast outturn position for the year as at 31 March 2019 based upon actual spending and income to **30 December 2018**.

RECOMMENDATION

2. The Executive is asked to:
 - a. Note the projected revenue budget forecast breakeven position, see Revenue Budget Summary and detailed Service Reports below and Appendix 2.

The Executive is also asked to seek approval from Full Council for:

- b. The latest revised budget of £15.090m as shown in Appendix 1, and
- c. The net transfers from earmarked reserves of £0.014m as shown in Appendix 3.
- d. The carry forward of forecast unspent budgets as requested by Heads of Service in Appendix 4. These amounts totalling £52k to be transferred into the transformation reserve and transferred back out to create additional revenue budgets in 2019/20 or when required.

REASONS FOR RECOMMENDATION

3. To give consideration to the level of revenue spending and income in 2018/19 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position.

SUMMARY OF KEY POINTS

4. **Revenue Budget Monitoring Process**

There are three in-year reports on revenue budget monitoring presented to the Executive and Scrutiny Committee during the course of the financial year. This is the third in-year report for 2018/19. In addition to these three reports there is a final combined report for

revenue and capital to consider the actual spending at the end of the financial year compared with the revised revenue and capital budgets. Under the scheme of delegation each budget area is delegated to a Head of Service who remains accountable for the effective discharge of financial management as an integral part of achieving strategic objectives and in turn meeting service delivery priorities.

All Heads of Service have been asked to consider their budgets and provide information and details of any actual or anticipated significant variations between spending / income and budgets.

5. Budget Changes

Since the budget was approved, the following proposed budget changes have been made and are shown in Appendix 1:

- Virements approved by Heads of Service and Management Team.
- Decisions confirming additional awards of grant and contributions up to £50k approved by Heads of Service and Management Team.
- Executive Member for Resources and Performance Management decisions confirming additional awards of grant and contribution over £50k.
- Decisions made by the Executive.

Members are asked to approve the latest revised budget of £15.090m as shown in Appendix 1.

6. Revenue Budget Summary

As at the end of December 2018, the overall financial position is currently projected to breakeven, as shown in the table below:

	Latest Revised Budget £'000s	Forecast Outturn £'000s	Variance £'000s
Pay	9,026	8,980	(46)
Other revenue budgets	7,186	7,059	(127)
In-year efficiency savings target	(250)	(77)	173
Reserves	(872)	(872)	-
	15,090	15,090	-
Financed by:			
Council Tax	(6,739)	(6,739)	-
Business Rates	(5,473)	(5,473)	-
Revenue Support Grant	(2,228)	(2,228)	-
New Homes Bonus	(561)	(561)	-
Council Tax surplus	(89)	(89)	-
Forecast (under) / over spend as at end of December 2018	-	-	-

Salary Savings Target

In setting the budget for 2018/19, it was assumed that £150k would be saved by not filling posts immediately. The latest position is that £221k of salary savings have been secured to date, exceeding the target for the financial year by **£71k**. As the

non-salary savings target has not yet been met the excess salary saving will be used to offset any shortfall.

Non-salary Savings Target

It was also agreed that there would be an in-year efficiency savings / additional income target of £250k. The latest position is that £173k of non-salary savings have been secured to date, leaving a shortfall of **£77k** to identify during the remainder of the year. The £71k of additional salary saving will be used, if required, leaving a shortfall of £6k. It is forecast at this stage that this target will be achieved; however this will be monitored closely throughout the year.

7. Service Reports

The following tables show the Council's service units and their corresponding current forecast outturn position in comparison to their revised budget and the previously reported variance.

a. Management Team

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Management Team	333	333	333	-	-	-
Total	333	333	333	-	-	-

There are no variances or issues of concern to report in this quarter.

b. Policy and Engagement

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Emergency Planning	2	2	2	-	-	-
Communications	80	77	76	(1)	(1)	-
Community Engagement	204	229	228	(1)	-	(1)
Performance & Policy	113	124	124	-	-	-
Management & Admin	70	45	45	-	-	-
Total	469	477	475	(2)	(1)	(1)

A (£1k) saving on Team Awards has been achieved

c. People and Development

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
People & Development	250	258	258	-	-	-
Total	250	258	258	-	-	-

There are no variances or issues of concern to report in this quarter.

d. Green Spaces and Amenities

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Bereavement Service	(850)	(924)	(924)	-	-	-
Parks & Green Spaces	1,506	1,515	1,515	-	-	-
Art Gallery & Museum	223	253	253	-	-	-
Transport	73	73	73	-	-	-
Total	952	917	917	-	-	-

Income continues to be closely monitored during the year to enable early identification of areas where a forecasted shortfall of excess of income within the year so that remedial action can be taken. There is nothing to report at this stage and income is expected to meet the targets set.

e. Legal & Democratic Services

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Legal Services	293	251	215	(36)	(38)	2
Governance	788	773	761	(12)	(12)	-
Total	1,081	1,024	976	(48)	(50)	2

Additional salary savings of £8k have been identified, being a £5k Agency budget, and a £3k maternity saving.

Additional small overspends within Legal Service totalling **£2k** have been identified and declared in quarter 3.

f. Finance and Property

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Finance Unit	711	735	735	-	-	-
Property	(353)	(377)	(303)	74	74	-
External Audit	65	65	65	-	-	-
Mortgages / HA Loans	(61)	(61)	(61)	-	-	-
Misc Income & Expend	(10)	(10)	(10)	-	-	-
Treasury	935	935	905	(30)	(10)	(20)
Total	1,287	1,287	1,331	44	64	(20)

Additional salary savings of (£29k) relating to the vacant Principal Accountant and Finance Manager posts, along with Consultancy savings. This is a one-off saving and has been picked up in budget setting for 2019/20

Rental income from the Council's investment properties continues to be closely monitored during the year, with the anticipated shortfall still at £74k.

Treasury costs continue to be monitored closely during the year. Interest receivable is forecast to be **(£20k)** surplus, due to investments in Property Funds, bringing the revised forecast for Treasury to (£30k) surplus

g. Revenues and Benefits

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Revs & Bens Client	(391)	(382)	(382)	-	-	-
HB Payments/Subsidy	(74)	(74)	(74)	-	-	-
Council Tax Support	(165)	(165)	(165)	-	-	-
Cost of Collection	(703)	(703)	(703)	-	-	-
Total	(1,333)	(1,324)	(1,324)	-	-	-

Caseload numbers continue to reduce due to Universal Credit. This has resulted in a reduction in the amount of housing benefit payments made to claimants during the year with a corresponding reduction in housing benefit subsidy received from the Department for Work & Pensions. This will continue to be closely monitored during the year.

h. Leisure Trust Client

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Mechanics & Arts	47	47	47	-	-	-
Leisure Centres	557	556	556	-	-	-
Total	604	603	603	-	-	-

There are no variances or issues of concern to report in this quarter.

i. Streetscene

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Engineering Services	120	126	126	-	-	-
Community Safety	245	254	254	-	-	-
Car Parking	(565)	(568)	(547)	21	7	14
CCTV	137	139	131	(8)	(8)	-
Environmental Servs	2,737	2,756	2,751	(5)	-	(5)
Regulation	(244)	(240)	(240)	-	-	-
Management & Admin	725	705	705	-	-	-
Total	3,155	3,172	3,180	8	(1)	9

There is an additional forecast shortfall in income of **£14k** in relation to car parking enforcement income, bringing the total shortfall to £21k.

Additional income of **(£5k)** for Court Costs has been forecast within Backyard Clearance.

j. Housing and Development Control

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Housing	413	572	552	(20)	-	(20)
Development Control	(68)	(68)	(41)	27	-	27
Building Control	83	83	78	(5)	-	(5)
Selective Licensing	(49)	(49)	(49)	-	-	-
Total	379	538	540	2	-	2

Additional income of **(£20k)** has been achieved, through Civil Penalty Notice charges being raised.

A shortfall Development Control income of **£27k** is based on Planning Fees and Pre Planning Application anticipating a £30k shortfall. A small software saving of (£3k) has been identified in year. Planning Fees will be closely monitored until year end.

Building Control contribution to Blackburn with Darwen is anticipated to be **(£5k)** less than budget.

k. **Economy and Growth**

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Markets	91	106	106	-	-	-
Planning Policy	198	203	203	-	-	-
Economic Devt	472	498	498	-	-	-
Regeneration Devt	520	190	220	30	30	-
Management & Admin	123	138	138	-	-	-
Total	1,404	1,135	1,165	30	30	-

A projected shortfall in income of £30k in relation to the Vision Park Development was reported in quarter 1.

It is also worth noting the Market Hall income is similarly volatile and difficult to predict. Economy & Growth, together with the Finance Business Partner, will continue to monitor the position and are actively marketing vacant units. Works to address the ventilation problems in the market are current underway and will assist in the retention of existing market holders whilst making it more attractive to new tenants.

l. **Strategic Partnership**

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Strategic Partnership	3,610	3,610	3,550	-	(60)	-
Total	3,610	3,610	3,550	-	(60)	-

There are no variances or issues of concern to report in this quarter.

m. Corporate Budgets

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Democratic Represent'n	21	20	20	-	-	-
Corporate Management	75	50	50	-	-	-
Corporate Costs	1,626	1,756	1,815	59	51	8
Statutory Adjustments	1,690	2,649	2,616	(33)	(33)	-
Taxation & Grants	(596)	(544)	(544)	-	-	-
Total	2,816	3,931	3,957	26	18	8

Additional salary savings of £67k have been identified and used to meet the corporate salary saving target reported in paragraph 6 above. The additional salary savings has resulted in an overall salary saving declared for the year of £221k, exceeding the target for the year by £71k.

As mentioned in paragraph 6, non-salary savings of £173k have been secured to date. £165k of this was reported in quarters 1 and 2 with a further **£8k** identified in quarter 3. This reduces the target of £250k for in-year efficiency savings / additional income, leaving a shortfall of £77k to identify during the remainder of the year.

The savings proposals for 2019/20, included proposed reductions in posts which have been subject to formal consultation. The cost of any redundancies will either be met from underspends within the current financial year in the first instance, however, if there are insufficient underspends identified the costs will be met from the Transformation Reserve.

n. Earmarked Reserves

The table below shows the current forecast outturn position and compares this with the revised budget and the previously reported variance.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't This Report £'000s
Earmarked Reserves	83	(872)	(872)	-	-	-
Total	83	(872)	(872)	-	-	-

There is no proposed use of reserves in 2018/19 to support revenue expenditure. However, any shortfall in meeting the in-year efficiency savings targets within 2018/19 will need to be met from reserves. At this stage it is expected that this target will be achieved.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

8. As shown in the body of the report.

POLICY IMPLICATIONS

9. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.

DETAILS OF CONSULTATION

10. None

BACKGROUND PAPERS

11. None

FURTHER INFORMATION

PLEASE CONTACT:

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