

REPORT TO EXECUTIVE



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PORTFOLIO	Resources and Performance Management
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Revenue Budget Monitoring 2016/2017

PURPOSE

1. To report the forecast outturn position for the year as at 31st March 2017 based upon actual spending and income to **31st December 2016**.

RECOMMENDATION

2. The Executive is asked to:
 - a. Note the projected revenue budget forecast underspend of £276k (see the overview table in paragraph 6) which includes utility savings and an improved income position.
The Executive is also asked to seek approval from Full Council for:
 - b. The latest revised budget of £15.223m as shown in Appendix 1.
 - c. The creation of a new reserve, Burnley bondholders, and the transfer of the balance of contributions totalling £35k from the Growth reserve.
 - d. The creation of a new reserve, Town Centre Masterplan, utilising the £89k balance on the Housing Benefits Administration Subsidy reserve and £54k of the balance on the Rail Services reserve.
 - e. The net transfers to earmarked reserves of £721k as shown in Appendix 4.
 - f. The carry forward of forecast unspent budgets as requested by Heads of Service in Appendix 5. These amounts totalling £60k to be transferred into the transformation reserve and transferred back out to create additional revenue budgets in 2017/18 or when required.

REASONS FOR RECOMMENDATION

3. To give consideration to the level of revenue spending and income in 2016/17 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 3 in-year reports on revenue budget monitoring presented to the Executive and the Scrutiny Committee during the course of the financial year. This is the final in-year report for 2016/17. In addition to these 3 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 budget. 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.
- Executive Member for Resources and Performance Management decisions confirming additional awards of grant and contributions.
- Decisions made by the Executive.

Members are asked to approve the latest revised budget of £15.223m as shown in Appendix 1.

6. Revenue Budget Summary

As at the end of December 2016, the overall financial position is currently projected to be a £276k underspend, as shown in the table below:

	Latest Revised Budget £'000's	Forecast Outturn £'000's	Variance £'000's	Paragraph
Pay	9,322	9,563	241	
Other revenue budgets	7,004	6,487	(517)	
Reserves	(1,103)	(1,103)	0	12
	15,223	14,947	(276)	
Financed by:				
Collection Fund surplus	(81)	(81)		
Business Rates	(4,356)	(4,356)		
Revenue Support Grant	(3,660)	(3,660)		
Council Tax	(6,130)	(6,130)		
New Homes Bonus	(996)	(996)		
Forecast underspend at end December 2016	0	(276)	(276)	
Reported position previously			(123)	
Movement this period			(153)	
Due to:				
<u>Recurring variations</u>				
Community services income from shared service			(15)	7
<u>One-off variations:</u>				
Increased income			(43)	7
Burnley Business Awards Bi-annual event saving			(20)	8
Energy costs savings			(20)	9
Water cost savings			(25)	10
Other net savings			(30)	
			(153)	

In setting the budget for 2016/17, it was assumed that £250k would be saved through not filling posts immediately. The latest position is that £239k of salary savings have been secured to date. In forecasting the outturn position above to the 31st March 2017, it is assumed that the target will be achieved.

7. **Increased income (£58k)**
Heads of service have reported an increase in forecast income for the year from cycle 2. This includes a contribution of £15k from Hyndburn Concil towards the shared community safety service.
8. **Burnley Business Awards savings (£20k)**
This is a biannual event and therefore the budget for 2016/17 is not required.
9. **Energy cost savings (£20k)**
Based on current trends and consumption, it is now estimated that a £85k saving on gas and electricity costs can be achieved in 2016/17. £65k of this has been previously reported and where considered appropriate, these savings have been reflected in the 2017/18 budget proposals.
10. **Water cost savings (£25k)**
Based on current trends and consumption, it is now estimated there will be a saving of £65k in 2016/17. £40k of this has been previously reported and where considered appropriate, these savings have been reflected in the 2017/18 budget proposals.
11. **Budget Carry Forward Requests**
Heads of Service have made requests for up to £60k of budgets to be moved from 2016/17 to 2017/18. Appendix 5 gives the details.
12. **Earmarked Reserves**
The table in Appendix 4 summarises the latest position. The forecast revenue budget underspending is £276k. Any revenue underspends at year end, will, if achieved, be transferred to the strategic reserves.
13. **Revenue Implications of the Changes to the Capital Budget**
The 2016/17 capital monitoring report is elsewhere on your agenda. The report states that the full year revenue impact from prudential borrowing of £1.958m are the net costs of the Minimum Revenue Provision [MRP] of £37k and the net interest costs on the borrowing which is estimated to be £46k. The MRP costs are not incurred until 2017/18. The interest costs are dependent on the timing of the borrowing but is anticipated to be at year end and therefore also not likely to be incurred until 2017/18. These will be included within the revenue budget for 2017/18.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

14. As shown in the body of the report.

POLICY IMPLICATIONS

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

DETAILS OF CONSULTATION

16. None.

BACKGROUND PAPERS

17. None

FURTHER INFORMATION

PLEASE CONTACT:

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Manager**

ALSO: