

REPORT TO EXECUTIVE



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PORTFOLIO	Resources and Performance Management
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Revenue Budget Monitoring 2017/2018

PURPOSE

- To report the forecast outturn position for the year as at 31 March 2018 based upon actual spending and income to **30 September 2017**.

RECOMMENDATION

- The Executive is asked to:
 - Note the projected revenue budget forecast underspend of £73k (see the overview table in paragraph 6).

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

- The latest revised budget of £14.596m as shown in Appendix 1.
- The net transfers to earmarked reserves of £26k as shown in Appendix 4.

REASONS FOR RECOMMENDATION

- To give consideration to the level of revenue spending and income in 2017/18 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

- 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 second in-year report for 2017/18. 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.
- 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 contributions over £50k.
- Decisions made by the Executive.

Members are asked to approve the latest revised budget of £14.596m as shown in Appendix 1.

6. Revenue Budget Summary

As at the end of September 2017, the overall financial position is currently projected to be a £73k underspend, as shown in the table below:

	Latest Revised Budget £'000's	Forecast Outturn £'000's	Variance £'000's	Paragraph
Pay	9,220	9,209	(11)	11
Other revenue budgets	9,116	9,054	(62)	
Reserves	(3,740)	(3,740)	0	12
Financed by:	14,596	14,523	(73)	
Collection Fund surplus	(81)	(81)		
Business Rates	(4,376)	(4,376)		
Revenue Support Grant	(2,778)	(2,778)		
Council Tax	(6,391)	(6,391)		
New Homes Bonus	(970)	(970)		
Forecast underspend at end September 2017	0	(73)	(73)	
Forecast at end of June			(70)	
Movement this period			(3)	
Due to:				
<u>Recurring variations</u>				
Reduction in pensions' increases for former employees			(39)	7
<u>One-off variations:</u>				
Minimum Revenue Provision			(20)	8
Water cost savings			(20)	9
Costs of workforce planning exercise			120	10
Other net savings			(44)	
			(3)	

In setting the budget for 2017/18, it was assumed that £150k would be saved through not filling posts immediately. The latest position is that £161k of salary savings have been forecast which exceeds the target by £11k. The management team and secretarial support restructure following the resignation of the Chief Executive in August has contributed £119k of the overall salary saving.

It was also agreed that there would be an in-year efficiency savings / additional income target of £100k. It is forecast that this will be exceeded by £73k.

7. **Pensions Increase Adjustment saving (- £39k)**
The Council is liable for inflationary annual increases in pensions for a number of former employees who retired early due to decisions made to achieve savings. This is no longer the case for recent and future decisions as the pensions fund assumes this cost. The cost is reducing as retirees pass away. This estimated annual reduction has been reflected in the revenue budget for 2018/19.
8. **Minimum Revenue Provision savings (- £20k)**
One-off savings have been achieved in this budget due to slippage in the 2016/17 capital programme and changes to funding sources.
9. **Water savings (- £20k)**
Officers have identified an estimated saving of £20k in the Council's overall water budget. This is based on current and last year's consumption figures.
10. **Workforce planning costs (£120k)**
The 19 September 2017 Executive approved redundancies in the administrative support for corporate leadership costing £89k, and following that, the workforce planning report elsewhere on the agenda proposes further staffing reductions, and the consequential costs of those are £131k. The overall cost is £220k. These costs are chargeable to this financial year and represent an increase of £120k from the original forecast of £100k.
11. **Temporary HMO Officer (£22k)**
To deal with enforcing standards of non-licensable Houses in Multiple Occupation (HMO) it is proposed to employ a dedicated experienced HMO officer for a ten month period. The cost in 2017/18 is estimated to be £22k for a 5 month period. This will be met from excess salary savings that have been identified during the year, reducing the excess saving from £33k to £11k.
12. **Earmarked Reserves**
The table in Appendix 4 summarises the latest position. The recommendation is to contribute a net £26k to reserves in this quarter.
13. **Revenue Implications of the Changes to the Capital Budget**
The proposed revised capital budget of £15,348,708 for 2017/18 includes a use of Prudential Borrowing totalling £3,897,670 which is down from the original planned borrowing of £4,021,087.

The revenue implications of borrowing £3,897,670, are a Minimum Revenue Provision [MRP] charge of £132k and an interest charge, assuming a rate of 3% on the borrowing would equate to £117k.

The original capital budget for 2017/18 of £12,072,721 included a planned borrowing requirement of £4,021,087. This has subsequently changed as schemes have slipped from 2016/17 into 2017/18 and other schemes are now slipping from 2017/18 to 2018/19 such as the £416k extension of Burnley cemetery which is funded from borrowing. This has resulted in revenue savings in 2017/18 of £19k in interest payments and £20k MRP.

The MRP costs are not incurred until 2018/19, and the interest cost will be dependent on the timing of the borrowing. The full year costs will be included within the revenue budget for 2018/19.

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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