

REPORT TO EXECUTIVE



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PORTFOLIO	Resources and Performance Management
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Revenue Budget Monitoring 2017/2018**PURPOSE**

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

RECOMMENDATION

2. The Executive is asked to:
 - a. Note the projected revenue budget forecast underspend of £98k (see the overview table in paragraph 6).

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

- b. The latest revised budget of £14.596m as shown in Appendix 1.
- c. The net transfers to earmarked reserves of £427k as shown in Appendix 4.
- d. The carry forward of forecast unspent budgets as requested by Heads of Service in Appendix 5. These amounts totalling £216k to be transferred into the transformation reserve and transferred back out to create additional revenue budgets in 2018/19 or when required.

REASONS FOR RECOMMENDATION

3. 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

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 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 December 2017, the overall financial position is currently projected to be a £98k underspend, as shown in the table below:

	Latest Revised Budget £'000's	Forecast Outturn £'000's	Variance £'000's	Paragraph
Pay	9,249	9,238	(11)	
Other revenue budgets	8,660	8,573	(87)	
Reserves	(3,313)	(3,313)	0	15
Financed by:	14,596	14,498	(98)	
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 December 2017	0	(98)	(98)	
Forecast at end of September			(73)	
Movement this period			(25)	
<u>Due to:</u>				
<u>Recurring variations</u>				
Planning Fees reduction			50	7
Savings from underspending review			(94)	8
<u>One-off variations:</u>				
Net increase in provisions			131	9
Markets income increase			(31)	10
Investment income increase			(25)	11
Non-Domestic rates saving			(32)	12
Land charges income			25	13
Other forecast minor underpends			(50)	14
Net overspends			1	
			(25)	

In setting the budget for 2017/18, it was assumed that £150k would be saved through not filling posts immediately. The position has not changed since quarter 2 and £161k of salary savings is forecast which exceeds the target by £11k.

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 £87k, which along with the

salary savings gives the overall forecast underspend of £98k.

Any underspending at the year-end will be utilised for essential maintenance work on Council property assets.

7. **Planning Fee Income (£50k)**

There has been a reduction in the higher value applications which leads officers to forecast a shortfall in income of £50k on the £352k budget. It is also believed that market and economic conditions are such that this will remain a budget pressure in the next few years and has been reflected in the draft 2018/19 revenue budget.

8. **Identified general underspendings (- £94k)**

The Council has undertaken a review of all revenue budgets over the last three years. This exercise has identified savings opportunities of £94k in 2017/18 and continuing savings of £97k from 2018/19. These savings have been included in the draft 2018/19 budget.

9. **Provisions (£131k)**

Officers have reviewed the Council's provisions and recommend a net increase of £131k in the overall provisions for use in future years.

10. **Markets income (- £31k)**

The Markets manager has reported an improvement in income of £31k this quarter due to a reduction in vacant stalls. The revised forecast still assumes a £10k shortfall on the original budget.

11. **Investment interest (- £25k)**

The Council's interest received on deposits has exceeded the target. This is due to increased interest rates and a higher volume of cash being available for deposit.

12. **Non-Domestic Rates (- £32k)**

The Council's estimated liability for rates on its' premises has been reduced by £32k.

13. **Land Charges Income (£25k)**

Income is forecast to be £25k below the budget of £101k.

14. **Additional general underspendings (- £50k)**

In addition to those savings referred to in paragraph 8 above, officers have forecast further net savings of £50k for small items of budget yet to be reviewed in detail. Recent years practice have shown that some small budgets are not fully spent or committed at year-end, and the likelihood is that this will occur again.

15. **Earmarked Reserves**

The table in Appendix 4 summarises the latest position. The recommendation is to contribute a net £427k to reserves in this quarter.

16. **Revenue Implications of the Changes to the Capital Budget**

The proposed revised capital budget of £10,140,512 for 2017/18 includes a use of Prudential Borrowing totalling £2,256,823 which is down from the original planned borrowing of £4,021,087.

The revenue implications of borrowing £2,256,823, are a Minimum Revenue Provision [MRP] charge of £85k and an interest charge, assuming a rate of 3% on the borrowing would equate to £68k.

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

17. As shown in the body of the report.

POLICY IMPLICATIONS

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

DETAILS OF CONSULTATION

19. None.

BACKGROUND PAPERS

20. None

FURTHER INFORMATION

PLEASE CONTACT:

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