

REPORT TO EXECUTIVE



DATE	6 th December 2016
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 **30th September 2016**.

RECOMMENDATION

2. The Executive is asked to:
 - a. Note the projected revenue budget forecast underspend of £123k (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 £15.223m as shown in Appendix 1.
- c. The net transfers from earmarked reserves in the quarter of £32k as shown in Appendix 4.

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 second 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 September 2016, the overall financial position is currently projected to be a £123k underspend, as shown in the table below:

	Latest Revised Budget £'000's	Forecast Outturn £'000's	Variance £'000's	Paragraph
Pay	9,388	9,579	191	11
Other revenue budgets	7,659	7,345	(314)	
Reserves	(1,824)	(1,824)	0	13
	15,223	15,100	(123)	
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 September 2016	0	(123)	(123)	
Reported position previously			(144)	
Movement this period			21	
Due to:				
<u>Recurring variations</u>				
Treasury Management cost savings			(92)	7
Streetscene cost savings			(66)	8
Increased Markets income			(43)	9
<u>One-off variations:</u>				
Treasury Management cost savings			(67)	7
Revenue contribution to pedestrianisation upgrade			148	10
Workforce planning redundancy costs			191	11
Increase in Local Plan spending			40	12
Other net savings			(90)	
			21	

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 £198k 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. **Treasury Management cost savings (£159k)**

The Councils cash flow and prudential borrowing requirements to fund the capital programme have been managed in order to reduce the requirement to take out new Public Works Loan Board loans and not replace two £1m loans repaid in March and September. £93k of the interest cost savings are considered to be on-going and have also been built into the proposed 2017/18 revenue budget.

8. **Streetscene cost savings (£66k)**

The Head of Service has reviewed the budgets and has identified a number of small savings in expenditure which have been built into the budget savings for 2017/18.

9. **Markets income increase (£43k)**

The Markets manager has again reviewed the estimated income based on actual receipts to the end of September and reduced the previously forecast shortfall from £70k down to £27k.

10. **Revenue contribution to capital outlay (£148k)**

28th September Council meeting approved the use of £148k revenue underpending to finance part of the cost of the town centre pedestrianisation upgrade.

11. **Workforce planning costs (£191k)**

The 2017/18 revenue budget savings totalling £1.546m (£2.166m in total) were also approved by Council on the 28th September. In accordance with usual practice, it is proposed that the resultant costs of redundancy and pension strain are funded from in year revenue underspends. The current estimated costs of these are £191k. This figure includes exit costs incurred during this financial year.

12. **Increase in Local Plan spending (£40k)**

The estimated costs of preparing the Local Plan have increased by £40k as a result of work required of Lancashire County Council towards the production of the plan. It is proposed that this will be met from in year revenue underspends.

13. **Earmarked Reserves**

The table in Appendix 4 summarises the latest position. The forecast revenue budget underspending is £123k. Any revenue underspends at year end, will, if achieved, be transferred to the transformation reserve.

14. **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 £2.01m are the net costs of the Minimum Revenue Provision [MRP] of £81k and the net interest costs on the borrowing which is also estimated to be £60k. 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

15. As shown in the body of the report.

POLICY IMPLICATIONS

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

DETAILS OF CONSULTATION

17. None

BACKGROUND PAPERS

18. None

FURTHER INFORMATION

PLEASE CONTACT:

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Manager**

ALSO: