

# GENERAL FUND REVENUE BUDGET MONITORING REPORT 2018/19 –

## POSITION AS AT 31<sup>ST</sup> JULY 2018

### Summary

The purpose of this report is to provide an update on the General Fund (GF) Revenue Budget of the Council as at 31<sup>st</sup> July 2018. The report includes a narrative description of the most significant variances from the profiled latest budget and details any actions required to address these. Appendix A to this report shows the value of the most significant variances (those in excess of £5k) for all of the Council services by Committee and provides a brief explanation for each variance.

### 1. Background

- 1.1 The Council operates a system of Revenue Budget Monitoring which revolves around the production of detailed monthly monitoring reports for budget holders. Significant variances from the expected budget position at the point of monitoring, both for expenditure and income, are summarised in monitoring reports which are periodically reported to each Programme Committee for information purposes. This report therefore details the findings and issues emerging from budget monitoring carried out to 31<sup>st</sup> July 2018.
- 1.2 It should be noted that work continues on improving budget profiling across the Council in order that budget profiles more accurately reflect the spending pattern of individual budgets across the financial year. This serves to enhance budget monitoring and focus attention on true variances rather than budget profiling issues. This is a continuous process with budget holders so that the improved profiling continues to refine the budget monitoring system.
- 1.3 Council approved the 2018/19 budget at its meeting on 5<sup>th</sup> March 2018. Subsequently on 25<sup>th</sup> June 2018 the Finance and Democracy Committee approved the financial outturn position for 2017/18. The impact of those approvals, including savings and growth options approved at Council and slippage from 2017/18 approved by the Finance and Democracy Committee, are now reflected in the financial ledger of the Council and therefore this report monitors expenditure and income against the updated approved budgets.

### 2. Budget Rightsizing Exercise

- 2.1 For a number of years the Council has carried out an annual budget rightsizing exercise to analyse underspends which have occurred over the last 3 financial years and to adjust current and future year budgets to better reflect the level of resource requirement in the context of current financial constraints. This process will be repeated during the second quarter of 2018/19 and any resulting changes to budgets will be reflected in later updates to the Councils Financial Forecast.

### 3. Budget Areas to Note

There are a number of budget areas to note on this General Fund Budget Monitoring report:

#### i. Employee Costs

The budget forecast which was approved by Budget Council in March 2018 assumes reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200,000 per annum from 2018/19 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a level of turnover savings in excess of this. This budget will be kept under review during the remainder of the financial year.

#### ii. Sale of Sand (Sand-winning)

Income from the sale of sand has continued on an improving trend, largely as a result of an uplift in the contract price, together with sustained higher demand than was experienced in earlier years as a consequence of greater levels of activity in the construction industry. This income budget will be reviewed as part of the budget right-sizing exercise and may be increased to reflect a revised income expectation.

### **iii. Fleet Costs**

There are a number of favourable variances in respect of vehicle costs in the period to date. Some are due to the fact that a number of vehicles have been acquired in the past 6 months, replacing older and more expensive to maintain vehicles. Additionally fuel costs for the first part of the year have been lower than anticipated. This budget will be kept under review during the remainder of the financial year and adjusted as necessary.

### **iv. Car Park Income**

The sustained period of good weather in the early part of the year has led to an increase in the number of visitors to the area resulting in a higher level of parking income as compared to the budget. The budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

### **v. Disabled Facilities Grant Fee income**

The significant increase in the level of Disabled Facilities Grant funding from central government in recent years has the effect of also increasing the level of fees receivable by Fylde Council for the management of grant-funded works as more grants are able to be awarded. Additionally the grant management fee level has been increased to 15% in line with that levied by other councils. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

## **4. Conclusions**

External pressures outside the Council's control are impacting on all local authorities. Instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies. This approach has a downward impact on costs incurred by the Council and may result in an under-spend against budget this year.

Regular budget monitoring reports are an integral part of the Council's financial monitoring framework. These will be available on the Council's website.

Finance staff work continuously with budget holders across the Council, and are heavily reliant upon budget-holders to be able to understand and quantify the potential impact of in-year hotspot variances within their areas of responsibility.

We are still at the early part of 2018/19 and it is therefore not possible to draw any firm conclusions on the in-year financial position. The financial risks facing the Council, as set out in the MTF to Council in March 2018 still remain. Instructions issued by Management Team that budget holders are to remain prudent in order to build up additional balances are still in place.

**REVENUE MONITORING 2018/19 - Period 4 to July 31st 2018 (Variances in excess of £5k)**
**Appendix A**

Key	Color	Description
	BLUE	Variance currently showing but expected to be on target at year end
	GREEN	Favourable variance against latest budget
	AMBER	Adverse variance against latest budget
	RED	Projected adverse outturn variance

Service Area	Detailed Description	Full Year Budget	Budget as at Period 4	Actual & Commitments as at Period 4	Variance as at Period 4	FAV / ADV	Variance	Alert	Budget Holder	Budget Holder Comments
		£	£	£	£		%			
<b>FINANCE &amp; DEMOCRACY COMMITTEE / CORPORATE CROSS CUTTING BUDGETS</b>										
All Council services	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	8,909,937	3,048,951	3,008,922	-40,029	FAVOURABLE	-1.3%		Corporate	The budget forecast which was approved by Budget Council in March 2018 assumes reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200,000 per annum from 2018/19 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a level of turnover savings in excess of this. This budget will be kept under review during the remainder of the financial year.
<b>TOURISM &amp; LEISURE COMMITTEE</b>										
Lytham-Leisure (Strategic)	Games Site Fees	-59,000	-38,308	-44,311	-6,003	FAVOURABLE	-15.7%		Lisa Foden	A long period of favourable weather conditions during the first part of the financial year had led to increased patronage at a number of leisure sites, resulting in this increase in games site income. This budget will be kept under review during the remainder of the financial year and adjusted as necessary.
Coast and Countryside	Sale of Sand (sandwinning)	-300,000	-100,080	-131,421	-31,341	FAVOURABLE	-31.3%		Marie Percival	Income from the sale of sand has continued on an improving trend, largely as a result of an increase in the contract price, together with sustained higher demand than was experienced in earlier years. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.
<b>OPERATIONAL MANAGEMENT COMMITTEE</b>										
Fleet	FMS Material Cost	147,670	49,333	34,944	-14,389	FAVOURABLE	-29.2%		Kathy Winstanley / Steve Fulton	There are a number of favourable variances in respect of vehicle costs. Some are due to the fact that a number of vehicles have been acquired in the past 6 months, replacing older and more expensive to maintain vehicles. Additionally fuel costs for the first part of the year have been lower than anticipated. This budget will be kept under review during the remainder of the financial year and adjusted as necessary.
	Fuel Costs	318,906	106,376	90,971	-15,405	FAVOURABLE	-14.5%			
	Tyres - Renewal	35,086	11,834	5,725	-6,109	FAVOURABLE	-51.6%			
Utilities/Business Rates	Business Rates	235,441	235,441	220,541	-14,900	FAVOURABLE	-6.3%		Marie Percival	The budget for business rates charges in respect of Council properties is greater than the revised level of charges under the new 2017 rating list. The budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

**REVENUE MONITORING 2018/19 - Period 4 to July 31st 2018 (Variances in excess of £5k)**

**Appendix A (cont'd)**

Key	Color	Description
	BLUE	Variance currently showing but expected to be on target at year end
	GREEN	Favourable variance against latest budget
	AMBER	Adverse variance against latest budget
	RED	Projected adverse outturn variance

Service Area	Detailed Description	Full Year Budget	Budget as at Period 4	Actual & Commitments as at Period 4	Variance as at Period 4	FAV / ADV	Variance	Alert	Budget Holder	Budget Holder Comments
		£	£	£	£		%			

**OPERATIONAL MANAGEMENT COMMITTEE (Cont'd)**

Car Parks	Car Parking Fees	-575,000	-230,000	-273,140	-43,140	FAVOURABLE	-18.8%		Andrew Loynd	The sustained period of good weather in the early part of the year has led to an increase in the number of visitors to the area resulting in a higher level of parking income as compared to the budget. The budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.
-----------	------------------	----------	----------	----------	---------	------------	--------	--	--------------	--

**ENVIRONMENT, HEALTH & HOUSING COMMITTEE**

Housing Standards	Disabled Facilities Grant Fees	-55,000	-18,344	-45,395	-27,051	FAVOURABLE	-147.5%		Kirstine Riding	The significant increase in the level of Disabled Facilities Grant funding from central government in recent years has the effect of also increasing the level of fees receivable by Fylde Council for the management of grant-funded works as more grants are able to be awarded. Additionally the grant management fee level has been increased to 15% in line with that levied by other councils. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.
-------------------	--------------------------------	---------	---------	---------	---------	------------	---------	--	-----------------	---

**DEVELOPMENT MANAGEMENT COMMITTEE**

Development Management	Consultants Fees	51,000	17,012	8,268	-8,744	FAVOURABLE	-51.4%		Mark Evans	Consultants are appointed as and when necessary to provide specialist advice on complex planning applications and projects. Accordingly the budget spend is dependant upon the nature of planning applications submitted during the year. The budget will continue to be monitored during the remainder of 2018/19 and adjusted as necessary.
Planning Appeals	Planning Appeal Hearing Costs	80,000	26,688	60,915	34,227	ADVERSE	128.2%			Expenditure on planning appeals is dependant upon the number and nature of planning appeals. A number of planning appeals (following the refusal of major planning applications) have taken place during the first part of the year. There are two known further public inquiries scheduled to be held during the remainder of the financial year (relating to Fylde Fisheries and Sanderlin Way) which it is hoped can be contained within the remaining approved budget.