

SCRUTINY ITEM

REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	INTERNAL AFFAIRS SCRUTINY COMMUNITY	19 th NOVEMBER 2024	8
GENERAL FUND REVENUE BUDGET MONITORING REPORT 2024/25 - POSITION AS AT 30th SEPTEMBER 2024			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

PURPOSE OF THIS REPORT

The purpose of this report is to provide an update on the General Fund Revenue Budget of the Council as at 30th September 2024.

SOURCE OF REFERRAL

The terms of reference for this committee include receiving periodic update reports in respect of the Council's revenue and capital budgets. This report is based upon information extracted from the financial ledger system of the Council for the period to 30th September 2024 and feedback and commentary received from budget holders.

FURTHER INFORMATION

The General Fund Revenue Budget Monitoring report is included as an appendix to this report and is also available at the link below:

[Budget Monitoring](#)

SUGGESTED RECOMMENDATIONS

The committee are requested to:

- Consider and scrutinise the General Fund Revenue Budget Monitoring position; and
- Note and accept the report.

REPORT

Summary

The purpose of this report is to provide an update on the council's General Fund Revenue Budget Monitoring as at 30th September 2024. The appendix shows the value of the most significant variances for all of the Council services and provides a brief explanation from budget holders for each variance.

1. Background

- 1.1 The Local Government Finance Settlement for 2024/25 was once again a single-year settlement intended as a holding position, designed for short-term stability and certainty for planning purposes and to promote financial sustainability within available resources - based on detailed allocations for 2024/25 and a fairly full set of policy principles for 2025/26. The broad approach was based on a uniform roll-over of the core elements of the settlement; additional resources for priority services (in particular social care for upper tier authorities); balancing service pressures with taxpayer concerns through council tax referendum principles; and a fallback, by way of a minimum funding guarantee, for outlying councils. Finance reform for local government was deferred, once again, at least until 2025/26.
- 1.2 Against this backdrop, the Council approved the 2024/25 budget at its meeting on 4th March 2024. Subsequently on 23rd May 2024 the Executive Committee approved the financial outturn position for 2023/24. The impact of those approvals, including growth items approved at the Council budget meeting, along with slippage from 2023/24 as approved by the Executive Committee, are now reflected in the council's financial ledger. Therefore, this report monitors expenditure and income against the updated approved budgets for 2024/25.
- 1.3 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 Scrutiny Committee for consideration. This report therefore details the findings and issues emerging from budget monitoring carried out to 30th September 2024.
- 1.4 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.

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 is currently being repeated during 2024/25 and the resulting changes will be reflected in the latest budgets and updates to the Councils Financial Forecast.

3. Conclusions

- 3.1 The Medium Term Financial Strategy (MTFS) report that was presented to Council in March 2024 sets out the full context of the financial landscape of the council at that time, including an assessment of the key financial risks which primarily relate to uncertainties around reviews of the future funding regime for local government and the ongoing impact of inflation. That detailed report can be found at this link: [MTFS Report March 2024](#).
- 3.2 To try and bring inflation down to its 2% target, the Bank of England began raising interest rates from the historically low level of 0.1% in December 2021 by incremental increases in the intervening period to a high of 5.25% effective from August 2023. The Bank of England's Monetary Policy voted on the 7th November 2024 to reduce the Bank Rate by 0.25 percentage points, to 4.75%. This follows a similar reduction of 0.25% implemented in August 2024. The next rate review is due on the 19th December 2024.
- 3.3 Price inflation as measured by the Consumer Prices Index (CPI) has remained above the Bank of England target rate of 2% for an extended period until very recently. From a peak of an 11.1% annual increase in October

2022 the rate of inflation has fallen to 1.7% for September 2024. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was initially expected to be temporary. Thereafter price rises slowly became more widespread during 2022/23, as a combination of rising global costs and strong demand which was exacerbated by supply shortages as a consequence of the ongoing conflict in Ukraine. The surge in wholesale gas and electricity prices during 2022/23 contributed significantly to overall cost pressures. Whilst the rate of increase may have slowed during the year to date, prices continue to rise.

Provision for inflation within the council’s revenue budget is limited to areas where the council has no choice but to pay increased prices, e.g. due to contractual terms. Price increases represent a significant cost pressure to the council and increase the risk that existing budget provision is insufficient to cover the cost of service delivery. The position will be kept under continuous review by Management Team.

- 3.4 As a result of the external pressures that are affecting all local authorities, instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies wherever possible. 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 budget variances within their areas of responsibility.
- 3.5 This report considers the revenue budget monitoring position at the mid-point of the 2024/25 financial year. The financial risks facing the Council, as set out in the MTFS report to Council in March 2024 remain. Instructions issued by Management Team that budget holders remain prudent are still in place, and the overall financial position of the council will be captured in the next update of the financial forecast in the MTFS report.

IMPLICATIONS	
Finance	None arising directly from this report. Any required changes will be reflected in further updates to the Financial Forecast.
Legal	None
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

BACKGROUND PAPERS REVELANT TO THIS ITEM		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy - 2023/24 to 2027/28	4 th March 2024	Report to Budget Council March 2024

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O’Donoghue, Chief Financial Officer	01253 658658	November 2024

REVENUE MONITORING 2024/25 - Period 6 to 30th September 2024 (Variances in excess of £5K)

Appendix A

NB: Some budget variances occurring as a result of budget profiling issues where no variance is expected to remain by year-end, or variances to be resolved by virements, are excluded from the list below.

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Projected adverse outturn variance

FINANCE & RESOURCES PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
All Council services	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	11,872,287	6,145,296	6,135,471	-9,825	FAV	GREEN	All Budget Holders	The budget forecast which was approved by Council in March 2024 assumed employee cost savings (including vacancy savings arising from delays in the recruitment to vacant posts) of £300,000 per annum from 2024/25 onwards. The budget also includes an estimate for pay award of 4% for the current year, and accordingly the actual spend to date figure includes an estimated commitment of pay award of 4% (pro-rata'd for the year to date) which is in line with the original estimate and also the recently confirmed pay award.
Treasury Management Income	Interest and Investment Income Receivable	-980,000	-600,000	-745,080	-145,080	FAV	GREEN	Paul O'Donoghue	The bank base rate has reduced at a slower rate than originally estimated, which combined with favourable fluctuations within cash flow during the first six months has enabled additional short-term investments to be made, resulting in this favourable variance.
Procurement Services	Consultants Fees	17,662	17,662	31,590	13,928	ADV	RED	Ian Curtis	The council's procurement officer left the authority in Spring 2024 and his position had to be filled by a locum pending the recruitment of his replacement. The cost of the locum has been partially offset by a virement from savings on employee costs.

CORPORATE AND ECONOMIC DEVELOPMENT PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Property Management Team	Purchase of Equipment	6,000	6,000	15,136	9,136	ADVERSE	RED	Darren Bell	Increased cost for operating Concerto asset management software system, which will be reflected in future forecasts.
Miscellaneous Properties	Other Rent	-127,896	-63,974	-76,590	-12,616	FAV	GREEN		Additional income from annual rent reviews, which will be reflected in future forecasts.
Business Rates	Business Rates	245,634	245,634	252,389	6,755	ADV	RED		Annual increase across most sites, which will be reflected in future forecasts.

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CORPORATE AND ECONOMIC DEVELOPMENT PORTFOLIO									
Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Development Management	Consultants Fees	12,425	6,214	13,807	7,593	ADV	AMBER	Mark Evans	A number of major planning applications fees which attract significant fees have been received in year. These fees are likely to require additional external support which will be reflected in future forecasts if required.
	Planning Application Fees	-650,000	-325,130	-520,599	-195,469	FAV	GREEN		Planning application fee income is dependant on the number and nature of planning applications received and is, therefore, outside the direct control of the council. A number of major planning applications fees which attract significant fees have been received in year. These fees are likely to require additional external support which will be reflected in future forecasts.
Planning Enforcement	Enforcement Costs	10,000	5,004	0	-5,004	FAV	BLUE		These funds have been earmarked to cover expenses associated with enforcement action regarding a particular site. The funds are expected to be required and expended during the current financial year.
Planning Policy	Local Devlpmnt Framework Costs	45,000	22,506	0	-22,506	FAV	BLUE	Julie Glaister	Work is ongoing to develop the evidence base that will inform the next iteration of the local plan. Invoices have still to be received for some elements of work currently being carried out by consultants. As production of the plan progresses, there will be additional costs incurred that will need to be met from this budget.
UK Shared Prosperity Fund	UKSPF Investment Plan Support Fees	858,628	429,480	235,317	-194,163	FAV	BLUE	Charlie Richards	Spend progressing on target as per planned profile.

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CUSTOMER & OPERATIONAL SERVICES PORTFOLIO									
Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Car Parking Fees	Car Parking Fees	-769,300	-384,794	-450,283	-65,489	FAV	GREEN	Andrew Loynd	Income to date has exceeded the latest budget, but due to there being no certainty for the remainder of the year this budget will be kept under review and any budget adjustments required will be reflected in future forecasts.
Computer Services	Purchase of Computer Equipment	85,049	42,541	27,059	-15,482	FAV	BLUE	Ross McKelvie	The variances are to be expected with most substantial license renewals and purchase of computer equipment which is due towards the end of the calendar year. Budgets are planned to be spent in full this financial year. These budgets will be kept closely under review with upcoming Vmware and Microsoft price rises.
	Computer - Telephone Charges	20,000	10,004	2,331	-7,673	FAV			
	Computer - Program Licnce Chgs	129,000	64,528	40,956	-23,572	FAV			
	Computer - Reserve Funded Exp	0	0	6,475	6,475	ADV			
	Computer Mtce - Contract	10,000	5,004	0	-5,004	FAV			
	Computer - Development Costs	129,800	64,926	58,080	-6,846	FAV			
Fylde Refuse	Household Refuse Special Colln	-42,000	-21,010	-28,969	-7,959	FAV	GREEN	Clare Blyth	Income to date has exceeded expected budget. This budget will be kept under review and any budget adjustments required will be reflected in future forecasts.
	Green Waste Subscription Charge	-702,800	-702,800	-691,825	10,975	ADV	BLUE		Subscription window open until end November, additional subscriptions anticipated to achieve the latest budget.
Trade Waste Service	Bulk Bin Collection Charges	-182,560	-182,560	-173,239	9,321	ADV	BLUE	Clare Blyth	Bulk Bin Collection Charges are anticipated to achieve the latest budget.
	Bulk Bin Disposal Charges	-182,800	-182,800	-192,271	-9,471	FAV	GREEN		Disposal charge set by LCC, price per tonne increased and this will be reflected in future forecasts.
Highways Cleansing	Weed Control	22,000	22,000	31,200	9,200	ADV	RED		Contract value higher than budgeted allowance due to supplier material cost increases - 3 spray treatments (April, June and September)

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Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Fleet & Hand Held Equipment	FMS Materials Costs and Repairs by Commercial Garages	212,070	106,365	164,108	57,743	ADV	RED	Clare Blyth	Essential vehicle repairs and maintenance costs incurred due to delays in new vehicle purchases to keep the fleet operational for service delivery. This will be reflected in future forecasts.
	Fuel Costs	329,032	164,620	148,310	-16,310	FAV	GREEN		Fluctuations in commercial fuel market. This will be reflected in future forecasts.
	Hire of Transport	63,357	47,518	78,329	30,811	ADV	RED		Increased costs due to commercial vehicle repairs. This will be reflected in future forecasts.

ENVIRONMENT PORTFOLIO

Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Coast Protection	Other General Repairs and Mtce	30,000	15,002	32,027	17,025	ADV	AMBER	Stephen Ball	Essential work was required to shore up Seafield Road Slipway, and to replace corroded promenade guard rails which was a health and safety requirement to protect the public, and has resulted in a budget overspend. This will be kept under review and any required adjustments will be reflected in future forecasts.
Footway Lighting	Other General Repairs and Mtce	20,000	10,004	4,968	-5,036	FAV	BLUE	Peter Downs	A programme of works is being developed for delivery over the winter months.
Other Miscellaneous Repairs	Other Miscellaneous Repairs	208,445	104,278	194,432	90,154	ADV	BLUE		Commitments have been made for works to be delivered over the coming months. The budget is not expected to be exceeded but it will be kept closely under review and any required adjustments will be reflected in future forecasts.
St Annes Square (Maintenance)	Reps & Mtce of Capital Schemes	45,000	22,506	9,228	-13,278	FAV	BLUE		Within this budget £25k has been set aside to be used by the Regeneration Team for use on the St Annes Square - Public Realm Improvements (Phase 1).
Building Control	Building Control Income	-77,620	-38,822	-77,257	-38,435	FAV	GREEN	Keith Vernon	Increase in building control fee work required for construction and unauthorised works and reversions from Registered Building Approvers resulting in additional income overall that will be reflected in future forecasts.

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SOCIAL WELLBEING PORTFOLIO									
Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
Sports Development	Business Health Matters Initiatives	40,371	20,192	3,314	-16,878	FAV	BLUE	Alex Scrivens	Currently working on an agreed action plan for in year expenditure. This will be kept under close review and any required adjustments will be reflected in future forecasts.
	Sports Dev - Diversionary Activities	3,548	1,776	7,658	5,882	ADV	RED		The additional costs are due to the Fylde Active Community Sports Awards which is delivered annually. The required adjustment will be reflected in future forecasts.
Community Safety Initiatives	Community Safety Initiatives	24,600	12,304	750	-11,554	FAV	BLUE	Matthew Dougall	Legacy Community Safety Partnership funding to be used for community safety projects. This will be led by the analytical reports and aims to tackle/prevent crime and ASB trends. Expenditure will be incurred as and when projects are identified and approved. Any residual budget will be carried forward into future years.
Homelessness	Temporary accomodation costs	268,039	134,072	186,303	52,231	ADV	AMBER	Kirstine Riding	The high level of demand for this service experienced during 2022/23 and 2023/24 continues into 2024/25. Increased costs are partially offset by additional income from Housing Benefit and Universal Credit contributions. A significant drop in B&B usage is expected over the remainder of 24/25 due to additional Registred Provider owned units of temporary accommodation in Fylde. Any required budget adjustment will be reflected in future forecasts.
	Repossessions prevention	27,000	13,504	2,000	-11,504	FAV	BLUE		Grant funded budget utilised when repossession can be prevented for rent arrears. Any remaing budget will be requested to be carried forward into 25/26.

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TOURISM, LEISURE & CULTURE PORTFOLIO									
Service Area	Detailed Description	Full Year Budget	Budget as at Period 6	Actual & Commitments as at Period 6	Variance as at Period 6	ADVERSE / FAVOURABLE	Alert	Budget Holder	Budget Holder Comments
St. Annes-Leisure (Strategic)	Mini Links Golf	-44,672	-44,672	-58,706	-14,034	FAV	GREEN	Gemma Broadley	New tenancy arrangement in place from April 2024. The uplift in the annual SLA will be reflected in future forecasts.
Kirkham Baths	Contrbtn to YMCA (Revenue Grant)	50,337	25,178	0	-25,178	FAV	BLUE		Revenue Grant is to on hold until the future of Kirkham Pool is known. Disposal Plan milestone date extended to February 2025. Some costs may be incurred from this budget during the remained of this financial year.
Fairhaven Lake and Gardens	Adventure Golf	-164,000	-112,000	-101,340	10,660	ADV	RED	Tim Dixon	Reduction in income due to an inclement summer. Plus a reduction of site footfall due to the lake closure for blue-green algae which stopped the boats and water sports services running, despite heavy marketing. This will be reflected in future forecasts.
	Boat Service	-88,000	-86,000	-57,657	28,343	ADV	RED		Reduction in income due to an inclement summer. Also blue-green algae (affecting water courses all over the UK) fully closed the boat service on Environment Agency advice for 2 weeks during the summer holidays and then restricted all other water craft until September. NB, weather has not been favourable when the boats have been able to operate in the periods outside of the algae issue. This will be reflected in future forecasts.
	Watersports Centre	-32,300	-30,500	-12,612	17,888	ADV	RED		Reduction in income due to an inclement summer. Water sports suspended in summer on Environment Agency advice due to high blue-green algae levels. This will be reflected in future forecasts.
Fylde Tourism and Events	1940's Lytham Wartime Festival	35,000	35,000	51,898	16,898	ADV	RED		Growing event with increasing statutory health & safety requirements. Services costs partly offset by additional income below.
	Income - 1940's Lytham Wartime Festival	-18,000	-18,000	-24,205	-6,205	FAV	RED		Additional sponsorship, plus higher than expected event parking revenue on Lytham Green.
	Kite Festival	30,000	30,000	35,756	5,756	ADV	RED	Growing event with increasing statutory health & safety requirements. Services costs partly offset by additional income below.	
	Income - Kite Festival	-20,000	-20,000	-10,950	9,050	ADV	RED	Some income outstanding and will include revenue from car park and outstanding trade stalls.	
	Lytham Festival	-100,000	-100,000	-110,000	-10,000	FAV	GREEN	Additional car parking fee for event park and ride on 'St Annes Green' over and above festival ticket income fee. This will be reflected in future forecasts.	

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St. Annes-Parks (Strategic)	Sports Turf Reinstatement	4,200	4,200	9,950	5,750	ADV	RED	Lisa Foden	Blackpool Road North playing field annual full site renovations. This will be reflected in future forecasts.
Splash and Paddling Pool	Splash Entry Fee	-65,000	-65,000	-16,462	48,538	ADV	RED		The income target is unlikely to be met due to poor seasonal weather impacting turn-out.

TOTALS	10,607,536	4,855,256	4,430,798	-424,458	FAV
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