

**Report of the Section 151 Officer**

**Financial monitoring and position statement for 2016-17**

**1 Purpose of report**

1.1 This report shows the monitoring position for revenue expenditure only, but should be read in conjunction with the capital report elsewhere on this agenda to give members a total view and understanding of the financial position of the council.

1.2 The revenue forecast outturn is estimated as at 31 January 2017.

**2 Executive Summary**

This is the third monitoring report for this financial year, which forecasts the anticipated year end position. The final outturn report for 2016-17 will be presented to committee in June 2017.

**3 Appendices**

Appendix 1 Revenue Monitoring Position to 31 January 2017.

**4 The Resources Committee is invited to RESOLVE to:**

**4.1 NOTE the position on the revenue monitoring and the reasons for the variances reported and shown in Appendix 1**

**5 Introduction**

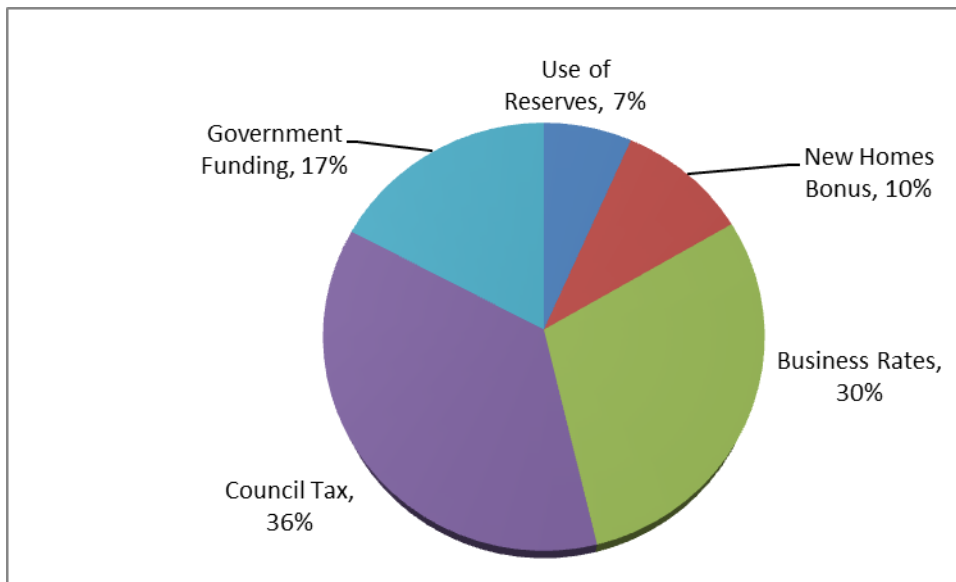
Financial monitoring is reported four times in the year, three in-year reports (September, December and March committees) and the final out turn position in June of the following financial year. This report is the third in-year report for 2016-17 and reflects the monitoring position as at 31 January 2017.

**6 Discussion**

**2016-17 Revenue Budget**

6.1 The council set its net revenue budget in February 2016 as £9.936m, using £619k of general fund reserves and £44k of ear marked reserves to support the revenue spending. The monitoring of the revenue budget reports the variance to the use of reserves to show any under or over spending on that budget.

6.2 The 2016-17 net budget is supported by the following funding streams:



6.3 When the monitoring position was reported to committee in December it was anticipated that the council would need to use an additional £45k of reserves to fund the 2016-17 budget, giving a total use of general reserves of £664k

6.4 Further analysis of the spending position and re-profiling of expenditure has meant this forecast has changed and the council is now forecasting an increase in the previously reported estimated use of reserves required by £158k, giving a revised use of general reserves of £822k, and is summarised in the following table.

6.5 This represents an overall increase of £203k on the budgeted level of use of reserves (£619k) and is presented in more detail in Appendix 1 of the report.

<b>Budgeted Use of General Reserves as at 31st October 2016</b>	£'000 <b>664</b>
<b>Budget Savings:</b>	
Local Plan Budget re-profiling	- 36
Church Street demolition costs transferred to capital	- 31
Reduction in the level of planning appeals being undertaken	- 20
Training costs (members and staff)	- 11
Register of Electors supplies and services costs	- 10
<b>Total Budget Savings</b>	<b>- 108</b>
<b>Budget Pressures:</b>	
Castle Theatre	200
Building Control income lower than expected	27
Public lighting urgent repairs and increased electricity costs	19
Reduction in savings on vacant property business rates	14
Net budget pressures	6
<b>Total Budget Pressures</b>	<b>266</b>
<b>Net Budget Pressure</b>	<b>158</b>
<b>Revised Budgeted Use of Reserves as at 31st January 2017</b>	<b>822</b>

- 6.6 The most significant change in the forecast outturn is in relation to the Castle Theatre, which reopened in August 2016. The £200k overspend is broken down as follows:

	£'000
Management & Staff Cost	196
Repairs & Maintenance	68
Utilities & Rates	119
Grants	93
Supplies & Services	97
Performance Costs	185
Advertising	29
Theatre Income	- 249
	<u><b>538</b></u>
Available Budget	<u>338</u>
Net Overspend	<u><b>200</b></u>

- 6.7 The repairs & maintenance expenditure, includes interim essential works to air handling unit controls, officers are in the process of obtaining quotes for a more permanent solution. It is anticipated the cost of these work will be quite high and may require a capital bid, but it is essential the works are carried out as the current system is not efficient and as result we have seen a significant increase in utility bills.
- 6.8 The grant expenditure line relates to the funding that was paid to The Castle Wellingborough Ltd, for the first half of 2016-17.
- 6.9 Within the net overspend on service budgets the main areas which contribute to this change are:

### **Savings:**

- a) Local Plan budget re-profiling (£36k) – work has been delayed in the current year and will now be completed in 2017/18, which is reflected in the Medium Term Financial Plan.
- b) Church Street demolition (£31k) – a review of the costs have been undertaken and as a result some costs have now been capitalised.
- c) Planning Appeals (£20k) – the saving has been reported because it is anticipated that there will be no new planning appeal inquiries for the remainder of the current financial year. This is due to the five year housing plan now being in place and the likelihood of appeals has been reduced.

### **Pressures:**

- d) Building Control income (£27k) – there has been a decrease in the amount of income received for this service due to a decline in fee chargeable work and the reduction in staff to carry out the work.
- e) Public Lighting Repairs (£19k) – there have been an increased number of emergency repairs and associated electricity costs.

6.10 Throughout the year budget movements are monitored and reported when they materialise or are certain to materialise in the future. There are some items that are potential further pressures or savings but are yet to be reported due to uncertainties regarding timing or validity.

## **7. Legal Powers**

Local Government Act 2003

## **8. Financial and Value for Money Implications**

These are detailed in this report.

## **9. Risk Analysis**

<b>Nature of risk</b>	<b>Consequences if realised</b>	<b>Likelihood of occurrence</b>	<b>Control measures</b>
Error in reported position	Over spend leading to reduced Reserves and Balances	Low due to level of quality assurance	Robust financial arrangements.
Changes in activity levels and new burdens	Over spend leading to reduced Reserves and Balances	Un-likely with 2 months of financial year remaining	Robust financial arrangements.

**10. Implications for Resources, Equalities, and Stronger and Safer Communities**

No specific implications identified.

**11. Author and Contact Officer**

Tracey Cave, Service Accountant

**12. Consultees**

Samantha Knowles, Principal Finance Manager  
Senior Management Team  
Budget Managers

**13. Background Papers**

Financial Services budget monitoring working papers.



## Summary of Budget Monitoring at 31st January (Period 10) with forecast to 2016/17 Outturn

Service Area	Original Budget 2016/17	Revised Budget 2016/17	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	Forecast Outturn at 31st March 2017	Forecast Variance at 31st March 2017	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Environmental Health Protection	403	411	343	293	-50	387	-24	<p><b>Savings:</b>            £9k Establishment savings due to vacant post and maternity leave            £7k increase in income from food export health certificates            £4k Savings on car allowances due to vacant post and maternity leave            £3k Extra income as new pollution control permit issued            £3k savings on the cost of pest control</p> <p><b>Pressures:</b>            £2k Reduction in licence income            £1k Increased cost of Travellers sites</p>
<b>Regulatory services</b>	<b>403</b>	<b>411</b>	<b>343</b>	<b>293</b>	<b>-50</b>	<b>387</b>	<b>-24</b>	
Planning Policy and Regeneration	751	751	648	453	-195	596	-155	<p><b>Savings</b>            £74k Net establishment savings due to vacant posts            £118k Local Plan profiling movement to 2017-18</p> <p><b>Pressures:</b>            £26k Public footpath lighting            £7k Increased costs of emergency waterways maintenance due to flooding risk            £4k Noise assessment and removal of sound cushions in Croyland Gardens</p>
Planning and Building Control	91	133	82	147	65	157	24	<p><b>Savings:</b>            £20k reduction in anticipated planning appeal fees            £7k increase in planning pre- app fees            £4k Reduced costs paid to the NCC for local land charge searches            £3k supplies and office costs across the service</p> <p><b>Pressures:</b>            £27k reduction in Building Control income            £17k Increased agency Building Control costs            £14k Reduction in Land Charge income</p>
<b>Planning and Local Development</b>	<b>842</b>	<b>884</b>	<b>730</b>	<b>600</b>	<b>-130</b>	<b>753</b>	<b>-131</b>	
<b>Total for Head of Planning and Development</b>	<b>1,245</b>	<b>1,295</b>	<b>1,073</b>	<b>893</b>	<b>-180</b>	<b>1,140</b>	<b>-155</b>	
Environmental Maintenance	2,894	2,893	2,980	2,925	-55	2,912	19	<p><b>Pressures</b>            £19k Implementation costs of the new market layout</p>
Waste and Transport	1,115	1,079	905	1,173	268	1,124	45	<p><b>Pressures</b>            £45k Garden waste service extension and gate fee</p>
<b>Total for Environmental Services</b>	<b>4,009</b>	<b>3,972</b>	<b>3,885</b>	<b>4,098</b>	<b>213</b>	<b>4,036</b>	<b>64</b>	
Organisational Development	205	198	172	153	-19	197	-1	<p><b>Savings</b>            £5k reduced corporate training costs            £1k Savings on printing and office costs</p> <p><b>Pressures:</b>            £5k Increased HR case work costs</p>

Service Area	Original Budget 2016/17	Revised Budget 2016/17	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	Forecast Outturn at 31st March 2017	Forecast Variance at 31st March 2017	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Democratic Services	778	758	657	769	112	606	-152	<b>Savings:</b> £78k Establishment savings due to vacant posts £32k Savings on the cost of adhoc Borough Council/Parish elections £14k Due to reductions in the number of Link publications £10k Reduction in members training £14k Saving on Register of Electors supplies and services costs £4 Saving on members equipment and sundry expenses
Investment Property	-1,357	-1,353	-1,136	-1,385	-249	-1,398	-45	<b>Savings</b> £87k Savings on vacant property business rates £3k Net property and facilities saving <b>Pressures:</b> £45k Pressure Town Centre schemes, Sheep St/High St/Market St
Operational Property	817	825	710	726	16	818	-7	<b>Savings:</b> £16k Saving on business rates (£12k being Croyland) <b>Pressures:</b> £5k Cost of fire alarm system Swanspool Pavillion £4k Net property and facilities pressure
<b>Total for Head of Resources</b>	<b>443</b>	<b>428</b>	<b>403</b>	<b>263</b>	<b>-140</b>	<b>223</b>	<b>-205</b>	
Information Technology Shared Service	1,033	1,097	1,064	1,026	-37	1,131	34	<b>Pressures:</b> £23k - ICT Strategy Review £5k - PSN Compliance Health check £6k maintenance contracts price increases
District Law Shared Service	146	146	122	122	0	146	0	
Community Support	1,323	1,410	1,250	1,651	402	1,604	194	<b>Savings:</b> £7k Savings on community safety initiatives £6k Reduction in contributions to community development initiatives £2k Saving on the cost of the sports strategy contribution £2k Net underspend on the 2016 Waendel Walk <b>Pressures:</b> <b>£200k net pressure for operation of The Castle Theatre</b> £5k Net increase in the cost of events £3k Increase in establishment costs £2k Revenue costs of repairing the Waendel swimming pool tiles £1k Increase in travelling costs to the IML annual conference
Housing	445	444	375	362	-13	472	28	<b>Pressures:</b> £28k Net increase in establishment costs caused in the main by unapplied salary increments plus acting up to cover sickness and offset by staff vacancies
Accountancy	548	552	460	553	93	564	12	<b>Pressures:</b> £12k Increased establishment costs
Internal Audit	65	65	55	52	-3	65	0	
Revenues and Benefits	222	234	646	31	-615	347	113	<b>Savings:</b> £35k Increase in court costs recovery £11k Staffing savings <b>Pressures:</b> £119k HB subsidy loss on homeless cases through difficulty in sourcing affordable family temporary accommodation £40k Reduction in HB admin grant
<b>Total for Head of Finance</b>	<b>2,603</b>	<b>2,705</b>	<b>2,786</b>	<b>2,650</b>	<b>-136</b>	<b>3,052</b>	<b>347</b>	
Corporate Contingency	-95	-95	-79	-80	-1	0	95	Savings are being reflected in the Revenues and Benefits section
Bad Debt Provision	10	10	10	0	-10	10	0	



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	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Depreciation & Amortisation	-1,395	-1,558	-1,558	-1,558	0	-1,558	0	
Non Distributed Costs- Pension Fund	1,425	1,425	1,187	1,142	-45	1,425	0	
Investment Income	-225	-225	-187	-86	101	-201	24	
Audit Fee & Bank Charges	66	66	55	48	-7	66	0	
<b>Other Income and Expenditure</b>	<b>-214</b>	<b>-377</b>	<b>-572</b>	<b>-535</b>	<b>38</b>	<b>-258</b>	<b>119</b>	
<b>Resources Directorate</b>	<b>4,011</b>	<b>4,000</b>	<b>3,802</b>	<b>3,527</b>	<b>-275</b>	<b>4,294</b>	<b>294</b>	
<b>Corporate Management</b>	<b>188</b>	<b>190</b>	<b>159</b>	<b>127</b>	<b>-32</b>	<b>190</b>	<b>0</b>	
<b>Parish Precepts</b>	<b>483</b>	<b>483</b>	<b>483</b>	<b>483</b>	<b>0</b>	<b>483</b>	<b>0</b>	
<b>2016/17 Budget Requirement</b>	<b>9,936</b>	<b>9,940</b>	<b>9,401</b>	<b>9,127</b>	<b>-274</b>	<b>10,143</b>	<b>203</b>	
Government Funding	-1,239	-1,239	-1,033	-1,033	0	-1,239	0	
Business Rates	-2,417	-2,417	-2,014	-2,014	0	-2,417	0	
Section 31 Grant	-479	-479	-399	-399	0	-479	0	
Council Tax	-3,681	-3,681	-3,068	-3,068	0	-3,681	0	
New Homes Bonus	-1,457	-1,457	-1,214	-1,462	-248	-1,457	0	
Use of General Fund Reserves	-619	-619	0	0	0	-822	-203	
Ear Marked Reserves	-44	-47	0	0	0	-47	0	
<b>2016/17 Funding</b>	<b>-9,936</b>	<b>-9,940</b>	<b>-7,728</b>	<b>-7,976</b>	<b>-248</b>	<b>-10,143</b>	<b>-203</b>	
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>1,673</b>	<b>1,151</b>	<b>-522</b>	<b>0</b>	<b>0</b>	

