

**Report of the Section 151 Officer**

**Financial monitoring and position statement for 2018-19**

**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 July 2018.

**2 Executive Summary**

This is the first monitoring report for the 2018-19 financial year and will be used as the baseline to compare future revenue forecasts.

**3 Appendices**

Appendix 1 - revenue monitoring position to 31 July 2018

**4 The resources committee is invited to:**

**4.1 RESOLVE to note the position on the revenue monitoring and the reasons for the variances reported and shown in Appendix 1.**

**5 Introduction**

5.1 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 first in-year report for 2018-19 and reflects the monitoring position as at 31 July 2018.

5.2 Further financial forecasts will be reported to committee to show the changes in the monitoring position as at the following dates:

- 30 September 2018
- 31 December 2018
- 31 March 2019

## 6 Discussion: 2018-19 Revenue Budget

- 6.1 The council set its net revenue operational budget in February 2018 as £11.059m, which is made up of £18.527m of gross expenditure and £7.468m of gross income, this is summarised in the following table:

<b>Budgeted Expenditure</b>	<b>%</b>	<b>£'000</b>
Salaries & Other Employees Costs	27.1%	5,023
Pension Deficit	6.9%	1,272
Premises incl Investment Property	5.5%	1,018
Supplies & Services	16.5%	3,061
Investment Property Fees	1.6%	297
Parish Precepts	3.0%	548
Grants & Subscriptions	2.0%	377
Shared Services & Contracts	5.1%	947
Wellingborough NORSE	27.4%	5,085
Benefit Payments*	See below	21,175
<b>GROSS EXPENDITURE</b>		<b>38,803</b>
Benefit Subsidy*	See below	(20,276)
<b>EXPENDITURE NET OF BENEFIT SUBSIDY</b>		<b>18,527</b>
*Benefit Payments Net of Subsidy	4.9%	899
<b>Budgeted Service Income</b>	<b>%</b>	<b>£'000</b>
Specific Government Grants	7.6%	(564)
Fees & Charges	55.4%	(4,140)
Property Income	37.0%	(2,764)
<b>GROSS SERVICE INCOME</b>		<b>(7,468)</b>
<b>NET SERVICE EXPENDITURE</b>		<b>11,059</b>

- 6.2 The 2018-19 net budget of £11.059m is funded using £1.842m of general fund reserves (of which £0.456m is from general reserves and £1.386m from earmarked reserves) and other sources of external funding as detailed in the table below:

<b>Funding from Non-Specific Grants, Taxation and Use of Reserves</b>	<b>%</b>	<b>£'000</b>
Council Tax	37.5%	(4,147)
Business Rates	31.1%	(3,442)
Revenue Support Grant	4.8%	(531)
New Homes Bonus	9.9%	(1,097)
Use of Earmarked Reserves	12.5%	(1,386)
Use of General Reserves	4.1%	(456)
<b>TOTAL FUNDING</b>		<b>(11,059)</b>

- 6.3 The following table combines the service income in 6.1 with the funding sources in 6.2, to show the overall financing of the total expenditure of £18.527m. It illustrates the relative importance of each, with over 37% of financing coming from internally generated fees and charges and property income and more than 22% from council tax. A little less than 12% now comes from government grants, with a further 18.6% from retained business rates.

<b>Total Income</b>	<b>%</b>	<b>£'000</b>
Fees & Charges	22.3%	(4,140)
Property Income	14.9%	(2,764)
Council Tax	22.4%	(4,147)
Business Rates	18.6%	(3,442)
Specific and Non-Specific Government Grants	11.8%	(2,192)
Use of Earmarked Reserves	7.5%	(1,386)
Use of General Reserves	2.5%	(456)
<b>TOTAL INCOME AND FUNDING</b>		<b>(18,527)</b>

- 6.4 The monitoring of the revenue budget reports the variance to the use of reserves to show any under or over spending on that budget.

- 6.5 The revenue monitoring position is currently forecasting an increase in the need to use reserves of £17k, made up from a number of net pressures and efficiencies. The key areas that contribute to this movement are listed below, with more detail in Appendix 1 of the report.

	<b>Outturn Movement as at 31.07.18</b>
	<b>£'000</b>
<b>Budgeted Use of General Reserves</b>	<b>456</b>
<b>Budget Savings:</b>	
Establishment savings across the services	-44
Vacancy pending restructure	-16
Net effect of service restructure and sharing post with ENC	-33
Refund of costs incurred in prior year	-10
Net increase in housing benefit subsidy	-22
Increase in income from investments	-12
Increase fees and charges income	-33
Reduced printing/stationery costs	-14
Reduction in grants and subscription costs	-6
Net miscellaneous savings	-4
Savings on telephones due to new system	-2
<b>Total Budget Savings</b>	<b>-196</b>
<b>Budget Pressures:</b>	
Non capitalisation of salaries due to vacant posts	51
Recruitment costs	4
External legal costs	24
Agency costs to cover vacant posts	11
Reduction in rent allowance subsidy	41
Street lighting repairs required	14
Increase in costs associated with regeneration schemes	52
Additional security for evening meetings	9
Reduction in licensing income	3
Extra travel claims	1
Net miscellaneous costs	3
<b>Total Budget Pressures</b>	<b>213</b>
<b>Net Budget Pressure/-Saving</b>	<b>17</b>
<b>Use of Reserves Before Funding Reduction</b>	<b>473</b>
<b>Net Movement in Use of Reserves</b>	<b>17</b>

- 6.6 The position in respect of homelessness costs and associated variations in benefit subsidy at the end of July was closely reviewed. This indicated that the additional budget allocated for 2018/19, together with the pattern of costs across the year to date, produced a forecast that net expenditure would be approximately in line with the budget for the year. Given the variable nature of the expenditure and the significant pressures that have recently been experienced in this area, the situation will continue to be closely monitored throughout the year.

- 6.7 The Castle is currently forecasting no variance to budget, summarised as

follows:

Management & Staff Cost		326
Repairs & Maintenance		90
Utilities & Rates		113
Depreciation		210
Supplies & Services		125
Performance Costs		125
Advertising		55
Theatre Income		-374
		<b>670</b>
Available Budget		670
Net Overspend		<b>0</b>

- 6.8 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

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
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	Likely with 8 months of financial year remaining	Robust financial arrangements.

## 10. Implications for Resources

None identified.

## 11. Implications for Stronger and Safer Communities

No specific implications.

## 12. Implications for Equalities

No specific implications

**13. Author and Contact Officer**

Caroline Conway-Hook, Service Accountant  
Tony Furber, Project and Technical Accountant

**14. Consultees**

Liz Elliott, Managing Director  
Bridget Gamble, Director  
Julie Thomas, Director  
Budget Managers

**15. Background Papers**

Financial Services budget monitoring working papers.

## Summary of Budget Monitoring at 31st July (Period 4) with forecast to 2018/19 Outturn

Service Area	Original Budget 2018/19	Revised Budget 2018/19	Profiled Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2019	Forecast Variance at 31st March 2019	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's			
	(a)	(b)	(c)	(d)	(e)			
Community Support	1,564	1,568	184	91	-93	1,567	-1	<b>Savings:</b> £1k net miscellaneous savings
Environmental & Health Protection	430	440	73	73	-	444	4	<b>Pressures:</b> £3k reduction in licensing income £1k net miscellaneous costs
Housing	648	654	109	-114	-223	654	-	Homelessness expenditure has continued at the same high levels as for 2017-18, but with the increased resource allocated in 2018-19 is currently forecast to come out on budget
Planning Policy and Regeneration	633	637	85	110	25	680	43	<b>Savings:</b> £33k Increase in income from Fees and Charges. £4k reduction in printing costs. £6k reduction in grants and subscriptions costs <b>Pressures:</b> £7k net reduction in capitalisation of salaries £10k agency costs to cover vacant posts £14k as a result of more street lighting repairs having to be carried out. £52k increase in costs associated with regeneration schemes £3k net miscellaneous costs across the service
Planning and Building Control	69	76	13	-88	-101	68	-8	<b>Savings:</b> £10k of costs incurred in prior year recovered from clients. £2k saving on printing & stationery. <b>Pressures:</b> £4k recruitment costs for permanent staff.
Environmental Services	4,177	4,183	-157	1,861	2,018	4,183	-	
Organisational Development	233	235	39	37	-2	243	8	<b>Savings:</b> £16k due to pending restructure <b>Pressures:</b> £24k external legal costs
Democratic Services	794	805	134	284	150	773	-32	<b>Savings:</b> £33k net effect of service restructure and sharing post with ENC £8k saving on printing £2k net miscellaneous savings <b>Pressures:</b> £1k increase in travel claims and car allowances £9k additional security for evening meetings. £1k agency cover for vacancy
Operational Property	891	893	126	125	-1	893	-	
Investment Property	-1,676	-1,674	-281	-340	-59	-1,674	-	
Information Technology Shared Service	895	816	285	218	-67	814	-2	<b>Savings:</b> £2k saving from new telephone system

Revenue Monitoring Position to 31 July 2018

Appendix 1

Service Area	Original Budget 2018/19	Revised Budget 2018/19	Profiled Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2019	Forecast Variance at 31st March 2019	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's			
	(a)	(b)	(c)	(d)	(e)			
<b>District Law Shared Service</b>	146	146	24	11	-13	146	-	
Accountancy	760	764	127	275	148	764	-	
Internal Audit	65	65	11	0	-11	65	-	
Revenue and Benefits - Benefit Subsidy	599	599	100	148	48	618	19	<b>Pressures:</b> £19k increase in net cost of benefit payments after subsidy
Revenue and Benefits - Operational	360	379	63	38	-25	379	-	
	<b>10,588</b>	<b>10,586</b>	<b>935</b>	<b>2,729</b>	<b>1,794</b>	<b>10,617</b>	<b>31</b>	
Corporate Contingency	160	160	-119	-79	40	160	-	
Bad Debt Provision	10	10	2	0	-2	10	-	
Depreciation & Amortisation	-1,630	-1,630	0	0	-	-1,630	-	
Non Distributed Costs- Pension Fund	1,338	1,338	223	225	2	1,338	-	
Investment Income	-193	-193	-32	63	95	-205	-12	<b>Savings:</b> £12k increase in income due to slightly higher investment rates.
Audit Fee & Bank Charges	66	66	11	-	-11	66	-	
<b>Other Income and Expenditure</b>	<b>-249</b>	<b>-249</b>	<b>85</b>	<b>209</b>	<b>124</b>	<b>-261</b>	<b>-12</b>	
<b>Corporate Management</b>	<b>172</b>	<b>174</b>	<b>29</b>	<b>50</b>	<b>21</b>	<b>172</b>	<b>-2</b>	<b>Savings:</b> £2k net miscellaneous savings
<b>Parish Precepts</b>	<b>548</b>	<b>548</b>	<b>329</b>	<b>329</b>	<b>-</b>	<b>548</b>	<b>-</b>	
<b>2018/19 Budget Requirement</b>	<b>11,059</b>	<b>11,059</b>	<b>1,378</b>	<b>3,316</b>	<b>1,939</b>	<b>11,076</b>	<b>17</b>	
Government Funding	-531	-531	-177	-177	-	-531	-	
Business Rates	-2,458	-2,458	-819	-819	-	-2,458	-	
Section 31 Grant	-984	-984	-328	-328	-	-984	-	
Council Tax	-4,147	-4,147	-1,382	-1,382	-	-4,147	-	
New Homes Bonus	-1,097	-1,097	-366	-274	92	-1,097	-	
Use of General Fund Reserves	-456	-456	-152	-	152	-456	-	
Ear Marked Reserves	-1,386	-1,386	-462	-	462	-1,386	-	
<b>2018/19 Funding</b>	<b>-11,059</b>	<b>-11,059</b>	<b>-3,686</b>	<b>-2,980</b>	<b>706</b>	<b>-11,059</b>	<b>-</b>	
<b>Net Position</b>	<b>-</b>	<b>-</b>	<b>-2,308</b>	<b>336</b>	<b>2,645</b>	<b>17</b>	<b>17</b>	