

Report of The Head of Finance**Financial monitoring and position statement for 2013-14****1 Purpose of report**

- 1.1 This report aims to combine the monitoring position for both revenue and capital expenditure to give members a total view and understanding of the financial position of the Borough.
- 1.2 The revenue forecasts are estimated at the end of January 2014 will be compared to previous forecasts, with appropriate narratives as a separate appendix to help members understand the changes since the last reported position.
- 1.3 The capital programme will similarly be reported in comparison to the previous position, again with suitable narratives for explanation of movements in the separate appendix.
- 1.4 The report will also comment on the effect of both the updated positions on the total financial position for the 2013-14 year end and also the effects this has on subsequent years. This is not the final outturn position. That will include potential further changes that may happen as part of the year end closure procedure. This report is intended to add value before the year end so that members may have a better understanding of what the final outturn may be.

2 Executive Summary

- 2.1 The Resources Committee have previously received separate reports for both Revenue and Capital monitoring, and the forecast for each for the year end position.
- 2.2 This report pulls both those positions together to give members a more holistic report on the total financial position for the Borough. Each area will be reported on separately but where there are impacts that may affect both spending streams these will be highlighted so that members can see the linkages between them.
- 2.3 The report also shows that fewer reserves will be needed than previously thought to balance the 2013-14 Revenue budget position. This does not affect the overall structural deficit faced by the Borough Council but does provide an in year windfall that will help to manage the transition to a fully balanced position as it will add to the level of reserves available for future years.
- 2.4 The Capital monitoring shows that there will be substantial movement of budgets previously committed in 2013-14 into 2014-15. As a full root and branch review of the Capital Governance and reporting arrangements has been requested and agreed to at the previous Resource Committee meeting , this issue will be considered in more detail with in that review. However, to help the initial analysis

prior to the review, delivery risk of each of the schemes has been included in this report and is shown in appendix 3 as a “RAG” indicator. The schemes for next year (2014-15) have been analysed as well as the whole programme for 2014-15 to 2017-18. Those schemes that are either Amber or Red will be monitored closely and Budget managers for those schemes have been asked to provide key actions and milestones for the delivery of each scheme so assist in this monitoring.

- 2.5 If members would like to discuss any of the revenue budgets or capital schemes mentioned in the report the Head of Finance will be happy to do so either prior to or at the Committee meeting.

3 **Appendices**

Appendix 1 Revenue Monitoring position to 31st January 2014
Appendix 2 Current Capital programme monitoring position
Appendix 3 Capital Programme Funding position
Appendix 4 Capital Programme 2014-15 to 2017-18 with RAG analysis
Appendix 5 Additional Narrative on major changes

4 **Proposed action: 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**
- 4.2 **Note the position on the capital programme and the reasons for the variances and re-profiled budgets as shown in Appendix 2**
- 4.3 **Note the positions on the funding of the capital programme in Appendix 3 and the forecast programme for 2014-18 in Appendix 4**

5 **Introduction**

- 5.1 Both monitoring positions were last reported to the December 2013 Resources Committee. Monitoring is reported 4 times in the year, 3 in year reports and the final out turn position in June of the year following . This report is the final in year report for 2013-14 and reflects the monitoring position as at 31st January 2014. There have been some changes in the weeks after the monitoring position was taken that , although not included in the figures due to the timing of the report, can be commented on so that members are aware of the potential changes to the final outturn position.

2013-14 Revenue Budgets

- 5.2 The Council set its revenue budget in February 2013 as £10.378m, using £1.890m of reserves to support the revenue spending. As such the monitoring of the revenue budget reports the variance to the use of reserves to show any under or over spending on the budget set. The areas that contribute to this movement are summarised in Appendix 1 of the report .

- 5.3 The revenue monitoring position reported in December 2013 showed that at the end of October 2013 the forecast use of Reserves to balance the budget was £1.980m, compared to the budget of £1.890m, an additional £90k of reserves would be needed, or in accountancy terms an overspend of £90k on the budget outturn position.
- 5.4 By the end of January this position has significantly changed to a predicted use of reserves for 2013-14 of £1.199m, so £781k more income, savings or efficiencies have been found to help balance the budget.
- 5.5 This is an under spend on the budget of £691k as the use of reserves needed to balance the budget has reduced significantly. A table at section 6.2 of this report shows a breakdown of these movements and the main areas of movements relate to increased income from either local fees, central government specific grants, property leasing and partnership profits from Norse.
- 5.6 There is only one additional significant cost pressure, dry recycling costs, and this is due to changes in market conditions for income from this area, the cost of transportation and also a reduction in the amount of recycling that credits are claimed for. Norse are currently assisting in the procurement of new contractors and these costs will be reviewed when a new tender is complete.

Capital Programme 2013-14 to 2017-18

- 5.7 The capital programme covers more than one year and shows both the expected spend in the current financial year as well as the spending that has been profiled to be spent in following years. When projects are delayed the spending is also delayed and where this crosses over to the next financial year this spending is re-profiled accordingly. The spending on the project has been committed as a total regardless of profiling and so the movement of predicted spending between years does not free up resources in the overall balance available, but may provide the opportunity to move agreed schemes with profiled spending in later years, forwards to be delivered earlier, if appropriate and achievable.
- 5.8 The capital programme agreed in March 2013 for 2013-14 was £6.646m, of which £3.392 was budget not spent in 2012-13 and re-profiled to 2013-14. In year new schemes have been released in the programme for 2013-14 and the current agreed programme total for 2013-14 is £6.824m. The total agreed capital programme for 2013-14 to 2017-18 is £12.758m. These schemes have been agreed according to the current capital strategy and governance arrangements as reported to Resources Committee in March 2013 and budgets committed to each scheme accordingly.
- 5.9 The capital monitoring shows that due to project delivery slippage, which is outlined in more detail in Appendix 5, £4.184m of the total £6.646m will now be re-profiled into 2014-15, leaving an anticipated capital spend in 2013-14 of £2.623m.
- 5.10 Historically it has been shown that the trend for capital spending in the borough has been to re-profile a significant amount of spending into the next year. For this reason the finance team have put in more stringent monitoring controls with budget managers and have also started to develop better analysis of why these projects do not deliver in the timescales originally estimated. This analysis will

continue and members will be updated accordingly via capital monitoring reporting. In addition to the improvements being made in finance the Chief Executive at the February Resources Committee made a commitment to a review of the capital programme to involve members and to report back to Committee in June 2014. The analysis that finance have been developing will be the starting point for this review and members will be invited to participate in the review as soon as is possible.

6 Discussion

The Revenue budget 2013-14

6.1 As stated above the Revenue budget for 2013-14 is currently expected to come in below budget by £691k as the amount of reserves needed to balance the budget has significantly reduced.

6.2 The table below shows the change of -£781k on the previously reported overspend position of £90k.

Budgeted Use of Reserves as at 31st October 2013	£'000 1,980
Budget Savings	
Additional grant income - Small Business Rates Relief (S31 Grant)	-345
Additional planning income	-200
Increase in NORSE profit share	-93
Additional property income and lease premium	-93
External audit fee saving	-51 *
Corporate pay award provision	-50
Member services budget savings	-31
District Law contract savings	-30 *
Accountancy services savings	-29 *
Consortium Audit contract savings	-27 *
Planning Regeneration consultants	-15
Procurement services savings	-13
Total Budget Savings	-977
Budget Pressures:	
Additional cost of recycling & loss of income	139 *
Housing Development feasibility costs	25
IDOX project costs	32
Total Budget Pressures	196
Net Budget Saving	-781
Revised Budgeted Use of Reserves as at 31st January 2014	1,199

6.3 The main changes to the previously reported position come from additional income that for prudence were not certain enough to report until now. Each of the main areas have additional narrative included in Appendix 5 to help

members gain an understanding and appreciation of where these variances have arisen.

- 6.4 The revenue budget is now forecasting an under spend of £691k on the planned use of reserves for the reasons outlined above. Whilst this is a large movement on the previously reported position it does provide the Borough with some opportunities for future years. The effect of using less reserves in 2013-14 than planned does mean that there are more available for future years and the Borough Council should use this additional funding to mitigate against the risks it faces both immediately in the coming year and the uncertainties of the future years. It also means that although the tough decisions needed to address the structural deficit on the budget to get to a balance position by April 2015 still need to be made there is scope to take more time over the consultation and implementation of these solutions.

The Capital Programme 2013-14 to 2017-18

- 6.5 The capital programme for 2013-14 is now anticipated to spend £2.623m of the £6.824m originally agreed. This is £4.201 less than the original budget. £4.184m of this will be moved to be spent in 2014-15 and the other £17k is due to under spends on completed projects. Appendix 2 shows this in more detail and provides brief commentary on each scheme. Those schemes that form a substantial part of the £4.184m movement to 2014-15, 10 out of a total 41 schemes, have additional narrative in Appendix 5. These schemes are also shown in Appendix 2 in the first column. Appendix 4 shows a new RAG analysis of the schemes deliverability, with 1 green, 6 amber and 3 red.
- 6.6 This new analysis is the first step in the review of the Capital Programme and highlight those schemes with higher risks of non-delivery so that they can be monitored in more detail.
- 6.7 The capital programme is anticipating £4.184 movement into 2014-15 which will mean that in 2014-15 £9.253m of capital spending is currently forecast to be spent. This does consist of some large and costly projects but also highlights the need for a total review of the capital programme management, as the capacity of a smaller staff base may impact on the deliverability of this ambitious target. The analysis at Appendix 2 does show that approx 10% of that should be easily achievable, approx 32% of it has some uncertainty but is on track to deliver and needs careful monitoring, but 58% of the programme is subject to further decisions and agreements before it can progress (36% relates to the crematorium project). This basic analysis will be further investigated but it does show that over half the planned capital programme for the coming year may be subject to delay because it is awaiting further decisions to be made that cannot be accurately timed or forecast.

Legal Powers

- 7.1 Local Government Act 2003

8. Financial and Value for Money Implications

- 8.1 An overall overspend is currently forecast, however there are some areas with overspends for which ongoing management action is required.

9. Risk Analysis

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

Liz Elliott, Head of Finance

14. Consultees

Budget Managers
SMT

15. Background Papers

Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 31st January (Period 10) with forecast to 2013/14 Outturn

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	Forecast Outturn at 31st March 2014	Forecast Variance at 31st March 2014	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
								Savings: Glamis Hall NCC additional Funding £27k - When the budget was set it was anticipated NCC would reduce their contribution, however this decision was amended after the budget was set. W3 Bus Service Saving £24k - This is service is currently being funded by NCC Increase in Glamis Income £13k Staff Vacancy Savings £33k NCC Contract for Sports Development Officer £2k Community Development Initiatives LLM grant income £2k General Savings on Community Development Initiatives Services £5k Reduction in grant paid to Weavers Leisure Centre £17k Savings on grants £12k Savings on costs of IML representation £1k Increased income and general savings from events £6k Pressures: Pay award £3k Cost of excess electricity + gas at the Leisure Centres £68k Hope Centre Voluntary Grant £12k Extension of Leisure contract £8k Castle Radon testing and Repair/maintenance £4k Increased CCTV costs £3k Extra Contractor Costs for Community Safety Initiatives £8k Increased net costs of Waendel Walk £9k
Community Support	2,076	2,157	1,934	1,949	15	2,130	-27	
								Savings: Staff vacancy £3k Maternity savings £10k Pest Control - reduction in level of work £2k Cost of Kennels £1k Coat of Pollution control £1k Pressures: Pay award £2k Travellers cost likely to be £1k more Costs of funerals under recovered £3k
Environmental Protection	306	306	259	233	-26	295	-11	
								Pressures: Pay award £2k Salary JE £1k General pressure across the service £1k Communities for Health Post £35k
Health Protection	181	181	124	167	43	220	39	
Community	2,563	2,644	2,317	2,349	32	2,645	1	
								Savings: Savings re North Northants Housing Co-ordinator £2k Staff vacancies £28k Savings on PSI property costs £20k Savings on cost of providing homeless accommodation £11k Extra income from CODE for sustainable homes work £2k Pressures: Reduction in Private Sector Renewal Income £1k Income from Windsor Rd Properties now going to Property Services £5k Pay award £4k Housing development feasibility costs £25k
Housing	514	514	429	365	-64	486	-28	
								Savings: General savings across the service £9k Pressures: Tudor Gate costs - write off as unrecoverable £9k Overspend on street name plates - work should have been carried out in 2012/13 £5k Salary JE £1k 9 Pay award £3k
Planning Policy and Regeneration	604	611	526	529	3	620	9	
								Savings: Increased planning income as a result increased activity £240k Net increase in searches income £10k Building Control salary savings £2k Savings on Car Allowances £3k Staff vacancies £5k Pressures: BC Subscriptions increase £3k BC Professional fees £5k DC increased cost of appeals & professional fees £20k Net office costs for the section £1k Pay award £7k Salary JE £2k
Planning and Building Control	318	268	270	-36	-306	70	-198	
Planning and Local Development Division	1,436	1,393.0	1,225	858	-367	1,176	-217	
Environmental Maintenance	3,052	3,055	2,648	2,724	76	3,055	0	
								Savings: Increase in profit share from Wellingborough Norse £93k Pressures: Additional costs for disposal of recycling £77k Less income on Recycling Collection due to reduced tonnage £62k Loss in sales income for Vehicles & Plant due to invoice write off £5k Loss in general income for Vehicles & Plant £3k
Waste and Transport	1,042	1,039	949	1,102	153	1,093	54	
Environmental Services Division	4,094	4,094	3,597	3,826	229	4,148	54	

Service Area	Original Budget 2013/14	Revised Budget 2013/14	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	Forecast Outturn at 31st March 2014	Forecast Variance at 31st March 2014	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Services Directorate	8,093	8,131	7,139	7,033	-106	7,969	-162	
Organisational Development	307	307	256	188	-68	240	-67	Savings: £48k CMT Agreed to reduced 2013-14 training budget £2k net of vacancy and agency cover (Senior Organisational development officer post) £7k net of vacancy and agency cover (HR Support officer post) £10k savings on services
Democratic Services	742	742	618	670	52	724	-18	Savings: £16k savings on members allowances £13k savings on members training budget £15k savings on corporate advertising Pressures: £1k over spend on mayoral printing £1k on Agency £18k overspend on register of electors £6k Freedom of Borough expenditure agreed after budget setting
Property and Facilities	-284	-288	-274	-379	-105	-394	-106	Savings: £50k additional licence income £43k additional rent income £7k savings on insurance £5k (Printing, cleaning & Utility) £4k on advertising Pressures: £3k Pay Award
Resources Division	765	761	600	479	-121	570	-191	
Information Technology Shared Service	1,057	1,055	906	995	89	1,092	37	Savings: £32k ENC contract Savings generated from a reduction in staff hours. Pressures: £12k Additional cost (£4k increase in VM maintenance charges and additional PSN audit requirements £8 Softcat) £18k Abritas upgrade £1k extending Active Absence £38 Increase in costs relates to IDOX project and the need for licences, Hardware, and data extraction services.
District Law Shared Service	173	173	173	127	-46	127	-46	Savings resulting from Daventry District Council joining consortium
Accountancy	457	467	390	325	-65	425	-42	Savings: £29k savings on services budget £13k savings on procurement
Internal Audit	87	87	87	45	-42	60	-27	Savings on the consortium contract fee
Revenues and Benefits	101	48	-330	-224	106	83	35	Pressures: £15k on postage £12 Business rate Agency NCC £3 printing on Housing benefit £2k on recruitment of staff to Housing benefit £2k on advertising & Equipment Housing benefit £1k on ICT costs
Finance Division	645	602	147	146	-1	568	-34	
Corporate Contingency	174	277	-6	-16	-10	227	-50	Corporate provision for 1% pay award has been absorbed by services
Council Tax Freeze Grant	-30	-30	-25	-32	-7	-30	0	
Small Business Rates Relief Grant	0	0	0	0	0	-345	-345	Grant announced in year and to offset loss of rates retention income
Collection Fund	0	0	0	0	0	0	0	
New Homes Bonus	-615	-615	-509	-530	-21	-615	0	
Bad Debt Provision	10	10	0	0	0	10	0	
Depreciation & Amortisation	-1,546	-1,559	-1,559	-1,559	0	-1,559	0	
Non Distributed Costs- Pension Fund	1,185	1,185	987	968	-19	1,185	0	
Investment Income	-582	-582	-498	-123	375	-312	270	The 2013/14 was set assuming a 1.4% average rate of return, this has now dropped to 0.4% as a result of the Government introduction of the Funding for Lending scheme and the current Treasury Management Strategy.
Audit Fee & Bank Charges	159	159	122	103	-19	108	-51	The strategy has been reviewed and amended to mitigate impact.
Other Income and Expenditure	-1,245	-1,155	-1,488	-1,189	299	-1,331	-176	Savings on external audit cost
Resources Directorate	1,395	1,436	338	558	220	1,026	-410	
Corporate Management	447	381	321	377	56	278	-103	Savings are as a result of the corporate restructure
Parish Precepts	443	443	443	461	18	427	-16	
2013/14 Budget Requirement	10,378	10,391	8,241	8,429	188	9,700	-691	
Use of General Fund Reserves	-1,890	-1,890	0	0	0	-1,199	691	
Ear Marked Reserves	0	-13	0	0	0	-13	0	
Business Rates	-2,115	-2,115	-1,763	-1,763	0	-2,115	0	
Council Tax	-3,195	-3,195	-2,663	-2,663	0	-3,195	0	
Government Funding	-3,178	-3,178	-2,648	-2,648	0	-3,178	0	
2013/14 Funding	-10,378	-10,391	-7,073	-7,073	0	-9,700	691	

Scheme Reference	Capital Scheme Title	Responsible Officer	Total Capital Programme 2013/14-2017/18	Capital Programme 2013-14 Including re-profiling	Profiled Budget to P10 31st January	Actual Expenditure to P10 31st January	Variance Year to Date	Commitments	Committed Expenditure to current period	Forecast for the year	Variance Forecast for year against budget	RAG Status	Responsible Officer Comments
			£000	£000	£000	£000	£000	£000	£000	£000	£000		
J107	Telephone System	Alison Curtis	75	75	10	3	-7	6	9	10	-65	☹	The telephone system project cannot progress until the AD and Exchange Migration is complete which is scheduled for completion during Q1 of 2014/15. Therefore the majority of this budget will be carried forward.
J132	Desktop Equipment Replacement and Windows7	Alison Curtis	178	89	70	70	-	5	75	89	-	☺	The project is ongoing with the bulk purchases having been made. There remains additional hardware requirements and it is anticipated that this budget will be fully spent by year end.
J105	Bandstand Castle Fields	Amanda Johnson	13	13	13	2	-11	-	2	13	-	☺	The project (funded from S106 monies) to provide an electricity supply to the bandstand was linked to the on site pavilion renovation which is now approved. Therefore work will begin to allocate the power supply during construction repairs to the pavilion. It is anticipated that Wellingborough Norse will provide an independent electricity and lighting supply to the bandstand with construction to be carried out during March 2014.
J135	Day Centre for older people	Gill Chapman	400	-	-	-	-	-	-	-	-	☺	Budget profiled in 2014/15
K103	Allan Bank	Gill Chapman	59	59	59	45	-14	-	45	45	-14	☺	Completed
J128	ICT Resilience	Ian Peters	89	59	59	58	-1	-	58	61	2	☹	UPS purchased and installed. Awaiting quotations to expand Backup system. The slight overspend in the current year is due to increased storage costs and will reduce the available budget profiled in 2014-15.
J130	ICT Security	Ian Peters	11	11	11	12	1	4	16	11	-	☺	Ongoing project in response to Public Services Network audit with anticipated spend profiled accordingly. £6k of actual spend amount to be recharged to East Northamptonshire
J131	Citrix Remote Access	Ian Peters	13	13	13	12	-1	-	12	12	-1	☺	Completed
J133	Active Migration / Exchange Migration	Ian Peters	106	106	75	30	-45	75	105	75	-31	☹	Project ongoing, however completion is delayed due to the Northgate Idox migration. Therefore approximately £30k will be carried forward into 2014/15.
J042	High Street Development	Jennifer Bell	77	77	-	-4	-4	1	-3	-	-77	☹	Original budget of £335k, 99% of property and rights acquisitions now complete. Remaining budget to finalise minor outstanding CPO's which are delayed awaiting further information on Keepmoat scheme. It is unlikely to complete this year therefore budget will be reprofiled into 2014-15.
J102	High Street Development British Legion	Jennifer Bell	40	40	-	-	-	-	-	-	-40	☹	BCW in negotiations with new owner who is unfortunately away now for three months, talks will continue upon his return. Completion is unlikely within this financial year therefore this budget will be reprofiled into 2014-15.
J103	High Street Development Mobile Radio	Jennifer Bell	475	475	-	1	1	4	6	475	-	☺	Heads of Terms have been agreed with proposed completion date of 28th February 2014. This is currently in the hands of the legal teams to finalise.
J122	Street Furniture	Jennifer Bell	74	74	40	2	-38	37	40	40	-34	☹	Market Street - street furniture reconfiguration element is complete awaiting invoice from NCC for £35,562.64. Discussions ongoing with Moulton College re student scheme to repair mosaics. Sourcing of materials required is being investigated with timeline for completion of project to be advised.
J123	Regeneration Signs	Jennifer Bell	21	21	-	-	-	-	-	-	-21	☹	Current town signs renovated. Two previous reports proposing designs for regeneration signs have been rejected, therefore review being undertaken with further report to be presented at Development Committee in 2014-15.
J037	Redhill Farm - Roads & Sewers Phase 4	John Udall	824	427	210	1	-209	403	404	210	-217	☹	The first phase of works (approx £210k), awaiting completion of legal with MGWSP and NCC, invoice expected before year end. The second phase of work is expected to begin March/April with completion due September, therefore remaining budget will be reprofiled into 2014-15.
J092	MSCP Refurbishment	John Udall	624	624	15	14	-1	-	14	15	-609	☹	Project on hold pending decision re future of MSCP.
J100	Wellingborough Heritage and Shop Front Grant Initiative	John Udall	2,076	486	50	22	-28	-	22	50	-436	☹	Project officers presented a report to the development committee on 29.10.13 outlining a revised budget proposal for schemes, which was agreed. Agreement will now be sought from HLF in order that projects can begin however it is expected that the majority of the budget will carry forward to 2014/15.
J106	Electronic Data Record System	Kathryn Rance	26	26	-	-29	-29	35	6	-	-26	☹	Project ongoing, however completion is delayed due to the AD Migration project extension, therefore the budget will be reprofiled into 2014-15.
J129	Website Improvements	Kathryn Rance	22	22	22	23	1	-	23	23	1	☹	Completed - Overspend due to purchase of additional test system, which was available via a joint procurement deal with East Northamptonshire at £1000, a significantly lower price than usual.

Scheme Reference	Capital Scheme Title	Responsible Officer	Total Capital Programme 2013/14-2017/18	Capital Programme 2013-14 Including re-profiling	Profiled Budget to P10 31st January	Actual Expenditure to P10 31st January	Variance Year to Date	Commitments	Committed Expenditure to current period	Forecast for the year	Variance Forecast for year against budget	RAG Status	Responsible Officer Comments
J125	Castle Audio Equipment	Liz Elliott	37	37	-	-	-	-	-	-	-37	☹	New management at The Castle are reviewing the original project bid and are considering the available options.
K221	Parish Council Irchester	Liz Elliott	56	56	45	43	-2	-	43	43	-13	☹	No further costs expected within this financial year, remaining budget to be carried forward into 2014/15 when scheme is planned for completion.
J126	Crematorium *	Liz Elliott	3,394	1,294	50	51	1	70	121	50	-1,244	☹	Update from Liz
K104	Weavers School	Liz Elliott	23	23	23	23	-	-	23	23	-	☺	Completed
J134	Expanding grave spaces	Nicola Holden	36	36	-	-	-	-	-	-	-36	☹	In order to achieve the highest quality outcome this scheme is best completed during the summer months, therefore the budget will carry forward into 2014/15.
J121	Academy Upgrade	Nigel Robinson	53	53	45	39	-6	-	39	53	-	☺	Ongoing.
J041	Non Operational Property	Paul Burnett	24	24	24	-	-24	-	-	20	-4	☹	Contingency budget for unforeseen emergency repairs, any remaining funds will carry forward into 2014/15.
J048	Enterprise Court Regeneration	Paul Burnett	22	22	22	21	-1	-	21	21	-1	☺	Completed
J113	Nest Farm Road Wall	Paul Burnett	98	98	-	-	-	-	-	-	-98	☹	The project is currently out to tender, engineers have been working on a solution without charge to BCW. The approved budget may need to be revised as the repairs would involve road closures and legal costs in respect of local householders. Significant issues as retaining wall poses health and safety / reputational risk.
J114	Glamis Hall	Paul Burnett	23	23	-	-	-	-	-	-	-23	☹	Project on hold, pending decision re future of building.
J116	Croyland Hall Abbey	Paul Burnett	250	250	-	-	-	-	-	-	-250	☹	This project has been delayed due to sourcing and availability of materials however the tender is complete with work expected to start in March 2014. Contractors would be on site for up to six months with completion programmed for September 2014.
J118	29-30 Sheep Street	Paul Burnett	155	155	-	1	1	-	1	1	-154	☹	The tender process is now complete. Due to the lack of available thatchers this project is unlikely to begin before 2015. Contractors would receive staged payments and any remaining budget will carry forward from 2014-15 to 2015-16.
J119	Tithe Barn Roof and IT Connections	Paul Burnett	100	100	-	1	1	-	1	1	-99	☹	The tender process is now complete. Thatching work to ridges and eaves and the replacement of wire netting protection is now programmed to start in October 2014, due to the lack of availability of approved thatchers. Therefore this budget will be reprofiled into 2014-15.
J120	Tithe Barn Road Offices Lift Control Upgrade	Paul Burnett	30	30	30	29	-1	-	29	29	-1	☺	Completed
J127	Private Sector Housing Grant - homelessness initiative	Vicki Jessop	300	60	15	12	-3	-	12	15	-45	☹	Project managers are continuing to promote this initiative however private landlords are apprehensive in respect of the forthcoming universal credit arrangements and continuing rental income.
K001	Renovation Grant-Discretionary	Vicki Jessop	397	157	100	105	5	-	105	125	-32	☹	Whilst this project has been slow to begin due to administrative processes the rolling programme will now enable the momentum to continue with any budget variances being reprofiled into future years.
K002	Disabled Facilities Grant	Vicki Jessop	1,534	685	250	275	25	-	275	415	-270	☹	Whilst this project has been slow to begin due to administrative processes the rolling programme will now enable the momentum to continue. Currently works complete for payment £35k, works in progress £64k, works about to start £41k.
K007	Empty Properties	Vicki Jessop	376	376	50	3	-47	14	17	50	-326	☹	CPO's in respect of properties ongoing with update report due to committee. It is unlikely any will complete before year end therefore budget will be reprofiled in 2014-15 and combined with new CPO Fund.
K010	Empty Properties vacant land and CPO	Vicki Jessop	575	575	575	537	-37	8	545	575	-	☺	Compulsory purchase of 66-74 Lea Way completed. Small charges outstanding, remaining budget expected to be spent by year end.
K302	Kick Start Housing Development	Vicki Jessop	50	50	50	50	-	-	50	50	-	☺	Completed
J137	Football Pitch Improvements	Victoria Phillipson	20	20	20	19	-1	-	19	19	-1	☺	Completed
J138	Adult Outdoor Gym Equipment	Victoria Phillipson	3	3	3	3	-	-	3	3	-	☺	Completed

12,758	6,824	1,948	1,474	-474	662	2,136	2,623	-4,201
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* Crematorium - Original budget 2013-14 was £2.6m but reduced by early spend in 2012-13.

Capital Funding Schedule

The following table shows a breakdown of how the budgeted programme will be funded:

	2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total
Capital Programme (Appendix 1)	6,824	3,755	953	775	451	12,758
Capital Programme 2014-15		1,314	1,352			2,666
Funded by:						
Capital S106	37					37
Disabled facilities Grant	206	<i>212</i>	<i>212</i>	<i>212</i>	212	1,054
Heritage Lottery funding	325	<i>358</i>	<i>422</i>	<i>301</i>		1,406
Capital Receipts	6,256	4,499	1,671	262	239	12,927

Schedule 1 schemes agreed at
Resources Committee 5.2.14

Projected Capital Reserves:

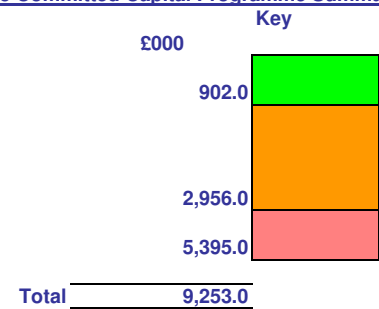
	2013-14 £000	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000
Capital receipts B/f	13,142	8,286	5,487	5,066	6,054
Anticipated Capital Receipts	<i>1,400</i>	<i>1,700</i>	<i>1,250</i>	<i>1,250</i>	<i>500</i>
Use of Capital Receipts	6,256	4,499	1,671	262	239
Balance c/f	<u>8,286</u>	<u>5,487</u>	<u>5,066</u>	<u>6,054</u>	<u>6,315</u>

NB - Italics Estimate

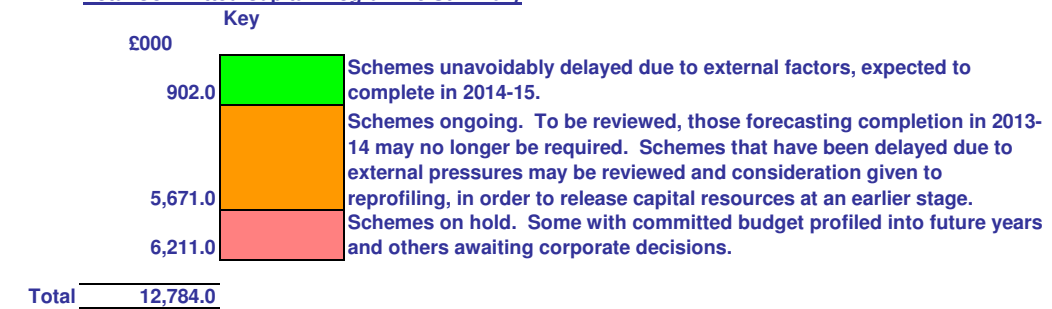
Forecast Capital Programme 2014-15 to 2018-19

Sch Ref	Capital Scheme	Forecast reprofiling from 2013-14 as per Appendix 1	Capital Programme 2014-15	Capital Programme 2014-15 Including forecast reprofiling form 2013-14	Capital Programme 2015-16	Capital Programme 2016-17	Capital Programme 2017-18	Capital Programme 2018-19	Committed Capital Programme 2014-15 to 2018-19	Forecast 2014-15 Completion RAG Status	Comment
			£000		£000	£000	£000	£000	£000		
K103	Allan Bank								-		Completed
J131	Citrix Remote Access								-		Completed
J129	Website Improvements								-		Completed
K223	Weavers School								-		Completed
J048	Enterprise Court Regeneration								-		Completed
J120	Tithe Barn Road Offices Lift Control Upgrade								-		Completed
K302	Kick Start Housing Development								-		Completed
J137	Football Pitch Improvements								-		Completed (S106 funding)
J138	Adult Outdoor Gym Equipment								-		Completed (S106 funding)
J107	Telephone System	65.0		65.0					65.0		Delayed due to AD migration, completion expected 2014-15
J133	Active Migration / Exchange Migration	31.0		31.0					31.0		Delayed due to Northgate IDOX, completion expected 2014-15
J042	High Street Development	77.0		77.0					77.0		Delayed due to CPO process, completion expected 2014-15
J102	High Street Development British Legion	40.0		40.0					40.0		Delayed due to CPO process, completion expected 2014-15
J103	High Street Development Mobile Radio								-		Delayed due to CPO process, completion expected 2014-15
J037	Redhill Farm - Roads & Sewers Phase 4	217.0	397.0	614.0					614.0		Ongoing - completion expected 2014-15
J106	Electronic Data Record System	26.0		26.0					26.0		Delayed due to AD migration, completion expected 2014-15
K221	Parish Council Irchester	13.0		13.0					13.0		Ongoing - completion expected 2014-15
J134	Expanding grave spaces	36.0		36.0					36.0		Postponed due to weather conditions - completion expected 2014-15
J105	Bandstand								-		No forecast reprofiling - review outturn (S106 funding)
J130	ICT Security								-		No forecast reprofiling - review outturn
J122	Street Furniture	34.0		34.0					34.0		Ongoing - further discussion with Market Working Group required to progress
J100	Wellingborough Heritage and Shop Front Grant Initiative	435.0	526.0	961.0	621.0	443.0			2,025.0		Ongoing - Awaiting agreement from HLF on revised budget (68% HLF funding)
J121	Academy Upgrade								-		No forecast reprofiling - review outturn
J041	Non Operational Property	4.0		4.0					4.0		Ongoing - emergency property maintenance budget
J113	Nest Farm Road Wall	98.0		98.0					98.0		Delayed due to ongoing significant structural investigations
J116	Croyland Hall Abbey	250.0		250.0					250.0		Delayed due to availability of materials, completion expected 2014-15
J119	Tithe Barn Roof and IT Connections	99.0		99.0					99.0		Delayed due to procurement process and availability of approved thatcher, completion expected 2014-15
J127	Private sector Housing Grant - Homelessness initiative	45.0	60.0	105.0	60.0	60.0	60.0		285.0		Delayed, landlords apprehensive of scheme in light of universal credit
K010	Empty Properties vacant land and CPO								-		No forecast reprofiling - review outturn
K001	Renovation Grant-Discretionary	32.0	60.0	92.0	60.0	60.0	60.0		272.0		Delayed due to initial administrative processes, ongoing
K002	Disabled Facilities Grant- Mandatory PO	270.0	212.0	482.0	212.0	212.0	212.0		1,118.0		Delayed due to initial administrative processes, ongoing (Grant funding)
K007	Empty Properties	326.0		326.0					326.0		Delayed - report due to committee for CPO decisions
J126	Crematorium*	1,244.0	2,100.0	3,344.0					3,344.0		
J132	Desktop Equipment Replacement and Windows7						89.0		89.0		Remaining budget profiled in 2017-18
J135	Day Centre for older people		400.0	400.0					400.0		On hold - awaiting corporate decision
J128	ICT Resilience	-2.0		-2.0			30.0		28.0		Remaining budget profiled in 2017-18
J123	Regeneration Signs	21.0		21.0					21.0		On hold - report to be presented to Development Committee for decision
J092	MSCP Refurbishment	609.0		609.0					609.0		On hold - awaiting corporate decision
J125	Castle Audio Equipment	37.0		37.0					37.0		On hold - awaiting revised project plan from The Castle
J114	Glamis Hall	23.0		23.0					23.0		On hold - awaiting corporate decision
J118	29-30 Sheep Street	154.0		154.0					154.0		Delayed due to procurement process and availability of approved thatcher, completion expected 2015-16
	<u>Schedule 1 - agreed at Resources 05.02.14</u>								-		
New	CPO Fund		305.0	305.0	555.0				860.0		New scheme - ongoing rolling CPO fund
New	Kick Start Housing (part)		200.0	200.0	100.0				300.0		New scheme - ongoing
New	MSCP Refurb		809.0	809.0	697.0				1,506.0		On hold - awaiting corporate decision
		4,184	5,069.0	9,253.0	2,305.0	775.0	451.0		12,784.0		

2014-15 Committed Capital Programme Summary



Total Committed Capital Programme Summary



Revenue Budget Additional Narrative

1. Business Rates Issues

- 1.1. In the summer of 2013 Central Government again agreed to double the small business rate relief. However, as the new business rates retention scheme (BRRS) had been implemented this would have a direct impact on the growth forecasts and potential income from the local share that authorities may receive. To compensate for this Central Government pledged to make good any losses that this may have on the authorities. They have again made a similar pledge on the agreed business rates relief's announced as part of the Chancellors Autumn Statement.
- 1.2. Each authority could estimate how much it may receive as a grant but as the complexities of the BRRS overlaid the calculations the amounts became increasingly hard to calculate. No guidance on this was received from Central Government to assist and although an estimate was made, it was not clear how accurate this was. In addition to this the Borough Council is part of the Northamptonshire Business Rates Pool and again this adds another level of complication as each pool has a unique levy rate to be charged to its collective growth. It is still unclear how this has been applied to the grants received and to date Central Government have issued no guidance on this. It was originally thought that this payment may need to go through the collection fund for business rates once all the levies had been accurately applied. It is now thought that it can be taken directly to the general fund. Central Government have paid 91% of the grant to authorities in 2013-14 and the balance will be paid in the first part of 2014-15 when the official year end returns for business rates (NNDR3) are made in late April.
- 1.3. The calculation of the value of the business rates relief's for 2014-15 is currently in progress, but again no guidance from either Central Government or CIPFA on its calculation or accounting treatment has been received. Once a robust estimate can be made the 2014-15 figure will be reported as part of the revenue monitoring next year.
- 1.4. In addition to this the rules on accounting for the potential business rates growth have yet to be clarified and again no guidance from Central Government or official accounting treatment from CIPFA have been produced. CIPFA have been running workshops in the last months to try and address these issues, but again nothing specifically for pooled authorities. The Borough Councils Principal Accountancy Manager, Samantha Knowles, has been working with her fellow chief accountant colleagues across the county, to create a model that all can use to get a better understanding of this very complex accounting process. It was originally thought that the collection fund for business rates would operate in the same way as council tax does, and that any surplus over budget (ie growth on the baseline position) would be taken in the following year. £400k has been built in as a prudent

estimate to the 2014-15 budgets for this. However, there are varying opinions on this and it may mean that some of that growth can be taken in 2013-14. Once the guidance and accounting treatment is issued, this can be clarified and reported as part of the final outturn position in June 2014. The guidance is not anticipated before April but once received a revised position can be estimated. The final position on the growth will not be known until the official business rate year end return (NNDR3) is made, again in April, and the pooling benefit calculated on these figures.

- 1.5. The methodology for calculation and accounting for growth, surpluses and deficits on the collection fund are also still uncertain and so no account for any potential changes have been taken into this monitoring position. The initial view on growth for 2014-15 has been made and the official return to government (NNDR1) has been made. This shows an indicative loss on collection fund for the Borough but does not impact on the predicted growth built into the budget.
- 1.6. To add to the uncertainty, the growth in the business rates includes an element for appeals which Central Government have pledged to clear the backlog on by July 2015. This may have an effect on the level of growth depending on the outcome of these appeals. An estimate has been built into our calculations but this is again another uncertainty.
- 1.7. Due to the uncertain nature of the business rates retention scheme income, it may be prudent to create an earmarked reserve to smooth the impacts over time and take this unbudgeted income at the year end to this new reserve, for use in future years to support the budget. If it is shown not to be needed it can be easily moved to the general fund at the following year end.

2. Planning fees income

- 2.1. Throughout the year the planning fees are monitored by the Principle Development and Building Control Officer and reported to the service accountant for inclusion in the monitoring report. These income figures are based on his view of the likelihood of achieving the target, and the income already known about. Planning fees are very much demand led and during the recession have taken a dip when compared to historic highs. However, a recent trend is emerging that shows these figures are again increasing. The large under spend this year is mainly due to some large one off applications being received but also in part to this increasing trend. The budget for 2014-15 has accounted for this trend and increased the income budget for planning fees accordingly from £210k pa to £410k pa This underspend is a one off "windfall" of income and in future years is not certain to appear and so the increase in budget does not exactly mirror it.
- 2.2. Planning applications generally produce the income as seen above but when they are refused, as we have seen in recent planning

committees, the potential for costly appeals is just as unpredictable. In recent years appeals have cost in the region of £80-100k each and the Borough Council does not budget for these due to uncertainty. It may be prudent to move this “windfall” planning income into an ear-marked reserve at year end to mitigate against the potential costs of these appeals.

3. Property income

3.1. The Principal Property Services Manager has been proactively challenging and renegotiating the leases on our investment property and as a result has been able to increase the income associated with this. One particular negotiation resulted in a £50k one off payment, for the granting of an under lease. The property income budget for 2014-15 has been updated to reflect the on-going rental income.

4. Norse partnership Increase profit share

4.1. As part of the Norse profit sharing agreement, any profit over and above the agreed budget is shared between the 2 parties. Norse report their financial position to Communities Committee each quarter and advise finance of the official position they have reported so that our monitoring reflects the same position. Norse do not forecast a year end position, as we do, until their month 10 (January) and as such the revenue monitoring cannot be updated until that time. The potential increased profits have been reported as part of the Norse liaison board and unofficially to finance throughout the year. However, for prudence the official monitoring has not been updated until such time as Norse officially reported the potential increased profits.

5. Other savings and efficiencies

5.1. The other savings and efficiencies reported in the report above have a commentary as part of Appendix A. These are in general savings on contracts negotiated in year and staff savings arising from either vacancies or managers being able to absorb inflationary pressures without the need for further budgets.

Capital Schemes additional Narrative

6. J037 Redhill Farm roads and sewers - Green

6.1. This scheme is being completed with both NCC and MGWSP and is for a total £824k. Phase one of the scheme has been completed and the phase two element is in the final legal agreement stage and is anticipated to start March / April and complete Sept 2014. £217k will be reprofiled to 2014-15 to pay for the Phase Two works. This scheme is green in Appendix 2 as no delays to this are anticipated at this stage.

7. J100 Wellingborough Heritage Shop Front Initiative - Amber

7.1. This scheme is planned for delivery over a 4 year period and is partly funded by the Heritage Lottery Fund (HLF) and as such the HLF need to be consulted on all uses and budget changes for this scheme. A report was presented to Development Committee in October 2013 and as a result the HLF had to be consulted on the proposed changes. Once this has been received the projects can be started but this is not anticipated in time to spend the 2013-14 budgets in year and so this will be moved to 2014-15 when the projects will begin. The total scheme is £2.076m, of which it is forecast £50k will be spent in 2013-14, £436k will be re-profiled into 2014-15 and the balance spent over the coming 3 years. This is classed as an amber project as the delays to the start of implementing the projects may cause a risk to the deliverability of an increased number of projects in 2014-15 and this will be carefully monitored and reported on, during the coming year. Currently the budget manager has no concerns over the deliverability of projects and the use of the budget for 2014-15.

8. J113 Nest Farm Road wall – Amber

8.1. This scheme is currently out to tender and to date all work completed on this have been done with no charge. The wall represents both a health and safety risk and reputation risk to the Council. The final solution may involve the need to close roads and potential legal costs for the local residents. Once the tender has been awarded a more certain view of costs and delivery timetable can be made. Until that time the project is consider amber but the budget manager is confident that it will deliver in 2014-15.

9. J116 Croyland Hall/Abbey – Amber

9.1. This project has been delayed due to the sourcing of a bespoke material, Collyweston slate, and the availability of the material in the quantity we needed. A tender process has now been completed and a provider of the materials and contractor for the work agreed. However, the work could not be started until March 2014 and as such the majority of the budget will be moved to 2014-15 where it is anticipated that the works will complete by September 2014. As this has yet to be started the project remains amber until such time as works are carried out and the project underway.

10. J119 Tithe Barn Roof & IT connections – Amber

10.1. This project has been delayed due to the availability of a qualified approved thatcher to carry out the work. The project was subject to tender rules and a full tender process carried out. A provider was agreed as part of that process but due to the scarce nature of a suitably qualified thatcher's the provider could not plan the work until

October 2014. The budget will therefore be moved to 2014-15 and the project will remain amber as it has yet to start and will be kept under review as part of the on-going capital monitoring process. The budget manager has no reason to assume it will not deliver in 2014-15 at this stage.

11.K002 Disabled Facilities Grant – Amber

11.1. This project has been slow to start due to the administrative process behind it. However, now that the work has started to be commissioned and delivered the project is expected to gain momentum and £415k of the planned £685k is forecast to be delivered in year. The balance of £270k will be moved to be spent in 2014-15. This project provides for the adaptation of properties to allow residents to be able to stay in their homes and is part of the preventative agenda for the county. It is funded from a specific grant currently given to the district council. However, in future years this will be part of the Better Care Fund and will be given to the County Council to agree its use with the districts. The statutory responsibility for the delivery of these grants still appears to remain with districts and the County and District councils have been in discussion about to ensure that the funding is passed to the districts to discharge this function. This has yet to be agreed but does not affect this scheme directly as it is currently funded under the old grant rules. The Committee will be updated on this issue as part of the on-going monitoring process but because of the uncertainty this scheme is classed as amber.

12.K007 Empty Properties – Amber

12.1. This project is to get empty properties back into use which has the benefit of both getting new homes for those who need them in the borough and the additional council tax and new homes bonus associated with this. The project predominantly uses the CPO method to acquire properties. However, due to the long timescale for CPOs the fund has not been fully utilised in 2013-14 but plans are in place for this project in 2014-15 and as such the funding has been moved accordingly.

13.J126 Crematorium – Red

13.1. The crematorium project has now been handed over to the new senior management team to manage as a project. New project management has been put in place and an external project manager from Faithful and Gould appointed. The project is currently being reviewed by the project board to develop a project plan and implementation schedule. As part of this the design and planning permission are the key first stages and are actively being progressed. A meeting of the crematorium working party has been arranged and the final designs shared with those who were part of the original

consultation. This has taken longer than anticipated but as this will be a major project for the Borough it is essential that time is taken in the initial stages to get the principles, designs and plans in place. It was originally anticipated that some preliminary work on site would have happened by the end of 2013-14 but as that will now not take place the budget will be moved to 2014-15. It is anticipated that the crematorium will be completed in late 2015 and that the budget will be fully spent. However, as planning permissions and designs have still to be agreed and passed the project has been classified as red in financial terms until such time as more certainty over these issues and the associated costs are known.

14. J092 MSCP refurbishment – Red

14.1. The MSCP has been a part of the capital programme for a number of years. It is one of the boroughs largest property assets and is in need of major refurbishment, some of which was planned for 2013-14 and some for future years. The car parks future is one that has been under discussion for some time and as such it did not seem prudent to spend valuable scarce capital resources on it until such time as a decision is made. Discussions are still on going and so the spending has been re-profiled into 2014-15. In the meantime the car park is kept serviceable using repairs and maintenance budgets from revenue. These budgets are taking some pressures, such as repairing and maintaining the surface on a small scale. However, the decision earlier in 2013-14 to close the car park at night has meant that the costs of repair from overnight vandalism and damages have reduced. The repairs and maintenance budget is managed by Norse and no overspends in this area have been reported as an issue. This scheme is classed as red due to the uncertain nature of the assets future. However, whilst the Borough Council is still responsible for the asset it should provide for the resources to keep it maintained and as such the resources should remain committed to this scheme until these potential liabilities are known.

15. J118 29-30 Sheep Street - Red

15.1. This scheme is similar to the Tithe Barn Roof scheme in that it relies on a suitably qualified thatcher to carry out the works. A tender process has again been completed but the provider cannot schedule the work until early 2015. The budget for this has been moved to 2014-15 but the project remains red as due to the nature of the project delays may be faced from weather and other non-controllable external factors. This project may need to be re-profiled in to 2015-16 but this will not be known until nearer the time. At this time the budget manager has no reason to doubt that the provider can deliver the project in the 2014-15 year but there is an element of caution on this.