

Report of The Head of Finance**Financial monitoring and position statement for 2015-16****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 2015.

2 Executive Summary

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

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 July 2015

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

5.1 Financial monitoring is reported 4 times in the year, 3 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 2015-16 and reflects the monitoring position as at 31 July 2015.

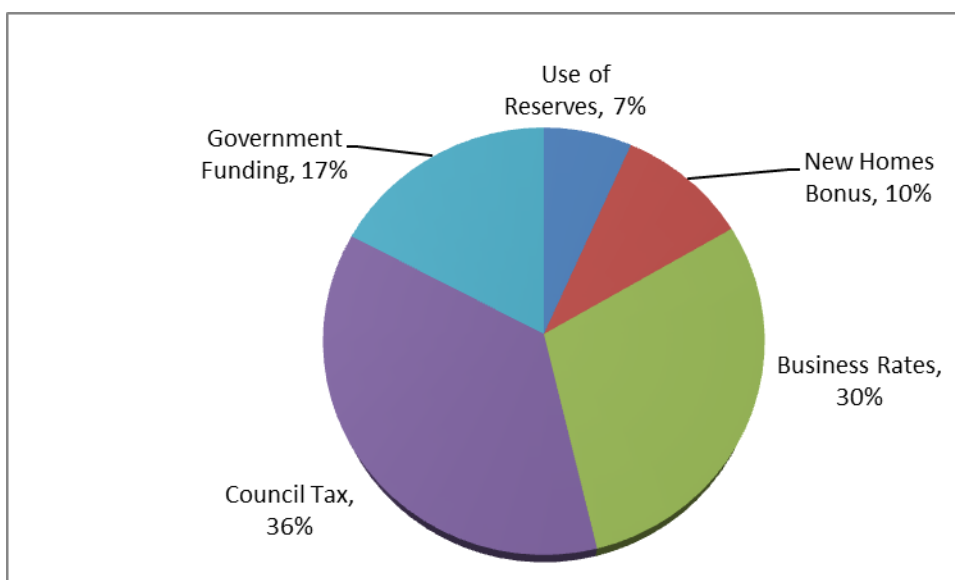
5.2 Further financial forecasts will be reported to committee to show the changes in the monitoring position as at the following dates:

- 31 October 2015
- 31 January 2016
- 31 March 2016

6 Discussion**2015-16 Revenue Budget**

6.1 The council set its net revenue budget in February 2015 as £10.046m, using £575k of general fund reserves and £95k 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 set.

6.2 The 2015-16 net budget is supported by the following funding streams:



6.3 The revenue monitoring position is currently forecasting a reduction in the need to use reserves of £58k, made up from a number of net savings and efficiencies. The areas that contribute to this movement can be seen below and are summarised in more detail in Appendix 1 of the report.

	£'000
Budgeted Use of Reserves as at 1st April 2015	575
Budget Savings	
Investment properties professional fees	- 97
Net savings across the services (as detailed in Appendix 1)	- 29
Removal of Capita remote service, due to in-house provision	- 25
Establishment savings	- 8
Total Budget Savings	- 159
Budget Pressures:	
Cost of Leisure Centre Management Fees	73
Housing Benefit Subsidy	28
Total Budget Pressures	101
Net Budget Saving	- 58
Revised Budgeted Use of Reserves as at 31st July 2015	517

6.4 Within the net underspend on service budgets, the only significant cost pressure is for leisure centre management costs, and this is due to a delay in finalising the new contract.

6.5 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.

2016-17 Budget Approach & Key Risks

6.6 The government's spending review that will set out departmental budget cuts over the next five years will take place on 25 November 2015.

6.7 In anticipation of the impact of this announcement, officers are starting to consider the key risk areas, which are:

- NNDR volatility and appeals
- New Homes Bonus
- Other public sector body funding changes
- Welfare changes

6.8 The draft budget will be presented to the Resources Committee in December 2015. It is hoped that the effect of the Chancellor's autumn statement and budget proposals will be known by then. However, in recent years this has been very late in the year, so assumptions on the severity of the cuts will be made in the Medium Term Financial Plan.

6.9 The financial outlook for all public sector bodies is uncertain and local government in particular is anticipating the same level of cuts, if not greater, that it has seen in the past. This will mean that further difficult decisions on service delivery may be needed to ensure financial stability for the future. This is discussed in more detail in a report elsewhere on this agenda.

6.10 The draft budget will be informed by the council's priorities for the medium term and proposals to manage the funding deficit, which will inevitably exist, need to be consulted upon as part of the budget setting process.

6.11 The final budget will be presented to the council in February 2016 for agreement, and the outcome of consultation will be reflected in the recommendations.

6.12 Officers will work proactively to find solutions and make recommendations to members to ensure that the financial challenges we face for the future are managed and controlled, in line with the organisation's vision and within the available resources.

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

Tracey Cave, Service Accountant
Samantha Knowles, Principal Accountancy Manager

14. Consultees

Liz Elliott, Head of Finance
Budget Managers
Senior Management Team

15. Background Papers

Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 31st July (Period 4) with forecast to 2015/16 Outturn

Service Area	Original Budget 2015/16	Revised Budget 2015/16	Profiled Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2016	Forecast Variance at 31st March 2016	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 Protection	314	314	104	79	-25	306	-8	Savings: £4k Reduced SLA for Emergency Planning £5k salaries saving on the dog warden post Pressures: £1k Increased cost of Travellers sites
Health Protection	179	179	71	72	1	179	0	
Regulatory services	493	493	175	151	-24	485	-8	
Housing	504	504	167	157	-10	490	-14	Savings: £12k reduction in the cost of the private sector leasing scheme. £10k contribution towards the Housing Development Officer costs from Wellingborough Homes Pressures: £6k increased cost of providing homeless accommodation £2k increased service costs
Planning Policy and Regeneration	781	781	209	182	-27	793	12	Pressures: £12k Increased cost of public footpath lighting
Planning and Building Control	57	57	17	64	47	55	-2	Savings: £2k net establishment savings
Planning and Local Development	1,342	1,342	393	403	10	1,338	-4	
Total for Head of Planning and Development	1,835	1,835	568	554	-14	1,823	-12	
Environmental Maintenance	2,989	2,989	762	902	140	2,992	3	Pressures: £3k for BID contributions for the Multi Storey car park and Market
Waste and Transport	1,130	1,130	350	709	359	1,130	0	
Total for Environmental Services	4,119	4,119	1,112	1,611	499	4,122	3	
Community Support	1,462	1,462	342	512	170	1,516	54	Savings: £14k reduction in contributions to voluntary bodies £7k Reduction in contribution costs to Weavers Leisure Centre £7k Children and Young People's Partnership contribution not needed this year Pressures: £73k Leisure Centre management fees for April and May in relation to contract extension £9k increases in cost of the Waendel Walk
Organisational Development	760	760	250	205	-45	760	0	
Democratic Services	260	260	87	260	173	260	0	
Property and Facilities	-502	-502	-236	-360	-124	-599	-97	Savings: £97k forecast underspend on Investment property services budget for professional fees
Total for Head of Resources	1,980	1,980	443	617	174	1,937	-43	

Service Area	Original Budget 2015/16	Revised Budget 2015/16	Profiled Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2016	Forecast Variance at 31st March 2016	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Information Technology Shared Service	945	945	302	456	154	920	-25	Savings: £25k - Removal of Capita remote service, due to in-house provision
District Law Shared Service	150	150	50	68	18	150	0	
Accountancy	517	517	171	65	-106	517	0	
Internal Audit	65	65	22	0	-22	65	0	
Revenues and Benefits	106	106	33	-8	-41	133	27	Savings: £1k general savings across the service Pressures: £28k - Housing Benefit Subsidy
Total for Head of Finance	688	688	226	57	-169	715	27	
Corporate Contingency	-74	-74	-24	0	24	-74	0	
Bad Debt Provision	10	10	0	0	0	10	0	
Depreciation & Amortisation	-1,395	-1,395	0	0	0	-1,395	0	
Non Distributed Costs- Pension Fund	1,355	1,355	452	418	-34	1,355	0	
Investment Income	-312	-312	-104	68	172	-312	0	
Audit Fee & Bank Charges	99	99	33	26	-7	91	-8	
Other Income and Expenditure	-317	-317	357	512	155	-325	-8	
Resources Directorate	3,446	3,446	1,378	1,710	332	3,397	-49	
Corporate Management	188	188	63	55	-8	188	0	
Parish Precepts	458	458	153	275	122	458	0	
2014/15 Budget Requirement	10,046	10,046	3,274	4,205	931	9,988	-58	
Government Funding	-1,737	-1,737	-579	-579	0	-1,737	0	Includes £74k efficiency support grant
Business Rates	-2,474	-2,474	-825	-825	0	-2,474	0	
Section 31 Grant	-501	-501	-167	-167	0	-501	0	
Council Tax	-3,501	-3,501	-1,167	-1,167	0	-3,501	0	
Collection Fund	-130	-130	-43	-43	0	-130	0	
Council Tax Freeze Grant	-32	-32	-11	-10	1	-32	0	
New Homes Bonus	-1,001	-1,001	-334	-504	-170	-1,001	0	
Use of General Fund Reserves	-575	-575	0	0	0	-517	58	
Ear Marked Reserves	-95	-95	0	0	0	-95	0	
2014/15 Funding	-10,046	-10,046	-3,126	-3,295	-169	-9,988	58	
Net Position	0	0	148	910	762	0	0	