

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 October 2015.

2 Executive Summary

This is the second monitoring report for this financial year and will be compared against the initial monitoring position reported in September 2015.

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 October 2015

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

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 second in-year report for 2015-16 and reflects the monitoring position as at 31 October 2015.

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

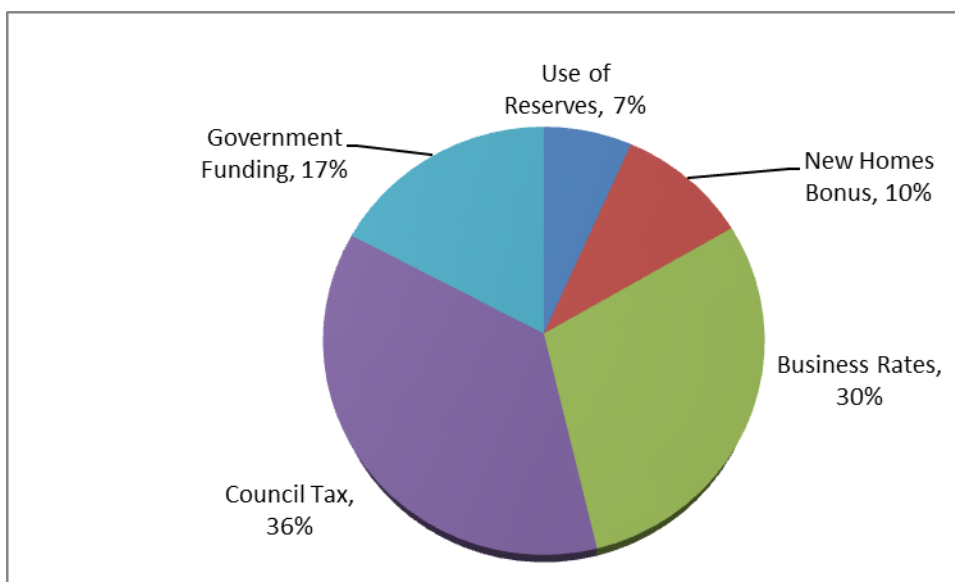
- 31 January 2016
- 31 March 2016

6 Discussion

2015-16 Revenue Budget

6.1 The council set its net revenue budget in February 2015 as £10.046m, using £575k from the budget implementation reserve and £95k of other 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 When the monitoring position was reported to committee in September it was anticipated that the council would need to use £58k less from the budget implementation reserve than it had budgeted for.

6.4 Further analysis of the spending position and the impact of low interest rates on investment income has meant the forecast has changed and the council is now anticipating to need to increase the amount of reserve it needs by £50k in order to balance the funding position.

6.5 This is an increase of £108k from the previous position reported and is summarised in the following table and presented in more detail in Appendix 1 of the report.

Use of Budget Implementation Reserve as at 31st July 2015	£'000 517
Budget Savings	
Establishment savings - Housing	- 20
Total Budget Savings	- 20
Budget Pressures:	
Reduction in Investment Income	87
Planning Appeals	20
Homelessness Accommodation Costs	10
Net pressure across the services(as detailed in Appendix 1)	11
Total Budget Pressures	128
Net Budget Pressure	108
Revised Use of Budget Implementation Reserve as at 31st October 2015	625

6.6 Within the net underspend on service budgets there are two main areas which contribute to this change:

- Planning appeals – additional costs have been incurred to provide the professional support and advice during the planning appeal process.
- Investment income - The estimated interest receivable for the year is £237k, based on an average annual interest rate of 0.84%, the 2015-16 budget was set at £324k assuming an average rate of return of 1.20%, therefore anticipated performance for the year is approximately £87k below budget and has created a pressure.

6.7 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, Stronger and Safer Communities, Equalities

No specific implications.

11. Author and Contact Officer

Tracey Cave, Service Accountant

Samantha Knowles, Principal Finance Manager

12. Consultees

Liz Elliott, Head of Finance

Budget Managers

Senior Management Team

13. Background Papers

Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 31st October (Period 7) 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	183	196	13	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	105	137	32	179	0	
Regulatory services	493	493	288	333	45	485	-8	
Housing	504	541	317	264	-53	517	-24	Savings: £20k Staffing costs due to vacancies and sickness £12k reduction in the cost of the private sector leasing scheme. £10k contribution towards the Housing Development Officer costs from Wellingborough Homes Pressures: £16k increased cost of providing homeless accommodation £2k increased service costs
Planning Policy and Regeneration	781	781	520	475	-45	798	17	Savings: £5k net miscellaneous savings across the service Pressures: £12k Increased cost of public footpath lighting £10k increased contractor costs for the Local Plan
Planning and Building Control	57	19	14	46	32	38	19	Savings: £2k net establishment savings Pressures: £20k increased planning appeal costs £1k additional scanning costs
Planning and Local Development	1,342	1,341	851	785	-66	1,353	12	
Total for Head of Planning and Development	1,835	1,834	1,139	1,118	-21	1,838	4	
Environmental Maintenance	2,989	2,997	2,044	2,122	78	3,004	7	Pressures: £4k bat and ecology survey £3k for Business Rate contributions for the Multi Storey car park and Market
Waste and Transport	1,130	1,103	665	833	168	1,103	0	
Total for Environmental Services	4,119	4,100	2,709	2,955	246	4,107	7	

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)	
								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 £4k savings across the service
Community Support	1,402	1,499	1,082	1,294	212	1,546	47	Pressures: £73k Leisure Centre management fees for April and May in relation to contract extension £6k increases in cost of the Waendel Walk
Organisational Development	760	760	447	356	-91	760	0	
Democratic Services	320	320	187	349	162	322	2	Pressures: £2k staffing costs
Operational Property	816	816	538	612	74	816	0	
								Savings: £97k forecast underspend on Investment property services budget for professional fees
Investment Property	-1,318	-1,297	-747	-1,068	-321	-1,390	-93	Pressures: £4k net property and facilities pressure
Total for Head of Resources	1,980	2,098	1,507	1,543	36	2,054	-44	
								Savings: £25k - Removal of Capita remote service, due to in-house provision
Information Technology Shared Service	945	1,015	637	748	111	990	-25	
District Law Shared Service	150	150	88	104	16	150	0	
								Pressures: £1k staffing costs
Accountancy	517	542	318	285	-33	543	1	
Internal Audit	65	65	38	35	-3	65	0	
								Savings: £1k general savings across the service
Revenues and Benefits	106	106	64	6,085	6,021	133	27	Pressures: £28k - Housing Benefit Subsidy
Total for Head of Finance	688	713	420	6,405	5,985	741	28	
Corporate Contingency	-74	-74	-43	0	43	-74	0	
Bad Debt Provision	10	10	0	0	0	10	0	
Depreciation & Amortisation	-1,395	-1,540	-1,540	-1,540	0	-1,540	0	
Non Distributed Costs- Pension Fund	1,355	1,355	790	760	-30	1,355	0	
								Pressures: £87k low interest rates not producing the expected income from investments
Investment Income	-312	-312	-182	13	195	-225	87	
								Savings: £8k costs of external auditors
Audit Fee & Bank Charges	99	74	43	30	-13	66	-8	
Other Income and Expenditure	-317	-487	-932	-737	195	-408	79	

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)	
Corporate Management	188	188	110	91	-19	188	0	
Parish Precepts	458	458	267	459	192	459	1	
2014/15 Budget Requirement	10,046	10,069	5,945	12,686	6,741	10,119	50	
Government Funding	-1,737	-1,737	-1,013	-1,013	0	-1,737	0	Includes £74k efficiency support grant
Business Rates	-2,474	-2,474	-1,443	-1,443	0	-2,474	0	
Section 31 Grant	-501	-501	-292	-292	0	-501	0	
Council Tax	-3,501	-3,501	-2,042	-2,042	0	-3,501	0	
Collection Fund	-130	-130	-76	-76	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	-625	-50	
Ear Marked Reserves	-95	-118	0	0	0	-118	0	
2014/15 Funding	-10,046	-10,069	-5,211	-5,380	-169	-10,119	-50	
Net Position	0	0	734	7,306	6,572	0	0	

