

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 January 2016.

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 2015-16 will be presented to committee in June 2016.

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 January 2016.

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

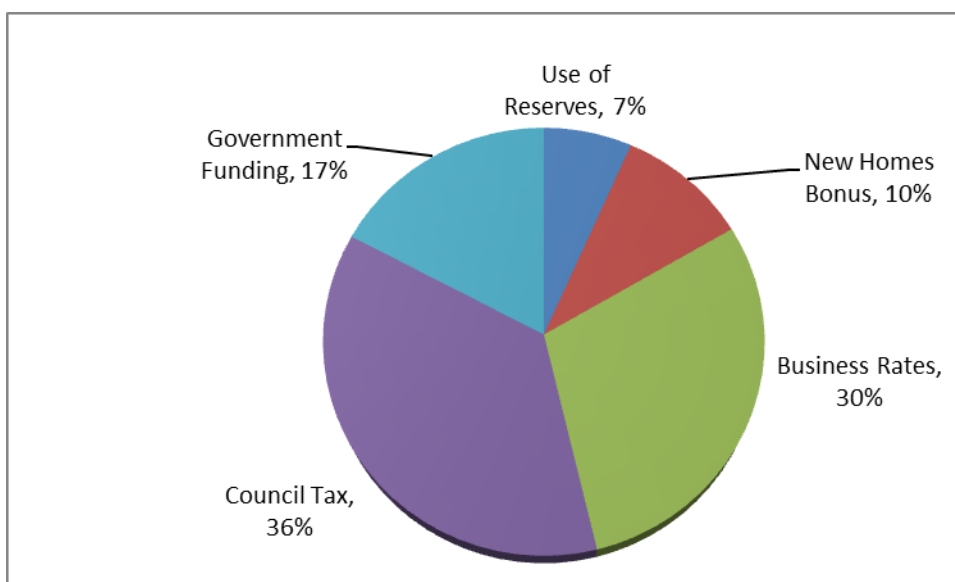
Financial monitoring is reported four times in the year, three in-year reports (September, December and March committees) and the final out turn position in June of the following financial year. This report is the third in-year report for 2015-16 and reflects the monitoring position as at 31 January 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:



When the monitoring position was reported to committee in December it was anticipated that the council would need to use £50k more reserves than it had budgeted for.

6.3 Further analysis of the spending position has meant that the forecast usage of reserves has increased by a further £10k to £60k in order to achieve a balanced position. This is summarised in the following table and presented in more detail in Appendix 1 of the report.

	£'000
Use of Budget Implementation Reserve as at 31st October 2015	625
Budget Savings	
Increase in business rates consortium income	- 56
Establishment savings	- 54
Capita Remote service now being carried out in-house	- 25
Addition of current account interest rates previously not reported	- 15
Corporate insurance costs	- 12
Total Budget Savings	- 162
Budget Pressures:	
Reduction in Housing Benefit Subsidy income due to increased homelessness days	61
Further costs of Planning Appeals	55
Reduction in Building Control income	27
Write off costs of damage deposit and rent bonds for homelessness	15
Costs of repairs on returning the private sector leasing properties back to the landlords	14
Total Budget Pressures	172
Net Budget Pressure	10
Revised Use of Budget Implementation Reserve as at 31st January 2016	635

- 6.4 The officers of the council continually work towards achieving efficiencies and savings on the budgets set each year. Without this on-going work there would be no mitigating savings and efficiencies to offset the budget pressures and the position on the use of reserves would be significantly worse as a result.
- 6.5 Within the net overspend on service budgets there are four 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.
 - Whilst the number of homeless cases has remained around the same level, the number of days in temporary accommodation has increased; this has resulted in a larger housing benefit payment for homelessness accommodation but the subsidy we are able to recover to offset this cost is restricted due to the limits
 - Building Control income – there has been a reduction 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.
 - Private Sector Leasing – we are currently moving towards a cheaper and more efficient incentive scheme for private sector landlords, to reduce the cost of homelessness, which will be funded from capital. This means that the properties that we currently rent from private landlords are being returned at the end of each lease period and in the same state as we received them, which necessitates extensive repair costs. In addition we have had to write off an increased number of unpaid damage deposits and rent bonds that we have been unable to recover from the tenants.
- 6.6 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.

Community Grants

- 6.7 The original estimate for community grants in 2015-16 was £223k. It was agreed by members during the previous grant determination process, in 2011/12, that the amount to be given to the Wellingborough Museum be reduced over the following three years; a payment of £20k was made in 2012/13, with £16k in 2013/14 and £10k in 2014/15. A £14k reduction in community grants was forecasted in the financial monitoring report taken to the December 2015 Resources Committee. This £14k reduction has continued to be reflected in the 2016-17 budgets, summarised as follows:

	Actual Outturn 2012/13 £000	Actual Outturn 2013/14 £000	Actual Outturn 2014/15 £000	Original Estimate 2015/16 £000	Forecast Outturn 2015/16 £000	Original Estimate 2016/17 £000
Victim Support	10	10	10	10	10	T B C
Victoria Centre	23	23	23	23	23	
N'hants Racial Equality Council	10	10	10	10	10	
Nene Valley Citizens Advice Bureau	50	50	50	50	50	
Nene Valley Community Action	20	20	20	20	20	
Wellibus (Vol Centre)	20	20	20	20	20	
Shopmobility (Vol Centre)	25	25	25	25	25	
Winfred Wharton Trust (Museum)	20	16	10	24	10	
Wellingborough Afro Caribbean Association	7	7	7	7	7	
Total Biddable Grants	185	181	175	189	175	
Interpersonal Violence	22	22	22	22	22	
The Hope Project	15	12	12	12	12	
Total Community Grants	222	215	209	223	209	209

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 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

Tracey Cave, Service Accountant

14. Consultees

Samantha Knowles, Principal Finance Manager

Liz Elliott, Head of Finance

Bridget Gamble, Head of Resources

Julie Thomas, Head of Planning and Local Development

Budget Managers

15. Background Papers

Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 31st January (Period 10) with forecast to 2015/16 Outturn

Service Area	Original Budget 2015/16	Revised Budget 2015/16	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	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 Health Protection	493	433	412	422	10	438	5	Savings: £4k reduced SLA for Emergency Planning £5k salaries saving on the dog warden post Pressures: £8k reduction in forecasted licensing income £5k increased cost of publically funded funerals £1k Increased cost of Travellers sites
Regulatory services	493	433	412	422	10	438	5	
Housing	504	557	452	384	-68	568	11	Savings: £20k staffing costs due to vacancies and sickness £10k contribution towards the Housing Development Officer costs from Wellingborough Homes Pressures: £18k increased cost of providing homeless accommodation £15k increased costs of writing off damage deposit bonds and first month rents for homeless £4k previously unapplied Job Evaluation costs £2k net increased cost of the private sector leasing scheme £2k increased service costs
Planning Policy and Regeneration	781	739	675	651	-24	723	-16	Savings: £24k savings due to staff vacancies and secondments £4k net miscellaneous savings across the service Pressures: £12k Increased cost of public footpath lighting
Planning and Building Control	57	21	19	-10	-29	140	119	Pressures: £75k increased planning appeal costs £27k reduced Building Control income £17k increased agency costs for Building Control
Planning and Local Development	1,342	1,317	1,146	1,025	-121	1,431	114	
Total for Head of Planning and Development	1,835	1,750	1,558	1,447	-111	1,869	119	
Environmental Maintenance	2,989	2,991	2,611	2,756	145	2,998	7	Pressures: £4k bat and ecology survey £3k for BID contributions for the Multi Storey car park and Market
Waste and Transport	1,130	1,103	928	1,111	0	1,103	0	
Total for Environmental Services	4,119	4,094	3,539	3,867	145	4,101	7	

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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)	
Community Support	1,402	1,498	1,331	1,494	163	1,554	56	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 £6k increases in cost of the Waendel Walk £5k net service costs
Organisational Development	216	216	180	157	-23	216	0	
Democratic Services	864	858	717	746	29	787	-71	Savings: £24k net salary savings due to vacancies £25k Members can no longer pay into the pension scheme £14k unbudgeted income from ENC for work on their Borough/Parish elections £13k reduced printing and postage costs for the Borough/Parish elections £9k cancellation of the winter issue of The Link Pressures: 14k increased costs of Individual Electoral Registration as a result of Government legislation
Operational Property	816	816	538	612	74	816	0	
Investment Property	-1,318	-1,299	-926	-1,351	-425	-1,390	-91	Savings: £97k forecast underspend on Investment property services budget for professional fees Pressures: £6k net property and facilities pressure
Total for Head of Resources	1,980	2,089	1,840	1,658	-182	1,983	-106	
Information Technology Shared Service	945	1,015	864	854	-10	990	-25	Savings: £25k removal of Capita remote service, due to in-house provision
District Law Shared Service	150	150	125	141	16	150	0	
Accountancy	517	554	462	519	57	542	-12	Savings: £12k savings on corporate insurance costs
Internal Audit	65	65	54	45	-9	65	0	
Revenues and Benefits	106	106	90	5,641	5,551	106	0	Savings: £5k general savings across the service £56k Business rates consortium income Pressures: £61k - Housing Benefit Subsidy
Total for Head of Finance	688	725	606	6,205	5,599	713	-12	
Corporate Contingency	-74	-12	-61	0	61	0	12	
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	1,129	1,087	-42	1,355	0	
Investment Income	-312	-312	-260	-86	174	-240	72	Pressures: £72k -low interest rates not producing the expected income from investments
Audit Fee & Bank Charges	99	74	62	45	-17	66	-8	Savings: £8k costs of external auditors
Other Income and Expenditure	-317	-425	-670	-494	176	-349	76	

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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)	
Corporate Management	188	188	159	125	-34	188	0	
Parish Precepts	458	458	381	459	78	459	1	
2015/16 Budget Requirement	10,046	10,044	8,402	14,262	5,677	10,104	60	
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	-27	-34	-7	-32	0	
New Homes Bonus	-1,001	-1,001	-834	-1,011	-177	-1,001	0	
Use of General Fund Reserves	-575	-575	0	0	0	-635	-60	
Ear Marked Reserves	-95	-93	0	0	0	-93	0	
2014/15 Funding	-10,046	-10,044	-5,727	-5,911	-184	-10,104	-60	
Net Position	0	0	2,675	8,351	5,493	0	0	

