

**Report of The Head of Finance**

**Financial monitoring and position statement for 2016-17**

**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 monitoring report elsewhere on this agenda to give members a total view and understanding of the current financial position of the council. The future outlook is detailed in the Draft Revenue Budget 2017-18 and the Medium Term Financial Projections report also elsewhere on this agenda.

1.2 The revenue forecast outturn is estimated as at 31 October 2016.

**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 2016.

**3 Appendices**

Appendix 1 Revenue Monitoring Position to 31 October 2016

**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 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 second in-year report for 2016-17 and reflects the monitoring position as at 31 October 2016.

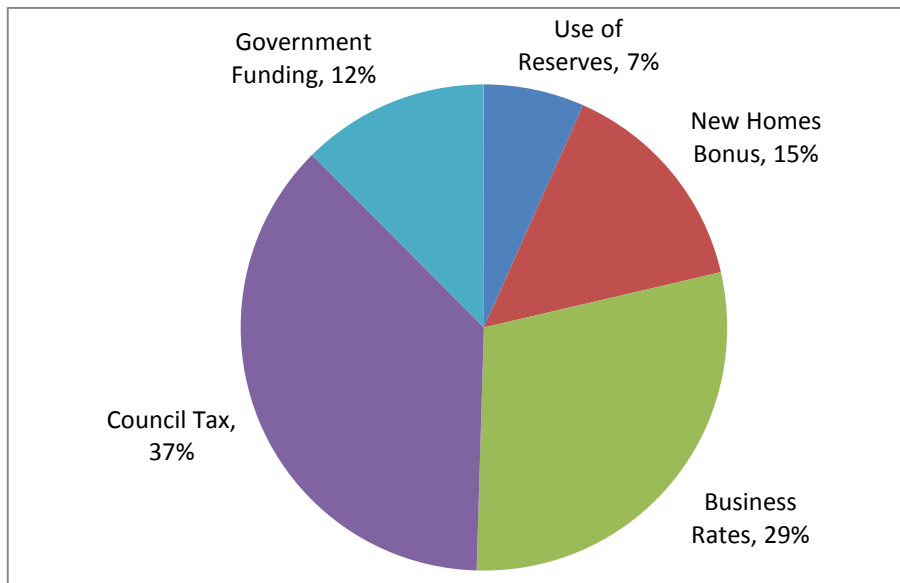
5.2 Further financial forecasts will be reported to committee to show the changes in the monitoring position as at the following dates:

- 31 January 2017
- 31 March 2017

## 6 Discussion: 2016-17 Revenue Budget

6.1 The council set its net revenue budget in February 2016 as £9.936m, using £619k of general fund reserves and £44k 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.

6.2 The 2016-17 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 an additional £76k of reserves to fund the 2016-17 budget, giving a total use of general reserves of £695k.

6.4 Further analysis of the spending position and re-profiling of expenditure has meant the forecast has changed and the council is now forecasting an overall increase in the budgeted level of reserves required of £45k, giving a revised use of general reserves of £664k.

6.5 This is a total reduction of £31k from the previous reported position and is summarised in the following table and presented in more detail in Appendix 1 of this report.

	£'000
<b>Budgeted Use of General Reserves as at 31st July 2016</b>	<b>695</b>
<b>Budget Savings:</b>	
Empty Properties Business Rates	- 101
Local Plan Reprofiting	- 82
Establishment Savings	- 28
Elections Budget	- 24
Other - Miscellaneous net savings across all services	- 10
<b>Total Budget Savings</b>	<b>- 245</b>
<b>Budget Pressures:</b>	
Benefits Subsidy	121
Wollaston Household Waste Recycling Centre	45
Investment Income	29
Market Layout Implementation	19
<b>Total Budget Pressures</b>	<b>214</b>
<b>Net Budget Saving</b>	<b>- 31</b>
<b>Revised Budgeted Use of Reserves as at 31st October 2016</b>	<b>664</b>

- 6.6 The main area contributing to the reduction in the usage of reserves is the saving of business rates on empty properties. This is a consequence of the council being able to let more of its vacant properties than was originally budgeted for.
- 6.7 There is also a forecast slippage of the work on the Local Plan: the examination work will now be carried out in 2017-18, which has been reflected in the Medium Term Financial Plan budget proposals elsewhere on this agenda.
- 6.8 In addition there are establishment savings across all services due to vacancies and sundry other smaller savings.
- 6.9 The savings highlighted above have been partially offset by a reduction in benefits subsidy. This is as a result of homelessness cases taking longer to resolve and necessitating the stays in temporary accommodation to be of a longer duration. This means that the cost of homelessness has risen, which can be claimed back through housing benefits, but this then reduces the level of benefits subsidy that the council receives.
- 6.10 Investment income is less than anticipated due to a drop in interest rates.
- 6.11 It is anticipated that there will be further costs for The Castle, but at this stage it is impossible to determine their extent. The financial position will be carefully monitored throughout the year and reported at subsequent Resources Committees. A separate report on The Castle will be presented to Council at its December 2016 meeting.

6.12 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 the body of this report.

## 9 Risk Analysis

<b>Nature of risk</b>	<b>Consequences if realised</b>	<b>Likelihood of occurrence</b>	<b>Control measures</b>
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	Unlikely with 5 months of financial year remaining	Robust financial arrangements.

## 10 Implications for Resources, Equalities, and Stronger and Safer Communities

No specific implications identified.

## 11 Author and Contact Officer

Tracey Cave, Service Accountant

## 12 Consultees

Samantha Knowles, Principal Finance Manager  
Liz Elliott, Head of Finance  
Bridget Gamble, Head of Resources  
Julie Thomas, Head of Planning & Local Development  
Budget Managers

## 13 Background Papers

Financial Services budget monitoring working papers.

## Summary of Budget Monitoring at 31st October (Period 7) with forecast to 2016/17 Outturn

Service Area	Original Budget 2016/17	Revised Budget 2016/17	Profiled Budget	Actual Expenditure to Period 7	Variance at Period 7	Forecast Outturn at 31st March 2017	Forecast Variance at 31st March 2017	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	403	411	240	189	-51	402	-9	<b>Savings:</b> £5k Establishment savings due to vacant post and maternity leave £5k Savings on car allowances due to vacant post and maternity leave £3k Extra income as new permit issued <b>Pressures:</b> £3k Reduction in licence income £1k Increased cost of Travellers sites
<b>Regulatory services</b>	<b>403</b>	<b>411</b>	<b>240</b>	<b>189</b>	<b>-51</b>	<b>402</b>	<b>-9</b>	
Housing	445	450	263	239	-23	460	10	<b>Savings:</b> £6k Funding from CLG for register of self build £6k Net Housing savings <b>Pressures:</b> £12k Payments relating to previously unapplied salary increments £10k Cover for sickness leave
Planning Policy and Regeneration	751	751	492	426	-66	665	-86	<b>Savings</b> £18k Establishment savings due to vacant posts £82k Local Plan profiling movement to 2017-18 <b>Pressures:</b> £7k Public footpath lighting £7k Increased costs of emergency waterways maintenance due to flooding risk
Planning and Building Control	91	158	58	114	56	150	-8	<b>Savings:</b> £8k Reduced costs paid to the NCC for local land charge searches <b>Pressures:</b> £9k Increased agency establishment costs £6k Reduction in Land Charge income
<b>Planning and Local Development</b>	<b>1,287</b>	<b>1,359</b>	<b>812</b>	<b>780</b>	<b>-33</b>	<b>1,275</b>	<b>-84</b>	
<b>Total for Head of Planning and Development</b>	<b>1,690</b>	<b>1,770</b>	<b>1,052</b>	<b>968</b>	<b>-84</b>	<b>1,677</b>	<b>-93</b>	
Environmental Maintenance	2,894	2,893	2,407	2,180	-227	2,912	19	<b>Pressures</b> £19k Implementation costs of the new market layout
Waste and Transport	1,115	1,079	645	831	187	1,124	45	<b>Pressures</b> £45k Garden Waste recycling Centre
<b>Total for Environmental Services</b>	<b>4,009</b>	<b>3,972</b>	<b>3,052</b>	<b>3,011</b>	<b>-41</b>	<b>4,036</b>	<b>64</b>	
Community Support	1,323	1,410	1,014	1,078	64	1,411	1	<b>Savings</b> £8k Reduction on contributions to community development initiatives £2k Saving on the cost of the sports strategy contribution <b>Pressures:</b> £4k Net increase in the cost of events £3k Increase in establishment costs £2k Revenue costs of repairing the Waendel swimming pool tiles £1k Increase in travelling costs to the IML annual conference £1k Net overspend on the 2016 Waendel Walk
Organisational Development	205	206	120	112	-8	217	11	<b>Savings</b> £1k Savings on printing costs <b>Pressures:</b> £9k Increased HR case work costs £3k Increased establishment costs

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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)	
Democratic Services	778	789	460	596	136	683	-106	<b>Savings:</b> £53k Establishment savings due to vacant posts £24k Savings on the cost of adhoc Borough Council/Parish elections £14k Due to reductions in the number of Link publications £4k Saving on Register of Electors supplies and services costs £5k Saving on members equipment and sundry expenses £4k Reduction in members training £2k Savings on stationery and printing costs
Investment Property	-1,357	-1,353	-790	-913	-123	-1,376	-23	<b>Savings</b> £101k Savings on vacant property business rates <b>Pressures:</b> £76k Pressure Town Centre schemes, Church St/Sheep St/High St £2k Net property and facilities pressure
Operational Property	817	825	537	531	-6	832	7	<b>Savings:</b> £16k Saving on business rates (£12k being Croyland) <b>Pressures:</b> £16k Cost of feasibility study for Tithe Barn scheme £7k Net property and facilities pressure
<b>Total for Head of Resources</b>	<b>1,766</b>	<b>1,877</b>	<b>1,341</b>	<b>1,405</b>	<b>64</b>	<b>1,767</b>	<b>-110</b>	
Information Technology Shared Service	1,033	1,097	1,001	839	-162	1,131	34	<b>Pressures:</b> £23k - ICT Strategy Review £5k - PSN Compliance Health check £6k maintenance contracts price increases
District Law Shared Service	146	146	1,001	839	-162	146	0	
Accountancy	548	552	322	416	94	556	4	<b>Pressures:</b> £4k Increased establishment costs
Internal Audit	65	65	38	37	-1	65	0	
Revenues and Benefits	222	234	590	2,414	1,824	351	117	<b>Savings:</b> £35k Increase in court costs recovery £7k Staffing savings <b>Pressures:</b> £119k HB subsidy loss on homeless cases through difficulty in sourcing affordable family temporary accommodation £40k Reduction in HB admin grant
<b>Total for Head of Finance</b>	<b>835</b>	<b>851</b>	<b>950</b>	<b>2,866</b>	<b>1,917</b>	<b>972</b>	<b>121</b>	
Corporate Contingency	-95	-95	-55	-80	-25	-95	0	
Bad Debt Provision	10	10	0	0	0	10	0	
Depreciation & Amortisation	-1,395	-1,558	-1,558	-1,558	0	-1,558	0	
Non Distributed Costs- Pension Fund	1,425	1,425	831	811	-20	1,425	0	
Investment Income	-225	-225	-131	-40	91	-196	29	
Audit Fee & Bank Charges	66	66	38	29	-9	66	0	
<b>Other Income and Expenditure</b>	<b>-214</b>	<b>-377</b>	<b>-875</b>	<b>-839</b>	<b>36</b>	<b>-348</b>	<b>29</b>	
<b>Resources Directorate</b>	<b>3,566</b>	<b>3,594</b>	<b>3,418</b>	<b>5,110</b>	<b>1,692</b>	<b>3,668</b>	<b>74</b>	
Corporate Management	188	190	111	92	-19	190	0	
Parish Precepts	483	483	483	483	0	483	0	
<b>2016/17 Budget Requirement</b>	<b>9,936</b>	<b>10,009</b>	<b>8,116</b>	<b>9,664</b>	<b>1,548</b>	<b>10,054</b>	<b>45</b>	
Government Funding	-1,239	-1,239	-413	-413	0	-1,239	0	

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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)	
Business Rates	-2,417	-2,417	-806	-806	0	-2,417	0	
Section 31 Grant	-479	-479	-160	-160	0	-479	0	
Council Tax	-3,681	-3,681	-1,227	-1,227	0	-3,681	0	
New Homes Bonus	-1,457	-1,457	-850	-1,098	-248	-1,457	0	
Use of General Fund Reserves	-619	-619	0	0	0	-664	-45	
Ear Marked Reserves	-44	-117	0	0	0	-117	0	
<b>2016/17 Funding</b>	<b>-9,936</b>	<b>-10,009</b>	<b>-3,456</b>	<b>-3,704</b>	<b>-248</b>	<b>-10,054</b>	<b>-45</b>	
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>4,659</b>	<b>5,960</b>	<b>1,300</b>	<b>0</b>	<b>0</b>	

