

Report of the Section 151 Officer

Financial monitoring and position statement for 2017-18

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.

1.2 The revenue forecast outturn is estimated as at 30 September 2017.

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 2017.

3 Appendices

Appendix 1 Revenue Monitoring Position to 30 September 2017

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 2017-18 and reflects the monitoring position as at 30 September 2017

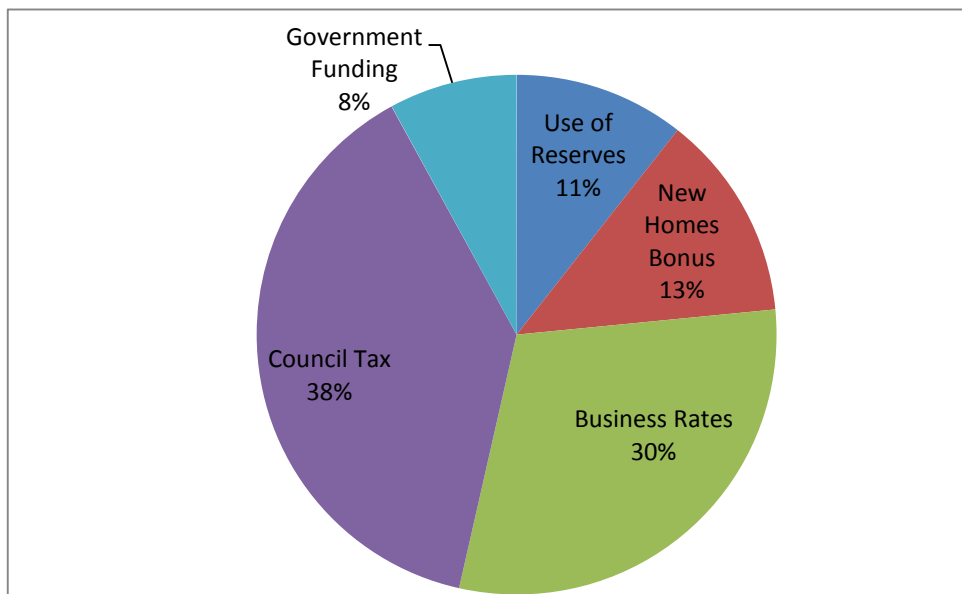
5.2 Further financial forecasts will be reported to committee to show the changes in the monitoring position as at the following dates:

- 31 December 2017
- 31 March 2018

6 Discussion: 2017-18 Revenue Budget

6.1 The council set its net revenue budget in February 2017 as £10.106m, using £1.071m of general fund reserves and other sources of external funding. 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 2017-18 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 £131k of reserves to fund the 2017-18 budget, giving a total use of general reserves of £1.202m.

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 £706k, giving a revised use of general reserves of £1.777m.

6.5 This is an increase of £575k from the previous reported position and is summarised in the following table and presented in more detail in Appendix 1 of this report.

	Outturn Movement		2017-18
	at 31.06.17	at 30.09.17	Forecast Outturn
	£'000	£'000	£'000
Budgeted Use of General Reserves	1,071	1,202	1,071
Budget Savings:			
Establishment savings across the services		-198	-198
Additional income from JDU fund		-76	-76
The adoption of North Northants Core Spatial Strategy		-60	-60
Investment Property rate refunds due to revaluation	-10	-38	-48
No borough elections due until 2019	-35		-35
Capitalisation of salaries		-18	-18
Reduced spend on repairs and maintenance across the estate		-16	-16
Receipt of unbudgeted New burdens grant		-15	-15
Higher number of participants in the Waendel Walk		-9	-9
Net increase in environmental health income		-2	-2
Total Budget Savings	-45	-432	-477
Budget Pressures:			
Feasibility costs of key project investigations for property matters approved in principal	40	-7	33
Reduction in grant income and reimbursements		21	21
Agency costs to cover vacant posts and long term sickness		257	257
Net homelessness costs not covered by housing benefit reimbursement		102	102
Reduction in benefit subsidy due to the increase in homelessness	66	256	322
Reduction in rent allowance subsidy & housing benefit overpayments		251	251
Reduction in anticipated return on investments		32	32
Net trading overspend for The Castle Theatre	68	35	103
CODE scheme has ended so will not generate any income		6	6
Additional security for evening meetings		7	7
Net pressures across the service	2	8	10
Shortfall in income from property lettings		16	16
Professional rating valuation fees		8	8
IT costs to be offset by New Burdens grant		15	15
Total Budget Pressures	176	1,007	1,183
Net Budget Pressure/-Saving	131	575	706
Use of Reserves Before Funding Reduction	1,202	1,777	1,777
Net Movement in Use of Reserves	131	575	706

6.6 The main area contributing to the increase in the usage of reserves is the reduction in benefit subsidy due to the increase in homelessness along with the reduction in the rent allowance grant. There are also non recoverable costs in respect of homelessness that increase the pressure.

- 6.7 It is anticipated that there will be further costs for The Castle which are being carefully monitored and will be reported at subsequent Resources Committee. The latest position is detailed below.

	Outturn Movement		2017-18 Forecast Outturn
	at 31.06.17	at 30.09.17	
Management & Staff Cost	322	-10	312
Repairs & Maintenance	90	-	90
Utilities & Rates	93	-	93
Depreciation	210	-	210
Supplies & Services	107	25	132
Performance Costs	340	-190	150
Advertising	55	-	55
Theatre Income	-595	210	-385
	622	35	657
Available Budget	554		
Net Overspend	68	35	657

- 6.8 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

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	Unlikely with 6 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

Caroline Conway-Hook, Service Accountant

12. Consultees

Samantha Knowles, Assistant Director

Liz Elliott, Managing Director

Bridget Gamble, Director

Julie Thomas, Director

Budget Managers

13. Background Papers

Financial Services budget monitoring working papers.

Summary of Budget Monitoring at 30th September (Period 6) with forecast to 2017/18 Outturn

Service Area	Original Budget 2017/18	Revised Budget 2017/18	Profiled Budget	Actual Expenditure to Period 6	Variance at Period 6	Forecast Outturn at 31st March 2018	Forecast Variance at 31st March 2018	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Community Support	1,759	1,762	650	480	-170	1,848	86	Savings: £9k increase in income due to higher than anticipated participants during the Waendel Walk. £8k reduction in salary costs due to vacant post and trial of reduced hours. Pressures £103k net pressure for operation of The Castle Theatre
Environmental & Health Protection	426	435	218	192	-26	433	-2	Savings: £1k increase in pollution control income £1k increase in income from food inspections £1k saving on net establishment costs Pressures £1k increase in the costs of travellers sites
Housing	481	490	244	124	-120	600	110	Pressures: £102k net homelessness costs not covered by housing benefits reimbursements due to more applicants being employed and therefore not entitled to benefit £6k CODE scheme has ended so it will not generate the anticipated income £1k net miscellaneous costs from across the service.
Planning Policy and Regeneration	696	700	286	253	-33	683	-17	Savings: £38k net reduction in salary costs due to vacant posts. Pressures: £21k reduction in income relating to grants and reimbursements
Planning and Building Control	106	132	66	123	57	94	-38	Savings: £121k savings on establishment costs due to vacant posts. £60k savings due to the adoption of the North Northamptonshire Core Spatial Strategy. £76k Additional Income from JDU Fund. Pressures: £149k reduction in income predominantly as a result of local market conditions relating to the development industry and build out rates of individual planning applications. £240k overspend on salary costs attributable to employment of Agency Staff. £18k saving as result of Capitalisation of Salaries relating to Conservation Officer post. £3k saving due to a reduction in expenditure relating to Car Allowances.
Environmental Services	3,863	3,870	1,611	2,313	702	3,870	0	
Organisational Development	221	229	112	87	-25	199	-30	Savings: £30k due to vacancy pending restructure
Democratic Services	769	804	402	721	319	780	-24	Pressures: £3k increase in travel claims and car allowances for attending more meetings £7k additional security for evening meetings £1k net pressures across the service Savings: £35k as no Borough elections due until 2019
Investment Property	-1,523	-1,521	-770	-940	-170	-1,536	-15	Pressures: £33k overspend on services mostly on town centre projects, may convert to capital as schemes proceed £16k reduced income Savings: £48k across the estate on utilities £16k reduced spend on repairs and maintenance
Operational Property	837	844	354	366	12	848	4	Pressures: £3k spend for advertising for new Assistant Director £1k miscellaneous
Information Technology Shared Service	1,008	934	593	518	-75	934	0	

Revenue Monitoring Position to 30 September 2017

Appendix 1

Service Area	Original Budget 2017/18	Revised Budget 2017/18	Profiled Budget	Actual Expenditure to Period 6	Variance at Period 6	Forecast Outturn at 31st March 2018	Forecast Variance at 31st March 2018	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
District Law Shared Service	146	146	73	69	-4	146	0	
Accountancy	567	494	245	343	98	494	0	
Internal Audit	65	65	33	21	-12	65	0	
Revenue and Benefits - Benefit Subsidy	-121	-19	-10	404	414	554	573	Pressures £322k reduction in benefits subsidy due to the increase in homelessness £242k reduction in Rent Allowance grant, partially offset by a reduction in benefits paid £9k increase in the cost of housing benefits overpayments
Revenue and Benefits - Operational	384	299	150	206	56	324	25	Savings: £15k receipt of unbudgeted New Burdens grant and variation on the Housing Benefit Administration grant Pressures £17k increased costs of agency staff to cover long term sickness £8k professional rating valuation fees £15k IT cost to be offset by New Burdens grant as detailed in reported savings
	9,684	9,664	4,257	5,280	1,023	10,336	672	
Corporate Contingency	110	130	10	-80	-90	130	0	
Bad Debt Provision	10	10	5	0	-5	10	0	
Depreciation & Amortisation	-1,558	-1,558	0	0	-	-1,558	0	
Non Distributed Costs- Pension Fund	1,324	1,324	662	498	-164	1,324	0	
Investment Income	-225	-225	-112	-10	102	-193	32	Reduction in anticipated return on investments
Audit Fee & Bank Charges	66	66	33	29	-4	66	0	
Other Income and Expenditure	-273	-253	598	437	-161	-221	32	
Corporate Management	193	193	97	97	0	195	2	
Parish Precepts	502	502	301	301	0	502	0	
2017/18 Budget Requirement	10,106	10,106	5,253	6,115	862	10,812	706	
Government Funding	-806	-806	-403	-403	0	-806	0	
Business Rates	-2,289	-2,289	-1,145	-1,145	0	-2,289	0	
Section 31 Grant	-754	-754	-377	-377	0	-754	0	
Council Tax	-3,887	-3,887	-1,944	-1,944	0	-3,887	0	
New Homes Bonus	-1,299	-1,299	-650	-655	-5	-1,299	0	
Use of General Fund Reserves	-1,071	-1,071	-536	0	536	-1,777	-706	
Ear Marked Reserves	0	0	0	0	0	0	0	
2017/18 Funding	-10,106	-10,106	-5,055	-4,524	531	-10,812	-706	
Net Position	0	0	198	1,591	1,393	0	0	