

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 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 2018.

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 2017-18 will be presented to committee in June 2018.

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 January 2018.

4 The 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

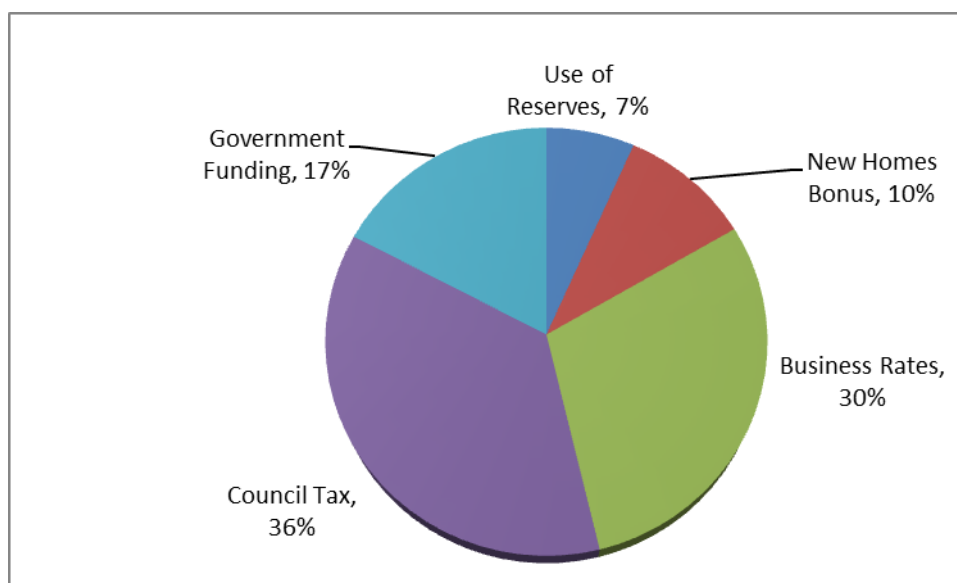
Financial monitoring is reported four times in the year, three in-year reports (September, December and March committees) and the final out turn position in June of the following financial year. This report is the third in-year report for 2017-18 and reflects the monitoring position as at 31 January 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 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 2017-18 net budget is supported by the following funding streams:



6.3 When the monitoring position was reported to committee in November it was anticipated that the council would need to use an additional £706k of reserves to fund the 2017-18 budget, giving a total use of general reserves of £1.777m

6.4 Further analysis of the spending position and re-profiling of expenditure has meant this forecast has changed and the council is now forecasting an overall increase in the budgeted level of reserves required by £896k (original use of general fund reserves was £1.071m). This gives a revised use of general reserves of £1.967m.

6.5 This is an increase of £190k from the previous reported position and is summarised in the following table and presented in more detail in Appendix 1 of this report.

6.6 More than 50% of this movement is due to planning income forecasting to be £100k under achieved, based on current activity levels. However as this is a demand led service, the final financial position could improve and the increased use of reserves reduced. Underachievement of income is not expected to be an ongoing trend as in the next financial year, fees have been increased and we anticipate some large planning applications.

6.7 There are establishment savings across the authority of £225k, (the biggest contributor being Planning and Building Control), but unfortunately this has been offset by the need to employ agency staff to cover the roles totalling £257k.

	Outturn Movement			2017-18 Forecast Outturn £'000
	at 30.06.17 £'000	at 30.09.17 £'000	at 31.01.18 £'000	
Budgeted Use of General Reserves	1,071	1,202	1,777	1,967
Budget Savings:				
Establishment savings across the services		-198	-27	-225
Additional income from JDU fund		-76		-76
The adoption of North Northants Core Spatial Strategy		-60		-60
Investment Property rate refunds due to revaluation and utility savings	-10	-38	11	-37
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
Saving of grant expenditure			-15	-15
Higher number of participants in the Waendel Walk		-9		-9
Reduced costs and increased income for environmental health		-2		-2
Total Budget Savings	-45	-432	-31	-508
Budget Pressures:				
Feasibility costs of key project investigations for property matters approved in principal	40	-7	7	40
Predicted reduced planning fee income			100	100
Reduction in recovered court costs			31	31
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	45	147
Reduction in benefit subsidy due to the increase in homelessness	66	256	104	426
Reduction in rent allowance subsidy		251	38	213
Reduction in anticipated return on investments		32		32
Net trading overspend for The Castle Theatre	68	35	20	83
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	5	5
Shortfall in income from property lettings		16	-4	12
Professional rating valuation fees		8	9	17
IT costs to be offset by New Burdens grant		15	8	7
Total Budget Pressures	176	1,007	221	1,404
Net Budget Pressure/-Saving	131	575	190	896
Use of Reserves Before Funding Reduction	1,202	1,777	1,967	2,863
Net Movement in Use of Reserves	131	575	190	896

6.8 Below is the change in the forecast outturn in relation to the Castle Theatre

	Outturn Movement			2017-18 Forecast Outturn
	at 30.06.17	at 30.09.17	at 31.01.18	
Management & Staff Cost	322	-10	-	312
Repairs & Maintenance	90	-	15	75
Utilities & Rates	93	-	7	100
Supplies & Services	107	25	26	158
Performance Costs	340	-190	-	150
Advertising	55	-	3	58
Theatre Income	-595	210	41	-426
	412	35	-20	427
Available Budget	554			554
Net Position	-142	35	-20	-127
Depreciation	210	-	-	210
Net Overspend after depreciation	68	35	-20	83

6.9 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	Un-likely with 2 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, Section 151 Officer
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 31st January (Period 10) with forecast to 2017/18 Outturn

Service Area	Original Budget 2017/18	Revised Budget 2017/18	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	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			
	(a)	(b)	(c)	(d)	(e)			
Community Support	1,759	1,761	1,545	1,577	32	1,812	51	<p>Savings: £23k reduction on salary costs £9k increase in income due to higher than anticipated participants during the Waendel Walk.</p> <p>Pressures: £83k net pressure for operation of The Castle Theatre.</p>
Environmental & Health Protection	426	435	363	303	-60	421	-14	<p>Savings: £13k saving on establishment costs £1k increase in income from food hygiene £1k increase in pollution control income</p> <p>Pressures: £1k increase in the cost of travellers sites</p>
Housing	481	490	408	337	-71	595	105	<p>Pressures: £97k 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 £2k net miscellaneous costs from across the service.</p>
Planning Policy and Regeneration	696	696	601	513	-88	685	-11	<p>Savings: £38k reduction in salary costs due to vacant post</p> <p>Pressures: £6k electricity costs. £21k reduction in grant income and reimbursements</p>
Planning and Building Control	106	132	110	103	-7	172	40	<p>Savings: £60k reduction in expenditure due to fewer numbers of appeals being made. £76k income as a result of funding provided by the Joint Delivery Unit. £3k saving due to a reduction in expenditure relating to car allowances £2k net saving across the service</p> <p>Pressures: £100k reduction in Planning Fee Income. £81k net increase in salaries due to costs of employing Agency Staff.</p>
Environmental Services	3,863	4,001	3,464	4,366	902	4,001	0	
Organisational Development	221	226	187	151	-36	196	-30	<p>Savings: £30k due to vacancy pending restructure</p>
Democratic Services	769	804	670	877	207	776	-28	<p>Savings: £35k as no Borough elections due until 2019 £3k saving across the service</p> <p>Pressures: £3k increase in travel claims and car allowances for attending more meetings. £7k additional security for evening meetings.</p>
Investment Property	-1,523	-1,529	-1,273	-1,852	-579	-1,555	-26	<p>Savings: £16k across the estate on utilities. £43k reduced spend on repairs and maintenance. £3k increased income £15k saving on grant spend</p> <p>Pressures: £25k rent payable to landlord at Faraday Ct £26k overspend on services mostly on town centre projects, may convert to capital as schemes proceed</p>

Revenue Monitoring Position to 31 January 2018

Service Area	Original Budget 2017/18	Revised Budget 2017/18	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	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			
	(a)	(b)	(c)	(d)	(e)			
								Savings: £10k rent not previously budgeted for
								Pressures: £17k for new Assistant Director during handover period £3k spend for advertising for new Assistant Director post £14k works at Tithe Barn £1k net pressure
Operational Property	837	849	731	820	89	874	25	
Information Technology Shared Service	1,008	884	930	913	-17	884	0	
District Law Shared Service	146	146	122	137	15	146	0	
Accountancy	567	494	411	811	400	493	-1	Savings: £1k net establishment savings
Internal Audit	65	65	54	46	-8	65	0	
Revenue and Benefits - Benefit Subsidy	-121	-19	-16	718	734	670	689	Pressures: £426k Increase in homelessness pressures leading to a reduction in subsidy that can be claimed and costs of benefits to be paid out £204k reduction in Rent Allowance grant, partially offset by a reduction in benefits paid £59k increase in the cost of housing benefits overpayments
Revenue and Benefits - Operational	384	299	249	349	100	361	62	Savings: £15k receipt of unbudgeted New Burdens grants and variation on the Housing Benefit Administration grant. Pressures: £31k reduction in recovered court costs £22k increased costs of agency staff to cover long term sickness, partially offset by staff vacancy £17k increased costs of assessing rateable value of properties in the Borough £7k increased IT costs offset against a relevant New Burdens grant
	9,684	9,734	8,556	10,169	1,613	10,596	862	
Corporate Contingency	110	130	17	-79	-96	130	0	
Bad Debt Provision	10	10	8	0	-8	10	0	
Depreciation & Amortisation	-1,558	-1,630	-1,630	-1,630	0	-1,630	0	
Non Distributed Costs- Pension Fund	1,324	1,324	1,103	1,097	-6	1,324	0	
Investment Income	-225	-225	-187	-71	116	-193	33	Reduction in anticipated return on investments
Audit Fee & Bank Charges	66	66	55	38	-17	66	-1	
Other Income and Expenditure	-273	-325	-634	-645	-11	-293	32	
Corporate Management	193	193	161	142	-19	195	2	
Parish Precepts	502	502	502	502	0	502	0	
2017/18 Budget Requirement	10,106	10,105	8,586	10,168	1,583	11,000	896	
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	-1,082	-1,304	-222	-1,299	0	
Use of General Fund Reserves	-1,071	-1,071	0	0	0	-1,071	0	
Ear Marked Reserves	0	0	0	0	0	0	0	
2017/18 Funding	-10,106	-10,106	-4,951	-5,173	-222	-10,106	0	
Net Position	0	-1	3,635	4,995	1,361	894	896	