

Report of the Section 151 Officer

Financial monitoring and position statement for 2019-20

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 2020.

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 2019-20 will be presented to committee in June 2020.

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 January 2020.

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

Financial monitoring is reported four times in the year, three in-year reports, of which this is the third, and the final out turn position in June of the following financial year. This report reflects the monitoring position as at 31 January 2020.

6 Discussion

2019-20 Revenue Budget

6.1 The council set the net revenue operational budget in February 2019 as £10.658m, which is made up of £17.868m of gross expenditure and £7.210m of gross income, however, this was revised down to £10.617m in June 2019 and the Business Rates Income was also amended to reduce the reliance on general reserves and this is summarised in the following table

Budgeted Expenditure	%	£'000
Salaries & Other Employees Costs	29.1%	5,192
Pension Deficit	7.2%	1,286
Premises incl Investment Property	5.2%	920
Supplies & Services	15.2%	2,702
Investment Property Fees	1.3%	235
Parish Precepts	3.2%	575
Grants & Subscriptions	1.8%	316
Shared Services & Contracts	4.9%	881
Wellingborough NORSE	27.0%	4,820
Benefit Payments*	See below	20,925
GROSS EXPENDITURE		37,852
Benefit Subsidy*	See below	(20,025)
EXPENDITURE NET OF BENEFIT SUBSIDY		17,827
*Benefit Payments Net of Subsidy	5.0%	900
Budgeted Service Income	%	£'000
Specific Government Grants	6.8%	(491)
Fees & Charges	53.2%	(3,835)
Property Income	40.0%	(2,884)
GROSS SERVICE INCOME		(7,210)
NET SERVICE EXPENDITURE		10,617

- 6.2 The 2019-20 net budget of £10.617m is funded using £1.167m of general fund reserves (of which £0.438m is from general reserves and £0.729m from earmarked reserves) and other sources of external funding as detailed in the table below:

Funding from Non-Specific Grants, Taxation and Use of Reserves	%	£'000
Council Tax	41.4%	(4,393)
Business Rates	37.9%	(4,028)
Revenue Support Grant	-	-
New Homes Bonus	9.7%	(1,029)
Use of Earmarked Reserves	6.9%	(729)
Use of General Reserves	4.1%	(438)
TOTAL FUNDING		(10,617)

- 6.3 When the monitoring position was reported to committee in October a £377k underspend against the budget set was forecast.
- 6.4 Further analysis of the spending position has changed and the council is now forecast to achieve an overall decrease in the budgeted level of reserves required by £680k, resulting in £487k of earmarked reserves now being required and no use of general reserves.
- 6.5 This is an increase of £303k from the last fully reported position and is summarised in the following table and presented in more detail in Appendix 1 of this report.

- 6.6 Of this, £100k is attributable to an improved position by Revenues & Benefits with increased new burdens grants and reduced pressures identified for housing benefits overpayments income.
An additional £59k relates to the Norse profit share 2018-19.
Budget managers have provided robust outturn estimates and this has been reflected in the forecast figures.

	Outturn Movement as at 31.07.19	Outturn Movement as at 30.09.19	Outturn Movement as at 31.01.20	2019-20 Forecast Outturn
	£'000	£'000	£'000	£'000
Budgeted Use of General Reserves	1,001	127	61	-
Budget Savings:				
Establishment savings across the services	-149	59	-84	-174
Net reduced subsidy loss on temporary accommodation	-272	9	-10	-273
Additional new burdens grant	-30	-	-45	-75
Housing subsidy income	-	-37	-	-37
Government grants and external contributions	-63	-66	70	-59
Reduction in travel claims	-1	-3	-3	-7
Savings on repairs & maintenance	-1	-16	-7	-24
Reduction in printing costs	-	6	-	6
Savings on services	-35	2	13	-20
Pre planning fee income	-	-7	-	-7
Fees, charges and Investment income	-	-62	-185	-247
Reduction in rent deposits/advances for homelessness	-	-71	30	-41
Under accrued profit share from Norse	-	-	-59	-59
Reduced spend on advertising	-	-	-4	-4
Savings on contributions to voluntary bodies	-	-	-31	-31
One off insurance savings	-	-	-19	-19
Additional planning income	-	-	-40	-40
Net miscellaneous savings	-	-	-1	-1
Total Budget Savings	-551	-206	-355	-1,112
Budget Pressures:				
Increase in Repairs & Maintenance spend	23	-17	26	32
Anticipated reduction in housing benefits overpayments income	130	23	-78	75
Net reduction in housing subsidy income	14	-14	52	52
Post, stationery & printing costs associated with local elections	-	29	-	29
Professional fees	5	-	-	5
Agency costs to cover vacant posts	9	-	30	39
Advertising costs	5	-1	-	4
Reduced fees and charges income	14	102	-113	3
Utility costs	34	-3	53	84
BID income	7	-	-	7
Recruitment costs	-	-	4	4
Increase in costs of services	-	-	64	64
Furniture costs	-	-	4	4
Options appraisal work for Redwell Leisure Centre	-	-	11	11
Cost of staff relocating to tithe barn	-	-	10	10
Net miscellaneous costs	-1	8	2	9
Total Budget Pressures	240	140	52	432
Net Budget Pressure/-Saving	-311	-66	-303	-680
Net budget decrease as reported 19 June 2019	-563	-563	-563	-563
Total Use of General Reserves	127	61	-	-
Total Use of Earmarked Reserves	729	729	487	487

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	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

Liz Elliott, Managing Director
 Shaun Darcy, Director
 Julie O’Connell, Finance Manager
 Budget Managers

13. Background Papers

Financial Services budget monitoring working papers.

Revenue Monitoring Position to 31 January 2020

Service Area	Original Budget 2019/20	Revised Budget 2019/20	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	Forecast Outturn at 31st March 2020	Forecast Variance at 31st March 2020	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)			
Community Support	1,408	1,423	1,291	1,025	-266	1,391	-32	<p>Savings: £31k Savings on contributions to voluntary bodies £13k net income from the 3G pitch £19k insurance savings for the Castle</p> <p>Pressures: £11k options appraisal work for Redwell Leisure Centre £14k unbudget cost of Castle repairs and utilities £3k unbudgeted cost of Castle Performances £2k net increased cost of events £1k miscellaneous costs</p>
Environmental & Health Protection	614	667	556	506	-50	641	-26	<p>Savings: £28k increased income from Hackney Carriages £28k staffing costs due to vacancies, long term sickness and appointment at lower grades £5k increased demand for food health certificates £2k reduction in emergency planning costs £1k income from fixed penalty notices</p> <p>Pressures: £22k reduction in anticipated House in Multiple Occupation income £4k furniture costs £11k reduction in licensing income £1k increase in pest control costs</p>
Housing	558	579	485	434	-51	531	-48	<p>Savings: £3k salary savings due to vacancies after offsetting agency costs. £16k government grants. £6k car allowances and travel related costs. £41k rent reduction.</p> <p>Pressures: £9k rates on Temporary Houses accommodation £7k overspend on services. £2k miscellaneous costs.</p>
Property and Projects	425	446	392	460	68	470	24	<p>Savings: £53k salary savings £2k reduced repairs and maintenance spend £1k net miscellaneous</p> <p>Pressures: £4k recruitment costs £18k increased lighting costs £6k net reduction in capitalisation of salaries £36k services. £16k reduced income.</p>
Planning and Building Control	333	351	294	147	-147	285	-66	<p>Savings: £40k additional planning income £24k additional external contributions £7k Pre-planning fee income £5k grant income received £39k salary - Director vacancy</p> <p>Pressures: £40k agency cover for additional planning applications. £4k advertising costs. £3k grants & subscriptions £2k outside services</p>
Environmental Services	4,269	4,282	3,689	3,854	165	4,223	-59	<p>Savings: £59k under-accrued profit share from Norse 2018/19</p>
Organisational Development	227	230	192	176	-16	229	-1	<p>Savings: £1k salary savings</p>

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	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)			
Democratic Services	681	661	553	736	183	657	-4	Savings: £16k net effect of vacancies and sharing post with ENC £17k grant income Pressures: £29k post, stationery and printing costs associated with local elections
Operational Property	865	847	728	693	-35	791	-56	Savings £59k Increase in income from Fees and Charges predominantly due to the letting of land to the MoJ. £13 reduction in services costs £1k reduced travel claims Pressures: £3k utility costs on void properties £4k repairs and maintenance £10k costs mainly on equipment for a staff relocation to Tithe Barn offices
Investment Property	-1,808	-1,766	-1,463	-1,636	-173	-1,809	-43	Savings: £106k increased rental income £4k reduced spend on advertising Pressures: £40k utility costs on void properties £5k professional fees £15k increased pressure on services £6k overspend on repairs and maintenance £1k miscellaneous
Information Technology Shared Service	858	939	799	817	18	939	-	
District Law Shared Service	164	164	137	110	-27	164	-	
Accountancy	780	499	407	575	168	477	-22	Savings: £22k net establishment savings due to vacancy
Internal Audit	61	61	31	44	13	61	-	
Revenue and Benefits - Benefit Subsidy	550	550	458	-540	-998	367	-183	Savings: £273k net reduced subsidy loss on temporary accommodation Pressures: £75k anticipated reduction in housing benefits overpayments income £15k net reduction in housing subsidy income
Revenue and Benefits - Operational	444	467	391	175	-216	380	-87	Savings: £75k additional new burdens grants £20k savings on staffing costs due to vacancies and maternity Pressures: £7k Bid income £1k Miscellaneous pressures across the service
	10,429	10,400	8,940	7,576	-1,364	9,797	-603	
Corporate Contingency	-359	-359	-299	-80	219	-359	-	
Bad Debt Provision	10	10	17	-	-17	10	-	
Depreciation & Amortisation	-1,388	-1,405	-1,405	-1,405	0	-1,405	-	
Non Distributed Costs- Pension Fund	1,352	1,352	1,127	1,101	-26	1,352	-	
Investment Income	-282	-282	-235	-130	105	-363	-81	Savings: £81k forecast increase due to higher interest rates and increased funds to invest with
Audit Fee & Bank Charges	40	40	33	16	-17	40	-	
Other Income and Expenditure	-627	-644	-762	-498	264	-725	-81	
Corporate Management	281	286	239	341	102	290	4	
Parish Precepts	575	575	480	575	95	575	-	
2019/20 Budget Requirement	10,658	10,617	8,897	7,994	-903	9,937	-680	

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	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)			
Government Funding	-	-	-	-	-	-	-	
Business Rates	-2,521	-2,658	-886	-886	-	-2,658	-	
Section 31 Grant	-985	-1,370	-457	-457	-	-1,370	-	
Council Tax	-4,393	-4,393	-1,464	-1,464	-	-4,393	-	
New Homes Bonus	-1,029	-1,029	-857	-1,029	-172	-1,029	-	
Use of General Fund Reserves	-1,001	-438	-146	-	146	-	438	
Earmarked Reserves	-729	-729	-243	-	243	-487	242	
2019/20 Funding	-10,658	-10,617	-4,053	-3,836	217	-9,937	680	
Net Position	-	-	4,844	4,158	-686	-	-	