

Report of the Section 151 Officer

Financial monitoring and position statement for 2020-21

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 July 2020.

2 Executive Summary

This is the first monitoring report for the 2020-21 financial year and will be used as the baseline to compare future revenue forecasts.

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 July 2020

Appendix 2 Community and Voluntary Support Grants 2020-21

4 The resources committee is invited to:

4.1 **RESOLVE** to note the position on the revenue monitoring and the reasons for the variances reported and shown in Appendix 1.

4.2 **Approve** an 'in principle' extension to our current Community Support Grant agreements and Service Level Agreements with the voluntary sector organisations set out in section 7 of this report and Appendix 2 and make a recommendation to the North Northamptonshire Shadow Authority that the financial provisions to cover the agreement extensions are included in the 2021/22 draft budget for the new North Northamptonshire Council.

5 Introduction

5.1 Financial monitoring is reported 4 times in the year, 3 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 first in-year report for 2020-21 and reflects the monitoring position as at 31 July 2020.

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

- 30 September 2020
- 31 December 2020
- 31 March 2021

## 6 Discussion: 2020-21 Revenue Budget

6.1 The council set the net revenue operational budget in February 2020 as £9.515m, which is made up of £17.293m of gross expenditure and £7.778m of gross income. summarised in the following table:

<b>Budgeted Expenditure</b>	<b>%</b>	<b>£'000</b>
Salaries & other Employee Costs	30.8	5,326
Pension Deficit	7.4	1,286
Premises Incl Investment Property	4.7	817
Supplies & Services	13.5	2,342
Investment Property Fees	1.4	234
Parish Precepts	3.3	575
Grants & Subscriptions	2.4	413
Shared Services & Contracts	6.3	1,098
Wellingborough NORSE	26.4	4,560
Benefit Payments *	see below	17,952
<b>GROSS EXPENDITURE</b>		<b>34,603</b>
Benefit Subsidy *	see below	-17,310
<b>EXPENDITURE NET OF BENEFIT SUBSIDY</b>		<b>17,293</b>
Benefit Payments Net of Subsidy *	3.7	642
<b>Budgeted Service Income</b>	<b>%</b>	<b>£'000</b>
Specific Government Grants	7.4	-573
Fees & Charges	53.2	-4,142
Property Income	39.4	-3,063
<b>GROSS SERVICE INCOME</b>		<b>-7,778</b>
<b>NET SERVICE EXPENDITURE</b>		<b>9,515</b>

6.2 The 2020-21 net budget of £9.515m is funded using no monies from reserves. The sources of external funding are detailed in the chart below:

<b>Funding from Non-Specific Grants, Taxation and Use of Reserves</b>	<b>%</b>	<b>£'000</b>
Council Tax	-47.8%	-4,545
Business Rates	-40.1%	-3,811
Government Funding	-2.4%	-227
New Homes Bonus	-9.8%	-932
Use of Earmarked Reserves	-	-
Use of General Reserves	-	-
		<b>-9,515</b>

- 6.3 The following table combines the service income in 6.1 with the funding sources in 6.2, to show the overall financing of the total expenditure of £17.293m. It illustrates the relative importance of each, with over 40% of financing coming from internally generated fees, charges and property income and more than 26% from council tax. Another 10% now comes from government grants, with a further 22% from retained business rates.

<b>Total Income</b>	<b>%</b>	<b>£'000</b>
Fees & Charges	24.0	-4,142
Property Income	17.7	-3,063
Council Tax	26.3	-4,545
Business Rates	22.0	-3,811
Specific & Non-Specific Government Grants	10.0	-1,732
Use of Earmarked reserves	-	-
Use of General Reserves	-	-
<b>TOTAL INCOME &amp; FUNDING</b>		<b>-17,293</b>

- 6.4 The monitoring of the revenue budget reports the variance to the use of reserves to show any under or over spending on that budget.
- 6.5 The revenue monitoring position is currently showing a forecast overspend of £116k. This is made up from a number of net pressures and efficiencies. The main contributors to the forecast overspend are the increase in the cost of mixed recyclates per tonne and the pressures as a result of the Covid19 pandemic.
- 6.6 The local authority support grant received to mitigate Covid19 pressures has been insufficient to cover the anticipated expenditure. To date, support has been provided to the operator of the Castle theatre, leisure centre operator, One Wellingborough community support partnership and to housing in order to accommodate homelessness in line with revised statute.
- 6.7 The items that contribute to this movement are listed below, with more detail in Appendix 1 of the report.

	<b>Outturn Movement as at 31.07.20 £'000</b>
<b>Budgeted Use of General Reserves</b>	
<b>Budget Savings:</b>	
Covid 19 LA Support Grant	-943
Establishment savings across the services	-81
No borough/council elections in year	-150
Net decrease in rent allowance payments	-65
Government grants and external contributions	-37
Savings on repairs & maintenance	-4
Net reduction in housing subsidy payments	-102
Fees, charges and Investment income	-25
<b>Total Budget Savings</b>	<b>-1,407</b>
<b>Budget Pressures:</b>	
Covid 19 support for the Castle theatre	60
Covid 19 support for the leisure centres	490
Covid 19 support for One Wellingborough	150
Covid 19 support for Housing & Homelessness	340
Covid 19 miscellaneous support	20
Travel costs	4
Increase in mixed recyclates costs	200
IT costs incurred due to Covid 19	13
Decrease in housing benefits overpayments to the council	100
Agency costs to cover vacant posts	14
Loss of income due to cancelled events/services	54
Utility costs	49
Increase in costs of services	26
Net miscellaneous costs	3
<b>Total Budget Pressures</b>	<b>1,523</b>
<b>Net Budget Pressure/-Saving</b>	<b>116</b>
<b>Total Use of General Reserves</b>	<b>116</b>

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. Extension of Voluntary grants

Through discussions within the FN Place Programme it has transpired that all of the north authorities have voluntary support contracts/agreements in place until at least March 2022 with BCW being the exception. With this in mind it is recommended that we extend our regular community and voluntary support grants totalling £159k for a further year to March 2022 in line with our neighbouring authorities and for the future relationship with the sector to be planned accordingly within the new unitary council moving forward.

## 8. Legal Powers

Local Government Act 2003

## 9. Financial and Value for Money Implications

These are detailed in this report.

## 10. 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	Likely with 8 months of financial year remaining	Robust financial arrangements.

## 11. Implications for Resources

None identified.

## 12. Implications for Stronger and Safer Communities

No specific implications.

## 13. Implications for Equalities

No specific implications

## 14. Author and Contact Officer

Caroline Conway-Hook, Service Accountant

## 15. Consultees

Shaun Darcy, Executive Director, S151 Officer  
Julie O'Connell, Finance Manager  
Budget Managers

## 16. Background Papers

Financial Services budget monitoring working papers.



Revenue Monitoring Position to 31 July 2020

Service Area	Original Budget 2020/21	Revised Budget 2020/21	Profiled Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2021	Forecast Variance at 31st March 2021	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)			
Community Support	1,270	1,271	275	249	-27	1,324	53	<b>Pressures:</b> £43k net income loss following the cancellation of the Waendel Walk and Party in the Park during the Covid 19 pandemic £10k net income loss from the 3G pitch due to the Covid 19 pandemic
Environmental & Health Protection	692	700	233	223	-11	617	-83	<b>Savings:</b> £85k establishment savings <b>Pressures:</b> £1k cancellation costs of health and safety food courses £1k increased costs of pest control
Housing	425	429	139	17	-122	426	-4	<b>Savings:</b> £7k increase in grants & income £11k increased rental income £2k reduction in car allowances <b>Pressures:</b> £14k pressure for agency staff covering vacancies £2k various small miscellaneous costs
Property and Projects	453	455	113	183	70	486	30	<b>Savings:</b> £49k net salary savings after agency costs to cover vacancies and permanent recruitment fee <b>Pressures:</b> £40k street lighting £39k for an SLA with ENC for Economic Development support funded from post vacancy saving
Planning and Building Control	236	243	81	-94	-175	246	4	<b>Savings:</b> £25k Additional income from Community Gardens Fund <b>Pressures:</b> £19k Dangerous structures rectification £7k Admin post not in budget £3k Car allowances
Environmental Services	3,611	3,613	999	1,093	94	3,813	200	<b>Pressures:</b> £200k due to the increase in costs per tonne collected
Organisational Development	175	177	59	27	-32	177	1	<b>Pressures:</b> £1k miscellaneous
Democratic Services	784	793	264	407	143	657	-137	<b>Savings:</b> £150k due to there being no borough/parish elections in year £5k government grant <b>Pressures:</b> £12k salary increase due to jobs being evaluated & members backdated increases £6k overspend on services provided
Operational Property	638	639	177	177	0	617	-22	<b>Savings:</b> £20 savings on services £5k solar panel income <b>Pressures:</b> £3k travel costs

Revenue Monitoring Position to 31 July 2020

Service Area	Original Budget 2020/21	Revised Budget 2020/21	Profiled Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2021	Forecast Variance at 31st March 2021	Comments & Remedial Actions
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	(a)	(b)	(c)	(d)	(e)			
Investment Property	-1,929	-1,927	-644	-823	-179	-1,910	17	<b>Savings:</b> £4k savings on Repairs & Maintenance £9k increased rental income <b>Pressures:</b> £9k utilities on void properties £21k increased spend on services
<b>Information Technology Shared Service</b>	995	939	279	494	215	939	-	
<b>District Law Shared Service</b>	164	164	55	37	-18	164	-	
Accountancy	697	700	137	272	135	700	-	
Internal Audit	61	61	20	0	-20	61	-	
Revenue and Benefits - Benefit Subsidy	367	367	122	-6	-128	300	-67	<b>Savings:</b> £65k net decrease in rent allowance payments £102k net reduction in housing subsidy payments <b>Pressures:</b> £100k decrease in housing benefits overpayments to the council
Revenue and Benefits - Operational	406	417	139	78	-62	425	8	<b>Savings:</b> £5k Savings on employee costs <b>Pressures:</b> £13k unbudgeted Covid 19 IT costs
	<b>9,046</b>	<b>9,043</b>	<b>2,450</b>	<b>2,332</b>	<b>-118</b>	<b>9,042</b>	<b>-1</b>	
Corporate Contingency	-359	-359	-120	-83	37	-359	-	
Bad Debt Provision	10	10	3	-	-3	10	-	
Depreciation & Amortisation	-1,405	-1,405	-	-	-	-1,405	-	
Non Distributed Costs- Pension Fund	1,352	1,352	451	445	-6	1,352	-	
Investment Income	-360	-360	-120	30	150	-360	-	
Audit Fee & Bank Charges	40	40	13	-11	-24	40	-	
<b>Other Income and Expenditure</b>	<b>-722</b>	<b>-722</b>	<b>228</b>	<b>381</b>	<b>154</b>	<b>-722</b>	<b>-</b>	
<b>Corporate Management</b>	<b>616</b>	<b>619</b>	<b>206</b>	<b>-408</b>	<b>-614</b>	<b>736</b>	<b>117</b>	<b>Savings:</b> £943k 9 LA Support Grant <b>Pressures:</b> £60k support for the Castle theatre during closedown due to Covid 19 £490 support for leisure centre during closedown due to Covid 19 £150k support for One wellingborough due to Covid 19 £340 support for Housing & Homelessness due to Covid 19 £20k miscellaneous support
<b>Parish Precepts</b>	<b>575</b>	<b>575</b>	<b>192</b>	<b>378</b>	<b>186</b>	<b>575</b>	<b>-</b>	
<b>2020/21 Budget Requirement</b>	<b>9,515</b>	<b>9,515</b>	<b>3,076</b>	<b>2,684</b>	<b>-392</b>	<b>9,631</b>	<b>116</b>	
Government Funding	-227	-227	-76	0	76	-227	-	
Business Rates	-2,441	-2,441	-813	1,219	2,032	-2,441	-	
Section 31 Grant	-1,370	-1,370	-457	-457	-	-1,370	-	
Council Tax	-4,545	-4,545	-1,515	-1,555	-40	-4,545	-	
New Homes Bonus	-932	-932	-311	-466	-155	-932	-	
Use of General Fund Reserves	-	-	-	-	-	-	-	
Earmarked Reserves	-	-	-	-	-	-	-	
<b>2019/20 Funding</b>	<b>-9,515</b>	<b>-9,515</b>	<b>-3,172</b>	<b>-1,259</b>	<b>1,912.53</b>	<b>-9,515</b>	<b>-</b>	
<b>Net Position</b>	<b>-</b>	<b>-</b>	<b>-96</b>	<b>1,425</b>	<b>1,521</b>	<b>116</b>	<b>116</b>	



**Existing contracts extended for 2020-21 and proposed to be extended for 2021-22**

Central & East Northamptonshire Citizens Advice	£40,365	money management services and debt advice - including supporting people into housing
Shire Community Services	£25,000	community transport - Wellibus/Shopmobility/medical car scheme
Nene Valley Community Action	£20,000	support to voluntary orgs - training, policies, funding advice, volunteer brokerage
Northamptonshire Rights & Equalities Council	£15,000	equalities awareness raising and incident reporting, especially hate crime awareness training
Victoria Centre	£11,326	community hub for newly arrived communities
Glamis Hall for All	£10,000	community hub on Queensway
Hemmingwell Centre CIC	£10,000	community hub on Hemmingwell
Teamwork Trust	£5,000	mental health counselling and advocacy services
Sunflower Centre	£22,264	part of the county agreement for domestic abuse and serious sexual violence

