

**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 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 2020.

**2 Executive Summary**

This is the second monitoring report for this financial year and will be compared against the initial monitoring position reported, covering the period to the end of July 2020, which was reported to resources committee in September 2020.

**3 Appendices**

Appendix 1 Revenue Monitoring Position to 30 September 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**

5.1 Financial monitoring is reported 4 times in the year, 3 in year reports, of which this is the second, and the final out turn position in June of the following financial year. This report reflects the monitoring position as at 30 September 2020. The subsequent reports will show the changes in the monitoring position as at the following dates:

- 31 January 2021
- 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:

<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	53.3	-4,142
Property Income	39.5	-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 table below:

<b>Funding from Non-Specific Grants, Taxation and Use of Reserves</b>	<b>%</b>	<b>£'000</b>
Council Tax	-47.7%	-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 When the monitoring position was reported to committee as at 31 July it was forecasting a need to use reserves of £116k. This forecast has now been revised down to £67k. The movements are detailed below in the table in 6.8.
- 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. Since the last report, more grant money has been received and further grant is expected from central government, totalling circa £395k for the latest tranche. This will alleviate some of the financial pressures due to the effects of the second national lockdown due to end in early December and forecasts have been revised to account for additional pressures with the latest guidance issued, but as we've seen already, highly likely to continue to evolve.
- 6.7 As you can see from the table below, there has been a significant impact on the loss of income due to events not taking place, facilities not being open etc. and the increased pressures and economic uncertainty surrounding the Covid19 pandemic.
- 6.8 The items that contribute to this movement are listed below, with more detail in Appendix 1 of the report.

	Outturn Movement as at 31.07.20	Outturn Movement as at 30.09.20	2020-21 Forecast Outturn
	£'000	£'000	£'000
<b>Budgeted Use of General Reserves</b>		116	67
<b>Budget Savings:</b>			
Covid 19 LA support	-943	-395	-1,338
Establishment savings across the services	-139	109	-30
No borough/council elections in year	-150		-150
Net decrease in rent allowance payments	-65	-34	-99
Government grants and external contributions	-37	-116	-153
Reduction in travel claims	4	-14	-10
Savings on repairs & maintenance	-4	-6	-10
Net reduction in housing subsidy payments	-102	-35	-137
Printing		-9	-9
Fees, charges and Investment income	-25	-106	-131
			-
<b>Total Budget Savings</b>	<b>-1,461</b>	<b>-606</b>	<b>-2,067</b>
<b>Budget Pressures:</b>			
Covid 19 support for the Castle theatre	60	-25	35
Covid 19 support for the leisure centres	490	55	545
Covid 19 support for One Wellingborough	150		150
Covid 19 support for Housing & Homelessness	340	-140	200
Covid 19 miscellaneous support	20	-13	7
IT support contract necessitated by the impact of Covid 19		61	61
Increased staffing costs	58	38	96
Increase in mixed recyclates costs	200	26	226
IT costs incurred due to Covid 19	13	11	24
Decrease in housing benefits overpayments to the council	100	25	125
Agency costs to cover vacant posts	14		14
Loss of income due to cancelled events/services	54	-38	16
Utility costs	49	-1	48
Increase in costs of services	26	37	63
Non achievable income from fees and charges		386	386
Reduced Investment Income returns		132	132
Grants & subscriptions		2	2
Net miscellaneous costs	3	1	4
<b>Total Budget Pressures</b>	<b>1,577</b>	<b>557</b>	<b>2,134</b>
<b>Net Budget Pressure/-Saving</b>	<b>116</b>	<b>-49</b>	<b>67</b>
<b>Total Use of General Reserves</b>	<b>116</b>	<b>67</b>	<b>67</b>

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.

6.10 Usually at this time of year significant work would be undertaken to review service budgets ready for implementing the budget setting process for 2021-22. As the start of the next financial year will be vesting day for the

newly formed unitary councils in Northamptonshire, all budgets will be set with a view to being part of the new Unitary, North Northants Council.

## 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 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

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

## 13. Background Papers

Financial Services budget monitoring working papers.



Revenue Monitoring Position to 30 September 2020

Service Area	Original Budget 2020/21	Revised Budget 2020/21	Profiled Budget	Actual Expenditure to Period 6	Variance at Period 6	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	413	471	58	1,288	17	<p><b>Savings:</b> £8k Unbudgeted net income from the 3G pitch</p> <p><b>Pressures:</b> £23k net income loss following the cancellation of the Waendel Walk and Party in the Park during the Covid 19 pandemic £2k net increase in staffing costs</p>
Environmental & Health Protection	692	700	350	361	11	697	-3	<p><b>Savings:</b> £35k establishment savings £1k reduction in food hygiene costs £1k unbudgeted letting agents redress scheme</p> <p><b>Pressures:</b> £17k reduction in houses in multiple occupation fees £10k licencing income £4k increased costs of public health funerals £1k cancellation costs of health and safety food courses £1k net reduction in hackney carriage income £1k increased costs of pest control</p>
Housing	425	429	208	200	-8	553	123	<p><b>Savings:</b> £123k increase in government grants £77k saving on utilities and rents payable £7k reduction in car allowances</p> <p><b>Pressures:</b> £265k reduced income from lettings fees and charges £52k pressure for agency staff covering vacancies and Temporary Accommodation £12k services £1k miscellaneous</p>
Property and Projects	453	455	169	250	81	512	56	<p><b>Savings:</b> £18k net salary savings after agency costs to cover vacancies and permanent recruitment fee £3k saving on grants &amp; subscriptions £1k miscellaneous</p> <p><b>Pressures:</b> £39k street lighting £39k for an SLA with ENC for Economic Development support funded from post vacancy saving</p>
Planning and Building Control	236	243	121	-105	-226	257	14	<p><b>Savings:</b> £25k Additional income from NNJDPU contribution for staff costs £1k car allowances</p> <p><b>Pressures:</b> £19k_Dangerous structures rectification £10k increased spend on services £3k grants &amp; subscriptions £7k Admin post not in budget £1k miscellaneous</p>
Environmental Services	3,611	3,613	1,498	1,777	278	3,838	226	<p><b>Pressures:</b> £226k due to the increase in costs per tonne collected</p>
Organisational Development	175	177	88	42	-46	177	0	

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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	784	793	397	535	138	670	-123	<p><b>Savings:</b>                      £150k due to there being no borough/parish elections in year                      £5k government grant                      £5k saving on travel                      £9k saving on printing</p> <p><b>Pressures:</b>                      £37k salary increase due to jobs being evaluated, members backdated increases &amp; a post to cover LGR work                      £6k overspend on services provided                      £2k grants &amp; subscriptions-Election Law material                      £1k miscellaneous</p>
Operational Property	638	639	266	247	-19	709	70	<p><b>Savings:</b>                      £23k savings on services                      £5k solar panel income</p> <p><b>Pressures:</b>                      £3k travel costs                      £95k unachievable income</p>
Investment Property	-1,929	-1,927	-966	-1,050	-84	-1,940	-13	<p><b>Savings:</b>                      £10k savings on Repairs &amp; Maintenance                      £49k increased rental income</p> <p><b>Pressures:</b>                      £9k utilities on void properties                      £36k increased spend on services (some may be capitalised at a future date)                      £1k miscellaneous costs</p>
<b>Information Technology Shared Service</b>	995	939	419	677	258	999	61	<b>Pressures:</b> £61k Addition of Capita Remote Support contract necessitated by the impact of Covid 19
<b>District Law Shared Service</b>	164	164	82	73	-9	164	0	
Accountancy	697	700	206	339	133	700	0	
Internal Audit	61	61	31	15	-16	61	0	
Revenue and Benefits - Benefit Subsidy	367	367	184	-31	-215	256	-111	<p><b>Savings:</b>                      £99k net decrease in rent allowance payments                      £137k net reduction in housing subsidy income</p> <p><b>Pressures:</b>                      £125k decrease in housing benefits overpayments to the council</p>
Revenue and Benefits - Operational	405	418	209	228	19	438	20	<p><b>Savings:</b>                      £4k Savings on employee costs</p> <p><b>Pressures:</b>                      £24k unbudgeted Covid 19 IT costs</p>
	<b>9,045</b>	<b>9,044</b>	<b>3,675</b>	<b>4,029</b>	<b>354</b>	<b>9,380</b>	<b>336</b>	
Corporate Contingency	-359	-359	-179	-82	98	-359	0	
Bad Debt Provision	10	10	5	0	-5	10	0	
Depreciation & Amortisation	-1,405	-1,405	0	0	0	-1,405	0	
Non Distributed Costs- Pension Fund	1,352	1,352	676	669	-7	1,352	0	
Investment Income	-360	-360	-180	17	196	-228	132	As per the Treasury Management report
Audit Fee & Bank Charges	40	40	20	-11	-31	40	0	
<b>Other Income and Expenditure</b>	<b>-722</b>	<b>-722</b>	<b>342</b>	<b>593</b>	<b>251</b>	<b>-590</b>	<b>132</b>	
<b>Corporate Management</b>	<b>616</b>	<b>619</b>	<b>309</b>	<b>-475</b>	<b>-784</b>	<b>218</b>	<b>-401</b>	<p><b>Savings:</b>                      £1.338m 9 LA Support Grant</p> <p><b>Pressures:</b>                      £35k support for the Castle theatre during closedown due to Covid 19                      £545k support for leisure centre during closedown due to Covid 19                      £150k support for One Wellingborough due to Covid 19                      £200k support for Housing and Homelessness due to Covid 19                      £7k miscellaneous support</p>



Revenue Monitoring Position to 30 September 2020

Service Area	Original Budget 2020/21	Revised Budget 2020/21	Profiled Budget	Actual Expenditure to Period 6	Variance at Period 6	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)			
<b>Parish Precepts</b>	575	575	288	378	90	575	-	
<b>2020/21 Budget Requirement</b>	9,514	9,516	4,614	4,525	-89	9,583	67	
Government Funding	-227	-227	-114	0	114	-227	-	
Business Rates	-2,441	-2,441	-1,448	2,355	3,803	-2,441	-	
Section 31 Grant	-1,370	-1,370	-457	-457	-	-1,370	-	
Council Tax	-4,545	-4,545	-2,273	-2,332	-59	-4,545	-	
New Homes Bonus	-932	-932	-466	-466	-	-932	-	
Use of General Fund Reserves	-	-	-	-	-	-	-	
Earmarked Reserves	-	-	-	-	-	-	-	
<b>2019/20 Funding</b>	-9,515	-9,515	-4,758	-900	3,858	-9,515	0	
<b>Net Position</b>	-1	1	-144	3,625	3,769	68	67	