

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 January 2021.

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 2020-21 will be presented to the relevant committee of the new North Northants Unitary Council in June 2021. This reported outturn position is the last report for the Borough Council of Wellingborough (BCW) as a sovereign borough council.

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 January 2021.

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 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:

Budgeted Expenditure	%	£'000
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
GROSS EXPENDITURE		34,603
Benefit Subsidy *	see below	-17,310
EXPENDITURE NET OF BENEFIT SUBSIDY		17,293
Benefit Payments Net of Subsidy *	3.7	642
Budgeted Service Income	%	£'000
Specific Government Grants	7.4	-573
Fees & Charges	53.3	-4,142
Property Income	39.5	-3,063
GROSS SERVICE INCOME		-7,778
NET SERVICE EXPENDITURE		9,515

- 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:

Funding from Non-Specific Grants, Taxation and Use of Reserves	%	£'000
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	-	-
		-9,515

- 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.

Total Income	%	£'000
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	-	-
TOTAL INCOME & FUNDING		-17,293

- 6.4 Further analysis of the spending position has changed, and the council is now forecast to achieve a decrease in the levels of reserves required by £5k. The last reported figures showed there was a £67k requirement from the use of reserves, the revised position now being £62k.
- 6.5 These changes are summarised in the following table in 6.5 and presented in more detail in Appendix 1 of this report. As you can see from that table, 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. Although close to the end of the financial year, budget managers have provided still provided robust outturn estimates, and this has been reflected in the forecast figures.

	Outturn Movement as at 31.07.20	Outturn Movement as at 30.09.20	Outturn Movement as at 31.01.21	2020-21 Forecast Outturn
	£'000	£'000	£'000	£'000
Budgeted Use of General Reserves		116	67	62
Budget Savings:				
Covid 19 LA support	-943	-395	-37	-1,375
Establishment savings across the services	-139	109	38	8
No borough/council elections in year	-150			-150
Net decrease in rent allowance payments	-65	-34	-227	-326
Government grants and external contributions	-37	-116	-228	-381
Reduction in travel claims	4	-14	-10	-20
Savings on repairs & maintenance	-4	-6	-2	-12
Net reduction in housing subsidy payments	-102	-35	-20	-157
Training			-3	-3
Printing		-9	5	-4
Reduction in advertising spend			-3	-3
Fees, charges and Investment income	-25	-106	-50	-181
				-
Total Budget Savings	-1,461	-606	-537	-2,604
Budget Pressures:				
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 miscellaneous support	20	-13	1	8
IT support contract necessitated by the impact of Covid 19		61		61
Court costs			214	214
Increased staffing costs	58	38	56	152
Increased homeless rental costs			36	36
Repairs and maintenance of BCW owned properties			60	60
Increase in mixed recyclates costs	200	26	61	287
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		92	106
Loss of income due to cancelled events/services	54	-38	-9	7
Utility costs	49	-1	2	50
Increase in costs of services	26	37	97	160
Non achievable income from fees and charges		386	59	445
Reduced Investment Income returns		132	8	140
Grants & subscriptions		2	7	9
Increased postage costs			4	4
Contribution towards bin lorries			50	50
Net miscellaneous costs	3	1	-6	-2
Total Budget Pressures	1,577	557	532	2,666
Net Budget Pressure/-Saving	116	-49	-5	62
Total Use of General Reserves	116	67	62	62

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, an additional £37k has been received from central government to support lost fees and charges and total funding now amounts to £1.375m. This has alleviated some of the financial pressures throughout the year and the additional impacts of the second national lockdown which ended in early December and the third lockdown we're still currently in and the forecasts included in this report have been revised to reflect this latest known position.

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	Overspend leading to reduced Reserves and Balances	Low due to level of quality assurance	Robust financial arrangements.
Changes in activity levels and new burdens	Overspend leading to reduced Reserves and Balances	Unlikely 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

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

13. Background Papers

Financial Services budget monitoring working papers.

Revenue Monitoring Position to 31 January 2021

Service Area	Original Budget 2020/21	Revised Budget 2020/21	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	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	1,342	1,204	1,172	-32	1,442	101	<p>Savings: £9k net savings from the Waendel Walk and other events not going ahead in 2020 and 2021</p> <p>Pressures: £7 increase in community grants £90k feasibility costs for a capital scheme at Redwell Leisure Centre. This may be capitalised at a later date £5k net cost of the 3G pitch. Anticipated income will not be received due to covid lockdown £5k unbudget costs of a domestic homicide review as part of the community safety initiative £3k net increase in staffing costs</p>
Environmental & Health Protection	692	700	584	673	90	780	80	<p>Savings: £25k establishment savings £9k savings on home improvement agency costs £3k savings on the cost of pollution control £1k net miscellaneous savings and income</p> <p>Pressures: £86k agency costs £11k reduction in houses in multiple occupation fees £12k licencing income £5k increased costs of public health funerals £4k reduction in food export licence fees</p>
Housing	425	452	382	500	118	599	147	<p>Savings: £248k increase in government grants £74k saving on utilities and rents payable £7k reduction in car allowances</p> <p>Pressures: £311k reduced income from lettings fees and charges £58k pressure for agency staff covering vacancies and Temporary Accommodation £60k repairs and maintenance to BCW owned temporary accommodation</p>
Property and Projects	453	411	355	557	203	439	28	<p>Savings: £32k net salary savings after agency costs to cover vacancies and permanent recruitment fee £3k saving on grants & subscriptions £13k external grant funding £2k reduced travel claims</p> <p>Pressures: £39k street lighting £39k for an SLA with ENC for Economic Development support funded from post</p>
Planning and Building Control	236	243	21	21	0	237	-5	<p>Savings: £25k Additional income from NNJDPU contribution for staff costs £40k saving on services £1k car allowances £28k pre-planning fees</p> <p>Pressures: £3k grants & subscriptions £86k Admin post not in budget, roles being re-evaluated and staffing to cover statutory work which receives income</p>

Revenue Monitoring Position to 31 January 2021

Service Area	Original Budget 2020/21	Revised Budget 2020/21	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	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)			
Environmental Services	3,611	3,604	3,105	3,642	537	3,918	314	<p>Savings: £21k Increased income from bulky household waste collection £2k miscellaneous savings Pressures: £287k due to the increase in costs per tonne collected £50k towards cost of bin lorries</p>
Organisational Development	175	177	147	75	-72	182	5	<p>Pressures: £5k due increased salary costs</p>
Democratic Services	784	793	661	784	123	676	-118	<p>Savings: £150k due to there being no borough/parish elections in year £5k government grant £13k saving on travel £4k saving on printing £3k saving on training Pressures: £36k salary increase due to jobs being evaluated, members backdated increases & a post to cover LGR work £15k overspend on services provided-includes £9k setting up costs for Wboro Town Council £2k grants & subscriptions-Election Law material £4k postage</p>
Operational Property	638	620	531	537	6	692	72	<p>Savings: £21k savings on services £5k solar panel income Pressures: £3k travel costs £95k unachievable income</p>
Investment Property	-1,929	-1,927	-1,605	-1,785	-181	-1,891	36	<p>Savings: £12k savings on Repairs & Maintenance £48k increased rental income £3k underspend on advertising Pressures: £8k utilities on void properties £89k increased spend on services (some may be capitalised at a future date) £2k miscellaneous</p>
Information Technology Shared Service	995	1,029	890	1,016	126	1,091	61	<p>Pressures: £61k Addition of Capita Remore Support contract necessitated by the impact of Covid 19</p>
District Law Shared Service	164	164	137	110	-27	164	-	
Accountancy	697	700	631	622	-9	685	-15	<p>Savings: £15k net establishment savings</p>
Internal Audit	61	61	51	30	-21	61	-	
Revenue and Benefits - Benefit Subsidy	367	367	306	-441	-747	9	-358	<p>Savings: £326k net decrease in rent allowance payments £157k net reduction in housing benefit payments Pressures: £125k decrease in housing benefits overpayments to the council</p>

Revenue Monitoring Position to 31 January 2021

Service Area	Original Budget 2020/21	Revised Budget 2020/21	Profiled Budget	Actual Expenditure to Period 10	Variance at Period 10	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)			
Revenue and Benefits - Operational	405	418	349	464	115	616	198	Savings: £90k increase in grants £2k miscellaneous savings across the service Pressures: £214k recovered court costs not received due to courts being in lockdown £52k increase in establishment costs £24k unbudgeted Covid 19 IT costs
	9,045	9,155	7,749	7,977	229	9,699	544	
Corporate Contingency	437	-359	-299	-80	220	-359	-	
Bad Debt Provision	10	10	8	0	-8	10	-	
Depreciation & Amortisation	-1,405	-1,517	-1,517	-1,517	0	-1,517	-	
Non Distributed Costs- Pension Fund	1,352	1,352	1,127	1,112	-15	1,352	-	
Investment Income	-360	-360	-300	-159	140	-220	140	Pressures: £140k reduced interest rates caused partially by the pandemic and partially because funds are coming back by 31st March and therefore have reduced rates for shorter investment periods
Audit Fee & Bank Charges	40	40	33	4	-29	54	15	Pressures: £13k increased external audit costs £2k increased bank charges
Other Income and Expenditure	74	-834	-948	-640	307	-679	155	
Corporate Management	617	618	515	-93	-608	-19	-637	Savings: £1.375m LA Support Grant Pressures: £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 £8k miscellaneous support
Parish Precepts	575	575	480	630	151	575	-	
2020/21 Budget Requirement	10,311	9,515	7,796	7,874	78	9,577	62	
Government Funding	-	-	-	5	5	-	-	
Business Rates	-7,213	-7,213	-6,696	-6,924	-228	-7,213	-	
Section 31 Grant	-1,370	-1,370	-457	-457	-	-1,370	-	
Council Tax	-227	-227	-189	-	189	-227	-	
New Homes Bonus	-932	-932	-777	-932	-155	-932	-	
Use of General Fund Reserves	-	-	-	-	-	-	-	
Earmarked Reserves	-	-	-	-	-	-	-	
2020/21 Funding	-9,742	-9,742	-8,119	-8,308	-189	-9,742	-	
Net Position	569	-227	-323	-434	-111	-165	62	

