

Appendices:

6



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title

Financial Monitoring Report

AGENDA STATUS:

PUBLIC

Audit Committee Meeting Date:	20 May 2013
Policy Document:	No
Directorate:	Resources
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 To present Committee with the Council's financial position as at 28 February 2013.
- 1.2 To update Committee on the position on car parking usage and income to 31 March 2013.
- 1.3 To update Committee on the position in relation to the Council's outstanding debt as at 31 March 2013.

2. Recommendations

- 2.1 To consider the contents of the following reports:
 - General Fund Revenue Monitoring (Appendix 1)
 - Housing Revenue Account (HRA) Revenue Monitoring (Appendix 2)
 - General Fund Capital Monitoring (Appendix 3)
 - HRA Capital Monitoring (Appendix 4).
- 2.2 To note the position on car parking usage and income as at 31 March 2013 (Appendix 5).
- 2.3 To note the latest position in relation to the Council's outstanding debts as at 31 March 2013 (Appendix 6).
- 2.4 To consider whether Committee requires any additional information in order to perform its governance role.

3. Issues and Choices

3.1 Report Background

- 3.1.1 A Finance and Performance report is taken to Cabinet on a quarterly basis (including the outturn report). Finance reports are published monthly on the intranet with the exception of the beginning of the financial year and the final months of the financial year.
- 3.1.2 Committee has asked to receive these reports which are brought to the first available meeting following their production.
- 3.1.3 Committee has also asked for more detailed information in relation to car parking usage and income, and debt recovery.

3.2 Issues

3.2.1 Budget monitoring commenced at Period 2 (position to 31 May 2012) for this financial year. The latest position and financial variances for Period 11 (to 28 February 2013) are outlined in the following appendices:

- Appendix 1 – General Fund Revenue
- Appendix 2 – HRA Revenue
- Appendix 3 – General Fund Capital
- Appendix 4 – HRA Capital.

3.2.2 Significant variances at this point in the year are as follows:

3.2.2.1 General Fund Revenue – (£331k) favourable

Note: for ease of understanding adverse variations (i.e. additional costs or reductions income) are shown without brackets, while favourable variations (increased income or cost savings) are shown within them.

- Electricity savings at vacant properties and additional insurance recharges to commercial tenants within Regeneration and Development have offset additional costs of promotional material (£17k for publication of Northampton Guides for Northampton Alive), for the Northampton Alive festival.
- Planning activity has been lower than estimated and the anticipated price increase by central government has been delayed, resulting in a projected shortfall in income of £69k. However, this has been more than matched by additional Building Control income and management action to delay the filling of vacancies, resulting in overall savings of (£196k).
- Additional software licence and temporary communication staff costs have been incurred within Resources; these have been partially offset by managed vacancies.
- The proceeds of mortgage repossessions from several years ago, which were previously held on the balance sheet, have now been credited to the General Fund revenue account resulting in a windfall saving of (£30k).
- There has been a reduction in external audit fees which was not known when the budget was set. Together with savings on the internal audit contract, this has produced a saving of (£71k).

- Savings of around (£44k) have arisen through energy prices rising by less than originally expected.
- Lower than expected Housing Benefit Subsidy of £47k is projected, largely as a result of increased numbers in bed and breakfast accommodation which attracts lower rates of subsidy. Vacant posts have been held open to offset this loss of income.
- A number of key service areas under Strategic Housing are showing forecast overspends due to Call Care contract cancellations. Vacancies are being held to help manage the overall Strategic Housing budget. In addition management are now forecasting additional income from licensing of HIMO's and other admin fees resulting in a net saving of (£22k) for the service.
- The Customers and Communities Directorate is projecting an underspend of (£80k) mainly as a result of reduced gas and NNDR costs and posts being held vacant.
- The Community Safety service is reporting a £44k overspend due to the cancellation of the Daventry CCTV contract becoming more costly than originally forecast and a partial loss of funding for the Crime and Disorder service.
- Lower take up of the free rat control service has produced a saving of (£36k).
- Savings of (£117k) are forecast through the reorganisation of the Neighbourhood Management service and the recovery of depot sewerage costs.
- An overspend of £40k is forecast for the Museum service, as a consequence of the vacancy factor not being achieved and a fall in income from donations and sponsorship.
- Additional costs of £48k are projected as the consequence of having to put some higher specification printing out to private suppliers. These costs will be recharged to the service areas which commissioned the work.
- Savings of (£39k) in IT are mainly the result of managed vacancies, while additional grant income and external contributions towards Events have produced savings of (£33k).
- Daily Car Parking income is forecast to be £200k below budget. A further shortfall in season ticket income of £210k as a result of corporate contracts being cancelled is also forecast.
- Lower than estimated electricity prices at the bus station and the re-allocation of security patrols to car parks have saved (£97k).
- The amount of money required to be set aside to finance borrowing is (£325k) below budget as less borrowing was undertaken in 2011-12 than planned. £141k of this has been transferred to the debt financing earmarked reserve to protect against future interest rate volatility. Other variations, including an additional (£109k) interest on a backdated VAT claim and a reduction in leasing costs, result in a forecast saving of (£111k).

3.2.2.2 HRA Revenue – (£677k) favourable

- Dwelling rent income is forecast to be (£261k) higher than originally estimated, largely as the result of improvements made in the management of void dwellings resulting in nearly halving the void rate.

- Service charge income is forecast to be £284k lower, reflecting reduced charges to leaseholders in respect of repairs and maintenance.
- General Management costs are (£58k) lower largely as a result of savings on the stock condition survey now being conducted under the Stock Options project.
- Repairs and maintenance costs in relation to gas systems and boilers have increased by £67k.
- There have been further savings (£57k) on Council Tax and standing utility charges for empty properties, following the demolition of Robinson House and the refurbishment of Paget House.
- Contributions to the Bad Debt Provision are forecast to be reduced by (£150k), reflecting better than budgeted arrears performance.
- Rent Rebate Subsidy Limitation reductions are forecast to be (£623k) less than budgeted as a consequence of de-pooling service charges from rents.
- Net recharges from the General Fund are forecast to be (£72k) lower than budget.
- However, interest charges on new long-term borrowing are higher by £295k, largely due to last minute changes to interest rates at the time of the HRA Subsidy buyout.
- The original budget anticipated drawing £2.0m from earmarked reserves, assuming an early repayment of housing debt of £8.2m. Fixed repayment schedules mean that this amount (together with other net savings during the year) will now be a contribution to earmarked reserves.
- Changes in the funding of capital expenditure have resulted from the move to self-financing. There has been an increase in the Major Repair Allowance of £2.9m and a consequent a (£2.2m) reduction in Revenue Contributions to Capital.
- The overall effect of these movements is that the contribution to earmarked reserves is forecast to be (£7.9m) more than originally budgeted.

3.2.2.3 Capital Programme

- HRA – The approved changes in year for the Head of Strategic Housing, (approved at 13th February 2013 Cabinet), are made up of:
 Sheltered Housing Improvements (£650k), Eleonore House project, re-phased to 2013/14. Planning work is completed and project delivery will be in 2013/14.
 IT Capital (£170k) the scheduling of works tool for Property Maintenance has been re-phased to 2013/14
 Woodside Way New Build £16k – this scheme was completed in 2010/11 but the retention payment came due in 2012/13 so budget had to be found for it. The original project had underspent.

3.2.3 A comparison of car parking usage and income over the last three financial years is shown at Appendix 5.

3.2.4 The managed debt analysis and commentary to 31 March 2013 are shown at Appendix 6.

3.3 Choices (Options)

This report provides a statement of current year activity so no options are relevant.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 The reports at Appendices 1-4 detail any resource issues facing the Council from its forecast financial position for 2012/13.

4.2.2 Appendix 5 provides further detail in relation to car parking usage and income compared with the two previous financial years.

4.2.3 Appendix 6 provides a snapshot of the Council's debt position and its management.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 None at this stage.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

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