

Appendices: 6



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Financial Monitoring Report
---------------------	------------------------------------

AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	19 May 2014
Policy Document:	No
Directorate:	Finance Directorate LGSS
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

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

2. Recommendations

- 2.1 To consider the contents of the following finance reports:
 - General Fund Revenue Monitoring (Appendix 1);
 - General Fund Capital Monitoring (Appendix 2);
 - HRA Revenue Monitoring (Appendix 3);
 - HRA Capital Monitoring (Appendix 4).
- 2.2 To note the position on car parking income and usage as at 28 February (Appendix 5).
- 2.3 To note the latest position in relation to the Council's outstanding debts as at 31 March (Appendix 6).
- 2.4 To consider whether Committee requires any additional information in order to fulfil its governance role.

- 2.5 To note that the financial position to 28 February reflects the post transfer of support service functions to LGSS.

3. Issues and Choices

3.1 Report Background

- 3.1.1 A Finance and Performance report is presented to Cabinet quarterly (including the outturn report). Finance reports are published monthly on the intranet except at the beginning, and during 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 regarding car parking income and usage, and debt recovery.

3.2 Issues

- 3.2.1 The Council's revenue and capital position as at 28 February 2014 (Period 11) is set out in Appendices 1-4.

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

3.2.2.1 General Fund Revenue – (£148k) adverse

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.

	£000
Controllable Service Budgets	(239)
Debt Financing & HRA Recharges	91
General Fund Revenue	(148)

The major variations are detailed below.

Asset Management

- Other Buildings and Land £31k - reflects mainly a £69k shortfall in rental income due to vacant premises either waiting to be re-let or being marketed for disposal. The use of an earmarked reserve (£60k) is reflected in the figures.

Head of Major projects and Enterprise

- Head of Major Projects and Enterprise £80k forecast due to the cost of interim cover to the financial year end supporting the Enterprise project and Regeneration areas.

Head of Planning

- Development Control (£564k) favourable mainly due to forecast better fee income than budgeted due to a higher level of planning applications in year.

Housing

- Housing Services £272k adverse forecast mainly split over Call Care £96k, Private Sector Housing Solutions £224k, and a budgeted staff efficiency of £50k that is forecast not to be achieved, partially offset by underspend of (£30k) forecast staff vacancy savings on Home Choice and Resettlement. This forecast is unchanged from Period 10.

Borough Secretary

- Legal (£168) favourable mainly due to additional income received for legal costs. If realised this amount will be requested to be moved to an earmarked reserve to help fund any additional Legal costs incurred in future years.
- Housing Benefits £99k adverse mainly due to a lower level of Benefit Subsidy recoverable from the Department for Works and Pensions in relation to Rent Allowances.

Head of Customers and Cultural services

- Car Parking -£0k - The forecast shortfall in car parking income continues to improve, with daily ticket income at £100k and the shortfall in season ticket is £70k..The forecast variance has taken into account the use of reserve of (£75k), for the August extended free parking, and (£81k) of an earmarked car parking reserve. In addition to this Car parking has received a reduction in rent on St Peter's Way and a reduction in NNDR on Commercial Street totalling (£72k)
- Museums - £55k adverse – Agency costs of £95k and reduced donations of £15k are partially offset by vacancy savings £55k.

Corporate Budget

- Debt Financing £279k adverse mainly due to a fall in available investment interest rates in year to date. This shortfall can be mainly met from the debt financing earmarked reserve, which was specifically set up to deal with the budgetary risks of fluctuations in interest rates. The use of this reserve up to (£200k) is now reflected in the figures.. The remaining £79k overspend relates to accounting technical adjustments reflecting higher charges to revenue of financing the 2012-13 capital programme spend.

3.2.2.2 HRA Revenue – £76k adverse

- Supporting People funding of £550k was reduced significantly from the end of September but partly covered by transitional funds until the end of March.. This is partly offset by a forecast underspend in staffing costs within the Wardens service as the result of a restructure. A reserve was prudently created in anticipation of the Supporting People changes occurring and is sufficient to meet the remaining net shortfall in year.
- Repairs and Maintenance - £41k adverse – mainly on responsive works based on current contractor levels although this continues to be managed down. A drawdown from reserves and a further capitalisation of expenditure on void dwellings of £2.5m and £1m respectively is reflected in the figures. Housing management are continually reviewing this position.
- Dwelling rents due in year is forecasted to be under-recovered by £364k adverse due to increased Right to Buys in 2012/13 and current

year. Rent Rebate Subsidy deductions are forecast to be nil for the year resulting in a (£96k) saving to the HRA.

- Increase in Bad Debt Provision is now reflecting the latest forecast position saving of (£335k). The impact of Welfare reforms on the arrears position has not been as quick to materialise as forecast.

3.2.2.3 Capital Programme -

- GF Capital Programme – With financial year end approaching there are a number of variations being forecast totalling £3m. A number of these schemes, totalling £2.1m, are being re-phased into 2014/15 financial year and will require the budget to be carried forward. The Capital Programme Board is in place and has started reviewing and monitoring delivery of capital projects. There is no change to forecast from Period 10 reporting.
- HRA Capital Programme – is forecasted to be underspent by £3.4m with £2.7m being re-phased into 14/15 financial year..

3.2.3 Appendix 5 shows the monthly levels of car parking usage and income to 28 February.

3.2.4 The managed debt analysis and commentary to 28 February are shown at Appendix 6.

3.3 Choices (Options)

3.3.1 None

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 Ongoing monitoring of the Council's budget and capital programme enables early intervention and appropriate remedial action, thus mitigating risks to the Council's financial viability and to its reputation.

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 Regular reporting of the Council's financial position helps to ensure the proper stewardship of the Council's resources. Active financial management contributes to the delivery of value for money services, enabling public money to be used to maximum benefit.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

None

Glenn Hammons
Chief Finance Officer, Telephone 01604 366521