

Appendices: 5



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Financial Monitoring Report
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	16 January 2017
Policy Document:	No
Directorate:	Finance Directorate LGSS
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

- 1.1 To present Committee with the financial position to 30 September.
- 1.2 To update Committee on car parking income and usage to 30 November.

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 30 November (Appendix 5).
- 2.3 To consider whether Committee requires any additional information in order to fulfil its governance role.

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).
- 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 30 September 2016 (Period 6) is set out in Appendices 1-4.

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

- 3.2.2 General Fund Revenue – (£763k) 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.

	£000
Controllable Service Budgets	(394)
Debt Financing & HRA Recharges	(369)
Contribution From Reserves	0
General Fund Revenue	(763)

The major variations are detailed below.

- 3.2.2.1 Asset Management
Asset Management £107k adverse mainly relates to additional temporary staff covering vacant positions and professional services to carry out valuations. Offset by overachievement of NNDR rebates following challenges.
- 3.2.2.2 Head of Planning
Head of Planning (£284k) favourable is due to the higher level of development control income for the whole year offset by a drop in anticipated building control income due to market conditions.
- 3.2.2.3 Head of Housing and Wellbeing
Head of Housing and Wellbeing £116k adverse is mainly due to additional costs for agency staff in Housing Options and Advice, Home Adaptations and Housing Standards.

3.2.2.4 Director of Customers and Communities

Director of Customers and Communities (£598k) favourable reflecting additional deductions made through the Environmental Services Contract and additional car parking income.

3.2.2.5 Corporate

Corporate £260k adverse due to additional costs for Bed and Breakfast and the use of temporary accommodation at County Chambers..

3.2.2.6 Corporate Debt Financing

Debt Financing (£369k) favourable due to lower Interest on borrowing and lower MRP charges due to repayment of borrowing on short-life assets during 2015-16 and carry forward of some capital expenditure into 2016-17.

3.2.3 HRA Revenue – (£306k) favourable

3.2.3.1 The forecast favourable position on the HRA of £306k relates mainly to staff vacancy savings within NPH and lower expenditure on the maintenance of communal gas heating systems. In line with September Cabinet decision it should be noted that £2m has been vired from the Revenue Voids Management Budget to the HRA Capital Programme to help fund a programme of additional units and help to ensure that the Council fully utilises the retained 141 Right to Buy receipts it currently holds.

3.2.4 Capital Programme

3.2.4.1 General Fund Capital Programme - The General Fund Capital Programme remains at £21.9m, unchanged over the last two months. As at the end of September the forecast expenditure for the year is £20.0m, around £1.9m below the budget for the year. This includes £1.1m forecast carry forwards and £0.8m underspends. The most significant forecast variances are:

- Forecast underspend of £770k on the St Giles Street public realm improvements. The cost of completing these works was less than originally budgeted. The Council will consider how best to use this underspend. Any future schemes will be subject to a report to Cabinet seeking approval or the monies may be used to finance the existing programme as capital receipts, outlined in paragraph 3.4.1.4 below, are behind forecasts.
- Forecast carry forward of £400k in relation to Disabled Facilities Grants, due to a decreased level of demand in 2016/17.
- Forecast carry forward of £439k on the Central Museum Redevelopment project due to delayed access to the Old Gaol Block.

- The capital programme includes large and complex schemes such as the Vulcan Works and Delapre Abbey. Whilst these schemes are not forecasting any variance against the 2016/17 approved budgets as at the end of September, the risks inherent in these schemes mean that some variances are possible. Any variances identified during the remainder of the financial year will be reported to future Cabinet meetings.

- 3.2.4.2 It will be proposed as part of the 2017/18 budget process that the governance of the capital programme is tightened in order to ensure that cost estimates are robust before schemes are commenced. The detail of these proposals is currently under development.
- 3.2.4.3 The financing of the capital programme assumes that around £5m of capital receipts will be received during 2016/17. It is not now expected that these will all be received in year, although on the assumption that they will be received next year, and given the expected carry forward of expenditure, the existing programme can be funded. This position does however reinforce the need to not add new schemes unless absolutely necessary.
- 3.2.4.4 Any further additions to the capital programme, including further strategic property purchases, will be subject to the development of a robust business case. In line with Financial Regulations, any proposed additions to the programme greater than £250k and/or requiring additional funding from Council resources, will be brought to Cabinet for approval.
- 3.2.4.5 HRA Capital Programme – The approved HRA Capital Programme has been increased by £2m to £38.85m. This increase is as a result of the virement from the HRA Revenue Budget for Voids management. In line with what was reported to September Cabinet this additional capital funding will support schemes that contribute towards the provision of additional social housing as part of the Governments 141 RTB Receipts initiative.
- 3.2.4.6 141 Right to Buy Receipts
- 3.2.4.6.1 It was reported to September Cabinet that the Council has, since April 2012, been able to retain a proportion of its RTB receipts after signing up to a formal agreement with the DCLG. As at 31 March 2016 the Council has not had to pay over any of the retained receipts but was under increasing pressure to use the balance of receipts within the terms of the agreement. These retained receipts must be spent on re-provision of social housing within 3 years of receipt.
- For quarter 2 the Council will have to pay back £26,190 of receipts to the Treasury with interest of approximately £3,700 The Council is working closely with Northampton Partnership Homes to mitigate the risk of any further retained 141 capital receipts, in quarter 3 and future quarters, being paid back. Work is continuing to identify and bring forward a mix of RTB Buybacks and schemes that will bring

additionality to the HRA stock base, addressing the housing need of the Borough.

- As reported to September Cabinet discussions are still ongoing with the Government on the Local Growth Fund Dallington project. Delays in start on site are likely to see a re-phasing of works into 2017/2018 with budget of £8.3m being rolled forward into this year. As reported previously further update will be provided to a later Cabinet.

3.2.5 Appendix 5 shows the monthly levels of car parking usage and income to 30 November.

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

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