



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Finance Monitoring to 31 July 2017
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	13 September 2017
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	N/A

1 Purpose

- 1.1 The purpose of this report is to assist Cabinet in monitoring the delivery of the Corporate Plan within the agreed capital and revenue budgets for the General Fund (GF) and Housing Revenue Account (HRA).
- 1.2 To inform Cabinet of the latest forecast outturn position for the Council's capital programme for 2017-18 and changes to the Programme approved under delegated powers.
- 1.3 During the course of this financial year regular monitoring reports will be provided to Cabinet, detailing the latest forecasts for revenue and capital and additionally focusing on key financial issues on a cyclical basis. This report provides an update on the position for the Housing & Wellbeing service.

2 Recommendations

- 2.1 That Cabinet reviews the contents of the report and identifies actions to be taken to address any issues arising from it.

3 Issues and Choices

3.1 Report Background

- 3.1.1 This is the second of a series of monthly reports to Cabinet which, as well as providing an overview of the position on revenue and capital budgets, will focus on a particular financial issue. This month includes an update on the financial pressures facing the Housing Strategy and Wellbeing service area and the mitigating actions being taken to address these pressures.

3.2 Key Financial Indicator Exceptions

Dashboard Indicator Description	Variation from Budget	
	General Fund	Housing Revenue Account
	£000	£000
Controllable Budgets	107	(238)
Debt Financing and Recharges	(17)	81
Total	90	(157)

3.3 General Fund Revenue Budget (Blue)

- 3.3.1 Overall forecast expenditure is £90k (0.3%) above budget. The following table summarises the variations from budget for the General Fund.

Service Area	£000
Asset Management	4
Economic Development and Regeneration	12
Head of Planning	67
Housing	260
Borough Secretary	6
Director of Customers & Communities	(242)
Corporate	0
Controllable Total	107
Debt Financing	(17)
General Fund Total	90

3.3.1.1 Economic Development and Regeneration

Forecast overspend mainly relates to the interim Director cover and other temporary staffing.

3.3.1.2 Head of Planning

Forecast overspend on salaries due to regrading of post and uncertainty regarding the vacancy and sickness targets being met. There is a possibility of additional income to this service area if the government implements the proposed 20% increase in planning fees during 2017/18. The timing of this is uncertain at present.

3.3.1.3 Head of Housing and Wellbeing

Forecast overspend is mainly due to additional costs for agency staff in Housing Options and Advice and the vacancy/sickness target not forecast to be met (£91k), increase temporary accommodation costs (£25k), shortfall in HIMO licensing income (£100k) and withdrawal of Probation Service contribution (£18k).

Further details in relation to the budget pressures within the service area and the mitigating actions being undertaken are set out in Appendix 1.

3.3.1.4 Director of Customers and Communities

Overall forecast underspend reflecting additional deductions made through the Environmental Services Contract (£398k) and staffing savings. Offsetting budget pressures include a reduction in markets income of £54k due to a falling number of traders and a delay in securing the £50k rental income from the Leisure Trust expected from renegotiation of lease arrangements.

3.3.2 Where applicable Budget Managers are working to mitigate the pressures on their services and bring forecasts back in line with budgets.

3.3.3 Particular focus will be given to monitoring areas of known high risk where expenditure and income is demand-led, i.e. homelessness, car parking income and development control income.

3.3.4 The outturn position, as reported to Cabinet in June, highlighted a number of significant variances against budgets in 2016/17. All budgets will be reviewed as part of the 2018/19 budget process to assess their robustness and any scope to reduce budgets without affecting service delivery.

3.4 Controllable HRA Revenue Budget (Blue)

3.4.1 The forecast underspend position on HRA controllable budgets of £238k relates mainly to staff vacancy savings within NPH, as well as a forecast additional £53k (2.5%) of service charge income.

3.4.2 HRA Debt Financing forecast at £81k above budget due to lower opening balances than budgeted, and lower estimated average rate of interest assumed on investments (0.60% compared to 0.77% budgeted)

3.5 Capital Programme

3.5.1 General Fund Capital Programme

- 3.5.1.1 The General Fund Approved Capital Programme budget stands at £23m including the carry forwards from 2016/17 and the additional funding for Delapre Abbey approved by Cabinet in June. No significant underspends or overspends are currently forecast, although £4.9m of expenditure on the Central Museum and £0.8m in relation to St Peters Waterside is expected to be carried forward to 2018/19.
- 3.5.1.2 As part of the 2017/18 budget process enhanced governance of the capital programme was approved, in order to ensure that cost estimates are robust before schemes are commenced. This included the creation of a “Development Pool” in which schemes remain until the costs and phasing of the scheme is firmed up. This will help to reduce the level of over and underspends and carry forwards in the capital programme. As at the end of July the six schemes that were placed in the Development Pool in the February budget report remained there, with a total estimated value of £3.9m. Most significant of these is £2m earmarked for the St James Mill Link Road. None will be commenced until a fully costed business case is produced and agreed.
- 3.5.1.3 The financing of the capital programme assumes that around £5m of capital receipts will be received during 2017/18. None have been received to date and it is therefore imperative that no new schemes are added to the capital programme unless a clear and certain funding source is identified.
- 3.5.1.4 Funding for Disabled Facilities Grants is partly covered by central government funding through the Better Care Fund. The full 2017/18 allocation of £1.198m will be passported by the County Council to the Borough. The remainder of the £1.475m expenditure on DFGs is funded by the Borough Council’s own resources.
- 3.5.1.5 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.

3.5.2 HRA Capital Programme

- 3.5.2.1 The approved HRA Capital Programme for 2017/18 totals £35.29m, including the carry forward of £275k from 2016/17. A forecast underspend of £445k on ICT capital investment is due to a review being undertaken of ICT investment requirements.

3.6 Choices (Options)

- 3.6.1 Cabinet is asked to note the reported financial position.

4 Implications (including financial)

4.1 Policy

- 4.1.1 The Council agreed a balanced budget for the Capital Programme and Revenue Budgets for both the General Fund and the HRA in February 2017. Delivery of the budget is monitored through the budget monitoring framework.

4.2 Resources and Risk

- 4.2.1 This report informs the Cabinet of the forecast outturn positions for capital and revenue, for both the General Fund and HRA, as at the end of July 2017. It also highlights the key risks identified to date in delivering those budgets and where performance measures are significantly over or under performing.
- 4.2.2 All schemes included in the capital programme, or put forward for approval, are fully funded, either through borrowing, internal resources or external funding arrangements.

4.3 Legal

- 4.3.1 There are no direct legal implications arising from this report.

4.4 Equality and Health

- 4.4.1 There are no direct equalities implications arising from this report.
- 4.4.2 A full Community/Equalities Impact Analysis has been completed for the 2017/18 Budget and is available on the Council website.

4.5 Consultees (Internal and External)

- 4.5.1 Heads of Service, Budget Managers and Management Board are consulted as part of the budget monitoring process on a monthly basis.

4.6 How the Proposals Deliver Priority Outcomes

- 4.6.1 Performance monitoring (including financial monitoring) by exception and using it to improve performance is good practice in terms of efficient and effective management. It contributes directly to the priorities of sustaining “effective and prudent financial management” and being “an agile, transparent organisation with good governance”.

4.7 Other Implications

- 4.7.1 There are no other implications arising from this report.

5 Background Papers

- 5.1 Cabinet and Council Budget and Capital Programme Reports February 2017

Glenn Hammons, Section 151 Officer, 01604 366521