



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Financial Monitoring Report to 31 December 2015
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	10th February 2016
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Management Board
Accountable Cabinet Member:	Cllr M Hallam
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 2015-16 and changes to the Programme approved since October 2015.

2 Recommendations

- 2.1 That Cabinet reviews the contents of the report and appendix, and identifies actions to be taken to address any issues arising from it.
- 2.2 That Cabinet note the changes to the 2015-16 General Fund Capital Programme as detailed in Appendix 1.

3 Issues and Choices

3.1 Report Background

3.1.1 This report presents the Council's key financial exceptions for the year to date, together with changes in the revenue budget and capital programme. It further highlights any emerging issues as identified by service managers.

3.1.2 The report also brings forward any capital appraisals and variations for noting and approval.

3.2 Exceptions

Key Financial Indicator Exceptions

Dashboard Indicator Description	Variation from Budget	
	General Fund	Housing Revenue Account
	£000	£000
Controllable Budgets	253	(1,265)
Debt Financing and Recharges	(319)	(28)
Total	(66)	(1,293)
Net transfer to/(from) reserves	(656)	1,294
Total	(722)	0

3.3 General Fund Revenue Budget (Blue)

The following table summarises the major variations from budget for the General Fund.

Service Area	£000
Asset Management	(88)
Major projects and Enterprise	67
Head of Planning	523
Housing	59
Borough Secretary	138
Director of Customers & Communities	(403)
Local Government Shared Services	116
Corporate	(159)
Controllable Total	253
Debt Financing	(319)
Total	(66)
Net transfer to/(from) reserves	(656)
Total	(722)

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

3.3.1 General Fund Revenue Budget (Blue)

3.3.1.1 **Asset Management (Green)** forecast underspend mainly relates to higher rental income than expected.

- 3.3.1.2 **Major Projects and Enterprise (Amber)** forecast overspend due to additional staffing costs delivering the demands of the Enterprise Zone and helping to deliver the Council's regeneration and growth agenda.
- 3.3.1.3 **Head of Planning (Red)** the Council is currently subject to two planning appeals, one in Hardingstone, the other in Collingtree. At present, the final total costs associated with these appeals are uncertain. Current estimates place the value at £656k, with the Council actively working to limit the final total cost. There are risks that the final position may change and these are explained in paragraph 4.2.5. Cabinet is asked to note this position to date, and to note that these appeals will be funded from in year underspends and reserves, once full costs have been substantiated.
- 3.3.1.4 **Housing (Amber)** forecast overspend mainly relates to additional cost of Agency Staff offset by vacancy savings.
- 3.3.1.5 **Borough Secretary (Red)** forecast overspend mainly relates to additional cost of increased resources being supplied by the Association of Electoral Administrators and additional cost of the Duston and Upton parish elections offset by vacancy savings.
- 3.3.1.6 **Director of Customers and Communities (Blue)** overall forecast saving reflecting additional deductions made through the Environmental Services Contract, additional income for grounds maintenance to accurately reflect work carried out on HRA land, savings in budgets for NNDR, Utilities and rent offset by forecast overspends reflecting unachievable sponsorship income, additional costs in relation to new cleaning contract, electrical works and museum opening hours.
- 3.3.1.7 **Local Government Shared Services (Red)** forecast overspend relates to the underachievement of budgeted savings for Revenues and Benefits offset by a saving due to the pension auto enrolment not starting in 2015/16.
- 3.3.1.8 **Corporate (Blue)** forecast saving reflecting forecast underspend on Carbon Tax budget as NBC no longer falls within the scope of the scheme.
- 3.3.1.9 **Debt Financing and HRA Recharges (Blue)** forecast saving reflecting lower interest on new borrowing and additional investment interest due to investment balances being higher than budgeted.

3.3.2 **Controllable HRA Revenue Budget (Blue)**

- 3.3.2.1 The forecast underspend position on the HRA relates mainly to continued good performance of arrears management resulting in lower arrears than anticipated leading to a reduction in the required contribution to the Bad Debt Provision. Repair and Maintenance costs are lower as a result of the transfer of costs to capital schemes. In addition to this, NPH staff savings within the Sheltered Accommodation Team are reflected in the forecast underspend within Special Services.

3.4 **Capital Programme**

3.4.1 **General Fund Capital Programme**

- 3.4.1.1 In line with approved processes, the Capital Programme Board has approved changes to the General Fund capital programme as set out in Appendix 1. Additions, totalling £740k, are predominantly funded from self-funded borrowing and Section 106 contributions. The £3.25m budget for further loan to NTFC has been removed, giving a net reduction of £2.51m. The General Fund Capital Programme now stands at £68.3m.

- 3.4.1.2 Capital Programme Board reviews forecast expenditure on a monthly basis and provides robust challenge to budget managers. As at the end of December 2015 the overall position shows a forecast underspend of £0.2m and expected carry-forwards to 2016/17 of £1.6m. The most significant carry-forwards relate to the Vulcan Works (£710k) due to a reprofiling of works following the finalisation of designs, and Disabled Facilities Grants (£400k) reflecting the new refined processes and criteria.
- 3.4.1.3 Any further additions to the capital programme, including further strategic property purchases, will be subject to the development of a robust business case.

3.4.2 HRA Capital Programme

- 3.4.2.1 The HRA Capital Programme is managed by Northampton Partnership Homes (NPH) via a managed budget arrangement. Overall expenditure on the HRA Capital Programme in 2015/16 is forecast to be below budget by around £1.5m as at the end of December. This sum is expected to be carried forward to 2016/17 to complete the programme of works.
- 3.4.2.2 The most significant area of expected carry forward is in relation to NPH's ICT improvement programme. Consultants have been employed to support these projects, which are expected to complete in June 2016, resulting in an expected carry forward of £788k.
- 3.4.2.3 The majority of the HRA Capital Programme is for improvements to Council Dwellings and their surrounding environments. The overall position in relation to these schemes has improved to a forecast carry forward of £732k, compared to a forecast £3.1m in September 2015. Following a review of priorities in the early part of the year, work has now accelerated and expenditure in 2015/16 will be maximised. The capital programme budgets for individual schemes will need to be aligned to the new priorities in line with approved virement rules.

3.5 Data Quality

- 3.5.1 The Council has processes in place to ensure that the data and information it provides to support management decision making is as reliable as possible. The Council has a strategy to improve data quality and service areas are working to achieve the objectives within it. This is closely linked to the Council's risk assessment processes and is monitored each month as part of the Council's Performance Management Framework.

3.6 Choices (Options)

- 3.6.1 Cabinet is asked to note the reported position financial position.
- 3.6.2 Cabinet are asked to note the changes to the General Fund Capital Programme for 2015-16 as set out in Appendix 1.

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 2015. Delivery of the budget is monitored through the budget monitoring framework.

- 4.1.2 Corporate measures are monitored regularly to track progress towards delivering our priorities, as detailed in the Council's Corporate Plan. Service areas annually develop objectives, measures and targets to ensure the delivery of the Corporate Plan through the service planning process. The monitoring of progress is through the Performance Management 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 December 2015. 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 There will be an on-going impact in future years if any of the savings within the 2015/16 budget are not achieved, particularly where services move outside the direct control of the Council.
- 4.2.3 All schemes included in the capital programme, or put forward for approval, are fully funded, either through borrowing, internal resources or external funding arrangements.
- 4.2.4 As noted in paragraph 3.3.1.3 there is a risk that costs incurred by the developer from appeal maybe awarded against the Council. The Council is actively working to mitigate any such claims. If costs are awarded against the Council they will be needed to be funded from in year underspend and reserves.

4.3 Legal

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

4.4 Equality and Health

- 4.4.1 There are no specific equalities implications arising from this report.
- 4.4.2 A full Community/Equalities Impact Analysis has been completed for both the Corporate Plan, and the 2015/19 Budget, which are 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 and performance monitoring process on a monthly basis.

4.6 How the Proposals Deliver Priority Outcomes

- 4.6.1 Performance monitoring (financial and non-financial) 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 2015