

Appendices:
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CABINET REPORT

Report Title	Finance Monitoring to 31 May 2018
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	18 July 2018
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 This is the first monitoring report for 2018/19, covering the period up to 31st May 2018.
- 1.2 Reports will be presented to Cabinet on a bi-monthly basis and will include:
 - Revenue – any significant issues requiring action and details of the actions being taken.
 - Budget Risks, including any unachievable savings.
 - Budget Changes and Corrections
 - Capital – progress on key projects
 - Capital appraisals and variations requiring approval or approved under delegation.

2 Recommendations

- 2.1 That Cabinet notes the contents of the report and notes that future reports will set out the actions being taken by Corporate Management Board to address issues arising.
- 2.2 That Cabinet approve the General Fund budget changes set out in Appendix 1.
- 2.3 That Cabinet approve an increase to the General Fund Capital Programme of £0.301m to fund the increased cost of Environmental Services vehicles.

3 Issues and Choices

3.1 Report Background

- 3.1.1 Whilst it is early in the financial year, there are a number of issues to be addressed in relation to the General Fund revenue budget. These are detailed below.

3.2 Key Financial Indicators

Dashboard Indicator Description	Variation from Budget	
	General Fund	Housing Revenue Account
	£m	£m
Controllable Budgets	1.047	(0.072)
Debt Financing and Recharges	0	0
Total	1.047	(0.072)

3.3 General Fund Revenue Budget (Red)

- 3.3.1 The overall forecast overspend is largely as a result of the continuing pressures on homelessness.
- 3.3.2 Homelessness - The current forecast overspend on benefits as a result of increased homelessness is £1.2m. During the last couple of years, the number of households applying to the Council for assistance under the homelessness legislation has doubled and, between March 2016 and March 2018, the number of households living in temporary accommodation more than quadrupled from 66 to 267 and currently remains around this level. As well as trying to reduce the number of homeless households in temporary accommodation – by preventing homelessness, increasing the supply of affordable rented housing and making it easier for people to find and keep suitable private rented accommodation – the Council is seeking to reduce the net cost of providing temporary accommodation by establishing a private sector leasing scheme and building, acquiring or creating suitable, lower cost temporary accommodation.
- 3.3.3 Environmental Services Budget Corrections and Other Changes - The finalisation of the new ES contract highlighted a number of detailed budget areas that require correction in order to be consistent with the contract. These are listed in Appendix 1.

Additional income from recycling credits and section 106 funding of activities included in the new contract is partially offset by the costs of enhanced highways grass cutting, amounting to a net budget reduction of £0.501m. Had these budgets been included in the 2018/19 budget setting in February then the net increased cost of ES would have been lower and the annual drawdown of reserves required to offset the capital financing costs would have been £0.5m. This reduced call on reserves for this purpose will be utilised to fund other corrections required.

- 3.3.4 Microsoft Licences - The Head of Customer and Cultural Services has recently been notified of an increased cost of these licences from £0.132m in 2017/18 to £0.27m in 2018/19. She is investigating whether or not this is the cost for just NBC, or also for partners such as NPH and the Leisure Trust. If the latter then the appropriate share of costs will need to be charged to these partners. The current budget of £0.065m requires an increase of up to £0.2m.
- 3.3.5 Other budget corrections shown in Appendix 1 relate to additional Planning staff to be funded from increased fee levels, a budget for business rates in relation to the Guildhall Road buildings and a sinking fund for Delapre Abbey.
- 3.3.6 Earmarked Reserves - Any unfunded budget corrections or supplementary estimates will be a call on the MTFP Cashflow Reserve. This needs to be protected as far as possible in order to fund Unitary transition costs. A robust and balanced 2019/20 budget is essential in order to go into the new unitary with a sustainable budget position for the current NBC services. Any ongoing budget increases will therefore increase the level of savings that must be achieved as part of the 2019/20 budget process.

3.4 HRA Revenue Budget (Green)

- 3.4.1 There are currently no significant issues to report in relation to the HRA, minor underspends are being forecast.

3.5 Capital Programme

3.5.1 General Fund Capital Programme

- 3.5.1.1 The General Fund capital programme is currently forecast to spend up to the latest budget of £26.4m. This includes the carry forwards approved by Cabinet in June and the schedule of in-year changes approved under delegation as shown in Appendix 2
- 3.5.1.2 The finalisation of the Environmental Services contract has identified that the enhanced specification for grass cutting on for highways verges requires additional vehicles at a cost of £0.301m. Cabinet approval is sought for the necessary increase in the capital programme. The £0.06m annual cost of funding these additional vehicles is included in the budget corrections set out in Appendix 1.
- 3.5.1.3 Any further additions to the capital programme, including any 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 £0.25m 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 stands at £25.69m. The forecasts to date show no significant underspends or overspends.
- 3.5.2.2 141 Right to Buy Receipts – The target use in 2018/19 of £4.7m is currently forecast to be exceeded through a combination of new-build and conversion schemes.

3.6 Choices (Options)

- 3.6.1 Cabinet is asked to note the reported financial position and agree the recommendations. There are no alternative options, other than not to agree the recommendations..

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 2018. 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 May 2018. It also highlights the key risks identified to date in delivering those budgets.
- 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 2018/19 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 Regular financial monitoring is a key control mechanism and 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 2018