



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

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

Cabinet Meeting Date:	12 September 2018
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Service Area:	Corporate Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	N/A

1 Purpose

- 1.1 Financial monitoring 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 note the capital appraisals approved under delegation as set out in Appendix 1.

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	1.128	(0.258)
Debt Financing and Recharges	0	0
Total	1.128	(0.258)

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. This results in increased cost in the Housing Options service of £0.911m and increased costs in Benefits of £0.323 due to the higher cost of temporary accommodation leading to loss of subsidy.
- 3.3.2 Homelessness - The combined current forecast overspend on Housing and Benefits as a result of increased homelessness is £1.243m. Historically the position on temporary accommodation would have been reported within the Housing Benefits Budgets as a result of subsidy loss with the assumption that the full cost of to the council is passed on to the client within the Housing Service Budgets. As a result of the recent Cabinet Paper (June 18) on the new charging arrangements for the provision of temporary accommodation, the forecast overspend has shifted from being predominantly reported within the Housing Benefits budgets to the Housing Service Budgets from July 2018. 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 Other currently reported variances amount to a net underspend of £115k, but there are no individual areas requiring immediate action. As part of the 2019/20 budget process all areas of expenditure and income will be investigated to ensure that current year forecasts are robust and any options to make budget savings without impacting on levels of service are incorporated into future budgets.

3.3.4 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 is currently an overall underspend of £258k being forecast.

The HRA is currently forecasting an underspend on staffing budgets of £194k and savings on utilities of £190k. This is offset by a forecast pressure on the Compliance Team Programmed & Responsive Repairs Budget of £104k.

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 £27.06m. This includes the carry forwards approved by Cabinet in June and the schedule of in-year changes approved under delegation as shown in Appendix 1. These changes are all funded within existing block programmes or funded from section 106 contributions. There is no net increase in the overall capital programme.

3.5.1.2 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 July 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