

Appendices: 6



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title

Financial Monitoring Report

AGENDA STATUS:

PUBLIC

Audit Committee Meeting Date:	14 January 2013
Policy Document:	No
Directorate:	Resources
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 To present Committee with the Council's financial position as at 31 October 2012.
- 1.2 To update Committee on the position on car parking usage and income to 31 October 2012.
- 1.3 To update Committee on the position in relation to the Council's outstanding debts as at 31 October 2012.

2. Recommendations

- 2.1 To consider the contents of the following finance reports:
 - General Fund Revenue (**Appendix 1**)
 - Housing Revenue Account (HRA) Revenue (**Appendix 2**)
 - General Fund Capital (**Appendix 3**)
 - HRA Capital (**Appendix 4**).
- 2.2 To note the position on car parking usage and income as at 31 October 2012 (**Appendix 5**).
- 2.3 To note the latest position in relation to the Council's outstanding debts as at October 2012 (**Appendix 6**).
- 2.4 To consider Committee requires any additional information in order to perform its governance role.

3. Issues and Choices

3.1 Report Background

- 3.1.1 A Finance and Performance report is taken to Cabinet on a quarterly basis (including the outturn report). Finance reports are published monthly on the intranet with the exception of the beginning of the financial year and the final months of the financial year.
- 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 in relation to car parking usage and income, and debt recovery.

3.2 Issues

3.2.1 Budget monitoring commenced at Period 2 (position to 31 May) for this financial year. The latest position and financial variances for Period 7 (to 31 October) are outlined in the following appendices:

- **Appendix 1** – General Fund Revenue Report
- **Appendix 2** – HRA Revenue Report
- **Appendix 3** – General Fund Capital Report
- **Appendix 4** – HRA Capital Report.

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

3.2.2.1 General Fund Revenue - £188k adverse

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 with brackets.

- Planning activity has been lower than estimated and the anticipated price increase by central government has been delayed, resulting in a projected shortfall in income of £69k. Additional spending of £24k is forecast due to a non-matched Planning and Performance Agreement. The impact of these has been mitigated by management action to delay the filling of vacancies, resulting in savings of (£60k).
- There has been an (£85k) reduction in external audit fees which was not known when the budget was set resulting in a saving. A further saving has been made on the internal audit contract.
- Savings of around (£37k) have arisen through energy prices rising by less than originally expected.
- Lower than expected Benefit subsidy of £75k is projected, largely as a result of an increased caseload in Homelessness. Again vacant posts have been held open to offset this loss of income.
- A number of key service areas under Strategic Housing are showing forecast overspends due to Call Care contract cancellations. Vacancies are being held to help manage the overall Strategic Housing budget. However management are now forecasting overspend of £119k for the service.
- Increased activity is projected to result in additional income of (£23k).

- The Customers and Communities Directorate is projecting an underspend of (£98k), mainly as a result of reduced NNDR costs and posts being held vacant.
- The Community Safety service is reporting a £57k overspend due to the cancellation of the Daventry CCTV contract becoming more costly than originally forecast and a partial loss of funding for the Crime and Disorder service.
- Savings of (£72k) have been achieved through the reorganisation of the Neighbourhood Management service.
- An overspend of £95k is projected for the Customer Access service, mainly as a consequence of the vacancy factor not being able to be achieved without significant impact on the service to the public.
- Additional costs of £43k are projected as the consequence of having to put some higher specification printing out to private suppliers.
- There is a downward trend in daily Car Parking ticket income forecast of £200k, along with a projected shortfall in season ticket income of £210k as a result of corporate contracts being cancelled.
- The amount of money required to be set aside to finance borrowing is (£325k) below budget as less borrowing was undertaken in 2011-12 than planned. £141k of this has been transferred to the debt financing earmarked reserve to protect against future interest rate volatility. Other variations, including an additional (£109k) interest on a backdated VAT claim and a reduction of £58k in income from investments, result in a forecast saving of (109k).

3.2.2.2 HRA Revenue – (£127k) favourable

- Dwelling rent income is forecast to be (£195k) higher than originally estimated, as the result of improvements made in the management of void dwellings.
- Service charge income is forecast to be lower by £185k, reflecting reduced charges to leaseholders in respect of repairs and maintenance.
- Contributions to the Bad Debt Provision are forecast to be reduced by (£200k), reflecting better than budgeted arrears performance.
- However, interest charges on new long-term borrowing are higher by £329k, largely due to last minute changes to interest rates at the time of the HRA Subsidy buyout.
- Consequently there is an increased forecast net contribution from earmarked reserves of £150k to help manage working balances in line with minimum levels

3.2.2.3 Capital Programme: There are no significant issues of concern in relation to capital.

3.2.3 A comparison of car parking usage and income over the last three financial years is shown at **Appendix 5**.

3.2.4 The managed debt analysis and commentary to 31 October 2012 are shown at **Appendix 6**.

3.3 Choices (Options)

This report provides a statement of current year activity so no options are relevant.

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 The reports at Appendices 1-4 detail any resource issues facing the Council from its forecast financial position for 2012/13.

4.2.2 **Appendix 5** provides further detail in relation to car parking usage and income compared with the two previous financial years.

4.2.3 **Appendix 6** provides a snapshot of the Council's debt position and its management.

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 Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

5.1 Appendices

- Appendix 1 – General Fund Revenue Report
- Appendix 2 – HRA Revenue Report
- Appendix 3 – General Fund Capital Report
- Appendix 4 – HRA Capital Report.
- Appendix 5 – Car Parking Usage and Income
- Appendix 6 - Managed Debt Analysis

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