

Appendices: 6



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Financial Monitoring Report
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	14 March 2016
Policy Document:	No
Directorate:	Finance Directorate LGSS
Accountable Cabinet Member:	Cllr Mike Hallam

1. Purpose

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

2. Recommendations

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

3. Issues and Choices

3.1 Report Background

- 3.1.1 A Finance and Performance report is presented to Cabinet quarterly (including the outturn report).
- 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 regarding car parking income and usage, and debt recovery.

3.2 Issues

- 3.2.1 The Council's revenue and capital position as at 31 December 2015 (Period 9) is set out in Appendices 1-4.
- 3.2.2 Significant variances at this point in the year are as follows:
- 3.2.3 General Fund Revenue – (£722k) favourable

Note: for ease of understanding adverse variations (i.e. additional costs or reductions on income) are shown without brackets, while favourable variations (increased income or cost savings) are shown within them.

	£000
Controllable Budgets	253
Debt Financing & HRA	
Recharges	(319)
Contribution From Reserves	(656)
General Fund Revenue	(722)

The major variations are detailed below.

3.2.3.1 Controllable Budgets

Planning £523k adverse - 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. Committee 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.

Borough Secretary £138k adverse - 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.

Director of Customers and Communities £403k favourable - 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 additional costs in relation to new cleaning contract and electrical works.

Local Government Shared Services £116k adverse - 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.

3.2.3.2 Debt Financing & HRA Recharges

Debt Financing (£319k) favourable - forecast saving reflecting lower interest on new borrowing and additional investment interest due to investment balances being higher than budgeted

3.2.4 HRA Revenue – (£1,293k) favourable

	£000
Controllable Budgets	(1,265)
Debt Financing & General Fund Recharges	(28)
General Fund Revenue	(1,293)

The major variations are detailed below.

3.2.4.1 Controllable Budgets

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 staff savings as a result of vacant posts across the service are reflected in the forecast underspend.

3.2.4.2 Debt Financing & General Fund Recharges

The forecast underspend relates mainly to investment interest, arising from significantly higher levels of HRA cash balances compared to budget, offset by additional grounds maintenance recharge.

3.2.5 Capital Programme

3.2.5.1 General Fund Capital Programme

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. In line with approved processes, the Capital Programme Board has approved changes to the General Fund capital programme as set out in Appendix 3. These changes have been reported to Cabinet. The General Fund Capital Programme now stands at £68.3m.

3.2.5.2 HRA Capital Programme

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.

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.

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. The HRA Capital Programme now stands at £36.1m.

3.2.6 Appendix 5 shows the monthly levels of car parking usage and income to 31 January.

3.2.7 Corporate debt including managed debt analysis and commentary to 31 January are shown at Appendix 6.

3.3 Choices (Options)

3.3.1 None

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 Ongoing monitoring of the Council's budget and capital programme enables early intervention and appropriate remedial action, thus mitigating risks to the Council's financial viability and to its reputation.

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 Regular reporting of the Council's financial position helps to ensure the proper stewardship of the Council's resources. Active financial management contributes to the delivery of value for money services, enabling public money to be used to maximum benefit.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

None

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