



## CABINET REPORT

Report Title

Finance monitoring to 30 November 2019

**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	22 January 2020
<b>Key Decision:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	NO
<b>Directorate:</b>	Management Board
<b>Accountable Cabinet Member:</b>	Cllr B Eldred
<b>Ward(s)</b>	N/A

### 1 Purpose

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- 1.1 Financial monitoring reports will be presented to Cabinet once every two months 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

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- 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 (CMB) to address issues arising.
- 2.2 That Cabinet note the amendments to the general fund capital programme as set out at paragraph 3.5.1.
- 2.3 That Cabinet approve a £2.4m virement within the HRA capital programme as set out at paragraph 3.6.2.

## 3 Issues and choices

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### 3.1 Report background

- 3.1.1 This report is the fourth financial monitoring report of 2019/20 and reports the forecast position as at the end of November 2019, period 8 of the financial year.

### 3.2 Key financial indicators

Budget area	Variation from budget	
	General fund	Housing Revenue Accounts (HRA)
	£m	£m
Controllable service budgets	1.057	0.133
Debt financing and corporate budgets	(0.170)	0.000
Total	0.887	0.133

### 3.3 General fund revenue budget

- 3.3.1 The overall general fund revenue budget is currently forecasting an overspend of £0.887m. This is a slight increase on the £0.793m reported at the end of period 6. The main pressures which make up this forecast overspend are as follows:
- 3.3.2 The **Chief Finance Officer** service area is forecasting an overspend of £0.442m. This pressure is in the benefits area and relates to the recovery of housing benefit overpayments from on-going benefits for rent rebates (HRA tenants) and rent allowances (£0.051m). Other pressure is linked to the overall pressure around homelessness and temporary accommodation, which manifests itself in the benefits area due to the higher cost of temporary accommodation leading to a loss of subsidy (£0.248m). There is also a pressure of £0.201m due to additional costs for those in supported and exempt accommodation. This pressure is offset by an underspend on the LGSS contract (£0.090m).
- 3.3.3 The **Housing and Wellbeing** service area is forecasting an overspend of £0.933m. Demand for temporary accommodation (TA) has increased since the approval of the TA

action plan in April 2019 resulting in a forecast pressure of £0.600m and a corresponding pressure of £0.170m due to an increase in bad debt relating to temporary accommodation. The TA Implementation Group which meets fortnightly is monitoring the use and cost of temporary accommodation with the aim of reducing the budget deficit through a series of measures. Quarterly targets to reduce demand are in place. There is also pressure in the Private Sector Housing service due to a reduction in civil penalties income of £0.306m. There are additional pressures relating to traveller sites and tenancy sustainment of £0.190m. These pressures are offset by savings on staffing costs and management recharges to the Housing Revenue Account amounting to £0.334m.

- 3.3.4 The **Customers and Communities** service area is forecasting an overspend of £0.145m. This pressure is in the environmental services area and is due to costs coming out of the recycling risk share pay mechanism. These higher costs are caused by prices for recyclable material continuing to fall creating a pressure of £0.290m. This is offset by smaller underspends within the environmental services area and vacant posts elsewhere in the Customer and Communities service area.
- 3.3.5 The **Economy, Assets and Culture** service area is forecasting an underspend of £0.255m. Pressures in this area include the car parking service with income reduced due to new parking charges not being implemented until July and additional costs incurred in relation to increased processing of payment by debit/credit card (£0.138m). This is offset by an increase in one off season tickets income and other small savings across the service bringing the overall overspend position in car parking down to £0.034m. There is also a pressure in estate management due to vacant posts being covered by interims/consultants and the use of external companies for valuation works, but this is offset by an improved forecast in income resulting in an overall underspend of £0.049m. There is a new pressure under property maintenance mainly due to responsive repairs of assets not maintained in recent years. An underspend of £0.046m is forecast for Museums and Arts due to the receipt of a backdated business rates refund. Underspends are forecast against Programmes & Enterprise (£0.201m) and Head of Economic Development and Regeneration (£0.091m) due to in year vacancies. The pressure in the markets area has worsened to £0.068m, with a revised forecast based on the reduction in income due to lower market stall occupancy.
- 3.3.6 There were small variances forecast in the **Chief Executive area**, the **Borough Secretary** service area, and the **Planning** service area, with a combined underspend of £0.187m mainly associated with vacant posts. There is also a projected underspend of £170k on the **debt financing and corporate budgets**, due to the authority having to take out less borrowing than originally forecast due to a strong cash position.
- 3.3.7 Corporate Management Board (CMB) are actively seeking options and actions to manage and mitigate the impact of the risk of an overspend in 2019/20.

#### **3.4 HRA revenue budget**

- 3.4.1 The HRA revenue budget is currently forecasting a minor overspend of £0.133m.

There is a forecast potential pressure on income (dwelling and non-dwelling rents) of approximately £0.104m offset by an increase in service charge income of £0.090m.

In addition, there is a forecast underspend of £0.207m on staffing budgets (NPH) offset by a housing management recharge of £0.127m.

There is also a forecast underspend against the bad debt provision transfer of £0.150m following a review of the provision.

There is a forecast pressure of £0.230m on electrical testing offset by an underspend on compliance team programmed repairs of £0.198m.

### 3.5 General fund capital programme

3.5.1 The approved general fund capital programme is currently forecast to spend up to the latest budget of £27.7m. There have been 4 in-year changes since the previous Cabinet report. These schemes have all transferred in from the development pool and are detailed in the table below.

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 the 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.

Reference	Scheme Title	£k	Comments
BA271	Commercial acquisition	5,500	Acquisition of commercial properties for regeneration and income purposes.
BA272	Abington Park Middle Lakes Footpath	250	Repairs and improvements to the footpath.
BA273	Community Asset Acquisition	400	To acquire the Old Black Lion Pub, enabling the regeneration of a grade II listed public house which will strengthen the sense of place in the historic landscape of the Heritage Gateway area.
BA274	North West Relief Road	1,165	NBC contribution to the construction of the NW Relief Road. A balance of £3.035m remains in the development pool

### 3.6 HRA capital programme

3.6.1 The HRA capital programme for 2019/20 totals £71.551m, of which £45.641m is to be managed on behalf of the Council by Northampton Partnership Homes (NPH) through a programme of planned investment and new build development.

3.6.2 The HRA capital programme includes a £24.5m budget to enable additional HRA capital programme expenditure if developer affordable home opportunities become available. It is recommended that Cabinet approve a virement to move £2.4m of this budget to the NBC buyback/spot purchase budget to meet increased opportunities to purchase affordable homes in 2019/20.

3.6.3 This will bring the total budget for NBC buybacks/spot purchases for 2019/20 to £4.3m. It is anticipated that this budget would be fully spent in 2019/20.

- 3.6.4 Some new build schemes are experiencing slippage due to various reasons, for example, protracted tender negotiations, site clearance delays, service (BT) installation delays, and relocation of retail tenants. This has resulted in a forecast slippage on these schemes of £2.3m into 2020/21.
- 3.6.5 Planned Works is progressing well and ahead of profile resulting in brought forward spend of £0.090m from 2020/21 on structural repairs and £0.500m on component works.
- 3.6.6 Landscaping works are accelerating and progressing well resulting in budget being brought forward from the 2020/21 programme of £0.800m.
- 3.6.7 During 2019/20 the following schemes have transferred from the New Build Pool:

<b>Scheme</b>	<b>£k</b>
Farmfield Court	2,228
Toms Close	2,119
Duston - Northfield Road	171
Kings Heath - West Oval, Witham Way & Medway Drive	1,697
Eastfield - Longland Drive, Garage sites - Grange Road & Thirlmere Avenue	884
Town Centre - Stockley Street garage site	820
Lings - Garage sites - Tyes Court garage site 1 & 2, & Old Barn Court	1,095
Lumbertubs - Garage Sites - Smythe Court & Fulleburn Court	770
Kingsthorpe - Nursery Lane garage site	310
Delapre - Garage sites - Camborne Close & Gloucester Avenue	1,020
Lakeview - Keswick Drive garage site	230
Briar Hill - 5 x Briar Hill Garage Sites	1,700
Roof Gardens - New Build - Roof Gardens	2,022
Adapted Housing Schemes	650

### **3.7 Choices (options)**

- 3.7.1 Cabinet is asked to note the reported financial position and agree the recommendations 2.1 and 2.2. There are no alternative options, other than not to agree the recommendations.

## **4 Implications (including financial)**

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### **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 2019. 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 November 2019. 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 and health implications arising from this report.

#### **4.5 Consultees (internal and external)**

4.5.1 Heads of Service, budget managers and Corporate Management Board (CMB) 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 Environmental Implications**

4.7.1 There are no direct environmental implications arising from this report.

#### **4.8 Other Implications**

4.8.1 There are no other implications arising from this report

### **5. Background papers**

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5.1 Cabinet and Council budget and capital programme reports February 2019.

**Stuart McGregor, Section 151 Officer, 01604 838347**