



East
Northamptonshire
Council

Finance Sub Committee 26 June 2017

Response to Queries Raised on Budget Monitoring Draft Outturn Report 2016/17

Purpose of report

To respond to queries raised by members of the Finance Sub Committee in relation to the Budget Monitoring Draft Outturn Report for 2016/17 at the Committee meeting of 8 May 2017.

1.0 Introduction

1.1 The Budget Monitoring Draft Outturn Report for 2016/17 was presented to Finance Sub Committee on 8 May 2017 for their review, along with a number of recommendations.

1.2 Members requested some additional information to supplement their understanding of the financial position presented to them. The information requested is based on the following:

- A deficit in housing benefits of £92k had arisen where the reason provided did not provide sufficient information on the cause. This was assumed to be due to administration costs. The Finance Manager had requested additional information and agreed to report the details back to Committee.
- The Council had included a vacancy factor of £200k in the budget. The savings for 2016/17 were below expectations of achieving the full £200k. However, salary savings had been used to fund additional pressures within the Council. If these savings had not been used to fund additional posts or pressures, salary savings of £297k would have been achieved. The Sub-Committee requested that a report be brought to a future meeting explaining what the salary savings had been utilised for.

2.0 Housing Benefit Subsidy

2.1 The housing benefit deficit of £92k can be broken down as follows:

Description	Amount
This is the net amount of housing benefit payments that have been paid out in excess of the amount received by DWP (See paragraph 2.2 and 2.3 for more information)	£30k
Each year the council sets a budget for collecting housing benefit overpayments that may relate to current and prior years. This is difficult to forecast as it is dependant on the customer notifying us of changes in circumstances when they occur and outcomes of investigations by the DWP. The income is deducted at source from the claimants housing benefit payment to recover and offset against outstanding overpayments (these are known as 'deductions from ongoing housing benefit'). This figure is the net shortfall against the budget.	£52k
The Discretionary Housing Payment budget was estimated at £91k income. However, the council only spent £80k of this. Therefore as £11k was returned to the Department for Work and Pensions (DWP) which resulted in a shortfall against the income budget.	£11k
This is the amount of income received from Borough Council of Wellingborough for assessing benefit claims on their behalf.	(£1k)
Total	£92k

- 2.2 For the greater part of the qualifying benefit expenditure incurred by a Local Authority, a direct subsidy of 100% is received. However, in areas of expenditure where Local Authorities have most scope to monitor and control costs, lower rates apply.
- 2.3 The areas of benefit spending where the council has attracted a lower rate of subsidy are:
- Certain types of overpaid benefit which are classified as claimant error or fraud
 - Rent rebate payments above a specified level in respect of homeless people in board and lodging, licensed and short-term accommodation.
 - Rent allowance paid above or without the required rent officer determination e.g. supported exempt accommodation.
 - Voluntary disregard of War Pensions
- 2.6 A review of housing benefit estimates is being undertaken in order to establish any financial implications earlier in the year. Any issues will be highlighted in budget monitoring reports to the Finance Sub Committee throughout the year.

3.0 Vacancy Factor

- 3.1 The salary savings budget was £200k. However, the draft outturn report for 2016/17 highlighted that only £157.7k had been achieved. The following table shows the breakdown of the salary savings achieved in each service area as well as the savings that would have been achieved if they had not been utilised elsewhere:

	Achieved	Utilised	Total
Corporate Services	£ 2,350	£ 0	£ 2,350
Customer and Community Services	£31,640	£ 0	£31,640
Environmental Services	£47,050	£ 3,802	£50,852
ICT	£34,780	£33,597	£68,377
Resources and Organisational Development	£ 220	£53,500	£53,280
Planning Services	£42,150	£48,144	£90,294
TOTAL	£157,750	£139,043	£296,793

- 3.2 The £139k was utilised in the following areas:

- Environmental Services - £3.8k was used to cover the cost of agency provision whilst a post was vacant and additional costs of providing food safety inspections
 - ICT – this was paid to cover costs in relation to the ICT Strategy (£20k on the feasibility study and £13.2k on ICT Strategy Consultancy)
 - Resources and Organisational Development - £53.5k was spent on the following:
 - £ 3.1k Honorarium payment
 - £11.4k Electoral Services Visiting Officer
 - £12.3k Various budget anomalies arising from incorrect scale points
 - £17.4k Election provision - casuals and temporary posts
 - £ 7.3k Corporate Support Manager - due to new structure
 - £ 2.0k Maternity Pressure (HR)
 - Planning Services - £48.1k was spent on resource provision within the service (£13.6k Senior Enforcement Officer, £22.2k Principal Planning Officer, £8.7k Trainee Building Control Surveyor and £3.6k Business Admin Apprentice)
- 3.3 2016/17 saw a significant increase in requests and approvals for use of underspends on other key priorities. This needs to be closely monitored going forward so that any implications on the salary saving budget can be identified earlier in the process. Consequently, this has been placed on high risk which means it will be monitored on a monthly basis rather than a quarterly basis going forward so that any financial implications can be picked up and acted on earlier in the process.

4.0 Equality and Diversity Implications

4.1 There are no direct equalities impacts arising from this report.

5.0 Legal Implications

5.1 There are no legal implications arising from this report.

6.0 Risk Management

6.1 Officers are undertaking a review of the draft outturn figures to understand where further action can be taken to strengthen the reporting process and minimise significant increases in variances at year end. A report will be brought back to Finance Sub Committee.

7.0 Resource and Financial Implications

7.1 This report highlights specific financial implications that have arisen from budget monitoring during 2016/17 and are potential implications to be aware of during 2017/18.

8.0 Constitutional Implications

8.1 The report does not require any amendment to the Council's Constitution.

9.0 Customer Service Implications

9.1 There are no customer service implications arising from the report.

10.0 Corporate Outcomes

10.1 This report links to the following Corporate Outcome – Effective Management

(Seeking to secure efficient, cost effective management of resources for the Council)

11.0 Recommendation

11.1 Finance Sub Committee is asked to:

Note the contents of the report.

(Reason: To respond to queries raised by Members on the draft outturn report for 2016/17)

Legal	Power: Local Government Act 1972, Local Government Act 2003				
	Other considerations:				
Background Papers: Budget Monitoring Draft Outturn Report for 2016/17					
Person Originating Report: Michelle Drewery, Finance Manager mdrewery@east-northamptonshire.gov.uk					
Date: 09/06/17					
CFO		MO		CX	

(Committee Report Normal Rev. 22)