



East  
Northamptonshire  
Council

## Finance and Performance Sub-Committee 25<sup>th</sup> March 2019

### Budget Monitoring Summary Report to 31 January 2019 – Period 10

#### Purpose of report

To provide a high level summary of the forecast Revenue and Capital positions against the approved budgets for the period ended 31<sup>st</sup> January 2019 in financial year 2018/19.

#### Attachment(s):

None

#### 1. Introduction

- 1.1. As the Sub-Committee received a full report of the budget monitoring position as at period 9 to 31<sup>st</sup> December 2018, this is a high level summary of the council's forecast revenue and capital position up to 31<sup>st</sup> January 2019 against the approved budget 2018/19.

#### 2. Overview annually

##### 2.1. Revenue Overview – summary

- 2.2. Council approved a total budget requirement of £14,400,482 for 2018/19, which included a council tax requirement of £4,189,660, as well as parish precepts and a number of technical accounting entries and adjustments. For monitoring purposes, the Finance and Performance Sub Committee is focussed on the collectable income and expenditure of this council. The original revenue budget for the net cost of services, before such adjustments and items, was £10,210,822.
- 2.3. Since the budget setting in March 2018, the total budget has been revised to £10,192,431. The change in budget relates to net interest receivable and carry forwards from 2017/18 totalling £71,609 (net) approved during the year, as shown in **Table 1** below:

**Table 1**

	£
Net cost of services	10,210,822
Net Interest Receivable	(90,000)
Carry forwards from 2017/18 (FSC 30/04/18)	71,609
<b>Revised budget as per Outturn report</b>	<b>10,192,431</b>

##### 2.4. Revenue Update

- 2.5. The estimated services outturn for the year is an underspend of £63k. **Table 2** below shows the actual expenditure to date against budget, and the estimated out-turn for year with the variance against budget for each service area. The movement from an overspend forecasted in period 9 of £28k to the underspend of £63k is made up of various factors across all service areas; there are no large areas of significance to bring to members' attention. This will continue to be monitored and reported back to this Sub Committee.

**Table 2**

	Budget	Actual + Commitment	Adjusted Forecast P10	Variance P 10 to Budget	Variance between P9 - P+
Corporate & Democratic	£269,795	£229,007	£200,240	(£69,555)	(£175)
Customer & Community Services	£1,635,213	£2,507,929	£1,709,238	£74,025	(£17,187)
Economic & Commercial Development	£305,748	£332,226	£302,088	(£3,660)	(£16,000)
Environmental Services	£3,399,784	£2,816,363	£3,245,501	(£154,283)	(£28,130)
ICT	£728,702	£1,103,033	£870,658	£141,956	(£17,138)
Resources	£2,260,085	£2,270,065	£2,244,892	(£15,193)	£719
Planning Services	£1,593,104	£907,371	£1,556,744	(£36,360)	(£13,650)
	<b>£10,192,431</b>	<b>£10,165,993</b>	<b>£10,129,361</b>	<b>(£63,070)</b>	<b>(£91,561)</b>

NB: Corporate & Democratic Core includes Chief Executive, and Executive Director and Chief Finance Officer reporting is included within Resources

2.6. Review of ICT transformation costs is ongoing and the year end position is expected to change from the above forecast. Work to identify staff costs that relate directly to enhancing IT assets is continuing, which will ensure these costs are correctly capitalised. This remains subject to discussions with the Borough Council of Wellingborough and with EY, the external auditor. This area remains under review and work will continue throughout the financial year.

## 2.7. Vacancy Factor

2.8. During the last 4 years the Council has included a vacancy factor in the budget of £200k (based on 3.5% of staff turnover). This has again been incorporated into the 2018/19 budget and MTFS.

2.9. The monitoring of the vacancy factor is set out below:

Vacancy Factor	£k
Vacancy Factor (3.5%)	200
Vacancy Savings to date (Oct 2018)	(166)
<b>Further vacancy factor to be realised</b>	<b>34</b>

2.10. It should be noted that £214k of salary underspends have been utilised on other staffing costs such as the costs of backfilling vacant posts. Otherwise, £380k full year savings would have been achieved during this period.

2.11. There are a number of risks associated with the vacancy factor. Firstly, there is a risk that staff turnover may not be experienced at previous levels, which would result in the amount of salary savings achievable being lower than expected. However, what the Council is currently experiencing is a higher level of turnover and challenges in recruiting permanently to vacant posts. This means that a larger number of interim staff are being employed, thus increasing the costs in this area and reducing the ability to realise the vacancy factor. Due to the uncertainty surrounding Local Government in Northamptonshire this is a situation that is likely to continue in the coming years.

2.12. At present, the further vacancy factor expected of £34k is under review and will continue to be closely monitored.

2.13. CMT and Heads of Service have reviewed the current position and confirmed it is correct based on information known at this time. There remain a number of assumptions relating to future staffing levels within the forecast position.

## 2.14. Revenue Reserves

2.15. When the Council set its budget in February 2018 it included a £948k contribution to reserves. The forecast position for the year as a result of the changes set out above is shown in table 4 below:

**Table 4**

Reserves	As at 31 January 2019 £k
Budget Contribution to reserves	948
Forecast underspend for the year	63
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Revised contribution to reserves 2018/19	1,011

2.16 The final reserve position will be reported to Committee in May 2019.

## 3. Capital Overview

### 3.1. Capital Expenditure 2018/19

3.2 Table 5 below sets out the current budget for the approved capital programme and the total amount for those projects which remain in the development pool for 2018/19:

**Table 5**

Capital Programme and development pool	£k
Currently approved Capital Programme	6,276
Development Pool	2,775
<b>Total</b>	<b>9,051</b>

3.3 The council's Capital Programme for 2018/19 of £645k was approved by Council in February 2018. Since then, the budget has increased to £6,276k as a result of changes within the financial year.

3.4 The current forecast for the Capital Programme at 31 January 2019 is £6,273k a slight underspend of £3k.

3.5 However, as detailed in paragraph 2.7 above, ICT capital costs remain under review and are anticipated to change at year end.

### 3.6 Capital Funding 2018/19

3.7 The latest capital spending position is to be funded from the following sources in 2018/19:

**Table 6**

2018/19	£k
<b>Total Expenditure</b>	<b>6,276</b>
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Funded by:	
External Contributions	669
Earmarked Reserves	4,259
Capital Reserves	1,348
<b>Total Funding</b>	<b>6,276</b>

### **3.8 Other Financial Performance Indicators**

3.9 Other financial performance indicators will be reported to the next sub committee.

### **4. Equality and Diversity Implications**

4.1 There are no known equalities issues arising from this report.

### **5. Privacy Implications**

5.1 There are no privacy implications arising from the content.

### **6 Legal Implications**

6.1 There are no known legal implications arising from this report.

### **7 Risk Management**

7.1 This risks arising from this report are detailed above and recorded in the council's Risk Register. The risks are subject to regular review and update.

### **8 Resource and Financial Implications**

8.1 This report is of a financial nature and the implications are set out within the report.

### **9 Constitutional Implications**

9.1 This report is of a financial nature. There are currently no direct implications impacting on the Constitution.

### **10 Implications for Our Customers**

10.1 This report is of a financial nature. There are no direct implications impacting on customer services.

### **11 Corporate Outcomes**

11.1 This report links to the following Corporate Outcomes:

**Effective Management** - Budget monitoring allows the council to manage and review its financial performance, contributing to the effective management of the council



**Good Value for Money**

This report demonstrates the cost of services provided which contributes to this corporate outcome

## 12 Recommendations

- 12.1 The Finance and Performance Sub-Committee is asked to note the summary revenue, capital and reserves positions for 2018/19

*(Reason – this is for information / monitoring purposes)*

<b>Legal</b>		Power: Local Government Act 2003		
		Other considerations:		
<b>Background Papers:</b>				
<b>Person Originating Report:</b> Amy Eyles, Finance Manager ☎ 01832 742087 ✉ aeyles@east-northamptonshire.gov.uk				
<b>Date: 06/03/2019</b>				
<b>CFO</b>		<b>MO</b>		<b>CX</b>
13/03/19		13/03/19	13/03/19	