



Report for:	Strategic Planning and Environment Overview and Scrutiny Committee
Date of meeting:	30 September 2020
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2020/21
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance & Resources) Caroline Souto, Team Leader Financial Planning & Analysis
Purpose of report:	To provide details of the financial outturn position for the: <ul style="list-style-type: none"> • General Fund • Capital Programme
Recommendations	That Committee note the financial position for the Council for 2020/21 as at Quarter 1.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This report outlines the financial position for the Council for 2020/21 and so summarises the financial implications for service decisions for the financial year. <u>Value for Money</u> Regular budget monitoring and reporting supports the effective use of the financial resources available to the Council.
Risk Implications	This reports outlines the financial position for the Council for 2020/21 and in so doing quantifies the financial risk associated with service decisions for the financial year.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.

Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

1. Executive Summary

- 1.1 General Fund revenue outturn – the Council is facing significant financial pressures as a result of the coronavirus. Overall in the General Fund a pressure of £5.8m is forecast, of which £5.5m results from the implications of coronavirus.

At this relatively early stage in the financial year, the majority of the forecast pressures are estimates of how budgets might be affected over the longer-term. As a result, the forecasts are subject to potentially significant change during the course of the financial year.

The forecasts do not include potential funding of income shortages announced by the government on 2nd July to fund 75% of income losses over 5% of budget. Further details on this funding are expected shortly, but it is estimated that circa £1.4m could be reimbursed to the Council under this scheme.

- 1.2 Strategic Planning and Environment Capital budgets – increased expenditure of £0.5m is forecast.

2. Introduction

- 2.1 The purpose of this report is to present the Council's forecast outturn for 2020/21 as at the 30 June 2020. The report covers the following budgets with associated appendices:

- General Fund - Appendix A. A pressure against budget of £5.8m is forecast.
- Capital Programme - Appendix C. An overspend of £0.5m is forecast, for which supplementary capital budgets have been requested at Cabinet.

3. General Fund Revenue Account

- 3.1 The General Fund revenue account records the income and expenditure associated with all Council functions, except the management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA).
- 3.2 Appendix A provides an overview of the General Fund forecast outturn position.
- 3.3 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable budgets within the General Fund.

Table 1	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	11,988	14,545	2,557	21.3%
Housing & Community	1,686	2,670	984	58.4%
Strategic Planning and Environment	11,098	12,753	1,655	14.9%
Total Operating Cost	24,772	29,968	5,196	21.0%
Investment Property	(4,374)	(1,674)	2,700	(61.7%)
Core Funding	(20,399)	(22,480)	(2,081)	10.2%
Contribution (to)/ from General Fund Working Balance	(1)	5,814	5,815	

3.4 Core Funding - £2m additional funding

Additional government grant income has been received as follows:

- £1.8m of Covid-19 support grant has been received from MHCLG. There is currently no indication that further funding will be received, other than reimbursement of 75% of sales, fees and charges income as mentioned in paragraph 1.1.
- New burdens funding of £170k, to support administration of the Retail, Leisure and Hospitality Grants and Small Business Grants.
- £72k of new burdens funding relating to the Revenues and Benefits service.

3.5 The following sections provide an analysis of the projected outturn and major budget variances shown by Scrutiny area.

4. Strategic Planning and Environment

Table 2 Strategic Planning and Environment	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Employees	10,300	10,864	564	5.5%
Premises	990	990	0	0.0%
Transport	1,240	1,370	130	10.5%
Supplies & Services	2,100	2,339	239	11.4%
Third-Parties	113	113	0	0.0%
Income	(5,397)	(4,675)	723	(13.4%)
Capital Charges	1,571	1,571	0	0.0%
Earmarked Reserves	181	181	0	0.0%
Total	11,098	12,753	1,655	14.9%

4.1 Employees - £564k pressure against budget

A pressure of £545k relates to Waste services employees' costs from additional agency requirements. This is due to over 20 staff self-isolated for 12 weeks at the start of the lockdown period and more recently during July, a rolling 6 or 7 in self-isolation.

4.2 Transport - £130k pressure against budget

A pressure of £100k relates to the maintenance of ageing fleet vehicles in Waste Services. This pressure is expected to continue until the full fleet of waste vehicles is received later in the financial year.

A pressure of £40k relates to hire of waste vehicles to support social distancing requirements.

4.3 Supplies and Services - £239k pressure against budget

A pressure of £185k is expected in Waste Services from the increased cost of disposal of comingled recycling. This is as a result of 3 factors: firstly, tonnages of recyclable waste have increased by 30% as a result of households being at home during lockdown and continuing to work from home; secondly the contractor has charged additional processing fees to fund the costs of safe working conditions under Covid; and thirdly the global market for recyclables has declined leading to a reduction in income for recyclables.

4.4 Income – £723k pressure against budget

The forecast pressures in income budgets are all Covid-19 related:

- Pressure of £300k in Planning Income. This income stream is down 20% on profiled budget as at the end of June. Significant reductions are anticipated for the remainder of the year due to impact on household incomes and developer nervousness over longer-term implications for the housing market.
- Pressure of £240k in Commercial Waste Income. This variance arises from the anticipated pressure on income from businesses no longer operating and increase in bad debtors. This will be recession-dependent and will be monitored through the broader economic recovery.
- Pressure of £120k in Land Charges. The Housing market is likely to stagnate for a period as households await a more clearly emerging economic picture.
- Pressure of £65k in Maylands Business Centre income. A pressure is expected in rental income, dependent upon how businesses are affected by the potential economic recession.

5. Capital Programme

5.1 Appendix B shows the projected capital outturn in detail by scheme.

The table below summarises the overall capital outturn position by Scrutiny committee area.

The current budget is the original budget approved by Cabinet in February 2020, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred, but will now be in 2021/22 rather than 2020/21 ('slippage'), or conversely, where expenditure planned initially for 2021/22 has been incurred in 2020/21 ('accelerated spend').

The 'Variance' column refers to projects which are expected to come in under or over budget and projects which are no longer required.

Table 3	Current Budget	Rephasing	Revised Budget	Forecast Outturn	Variance	
	£000	£000	£000	£000	£000	%
Strategic Planning and Environment	2,677	0	2,677	3,170	493	18.44%

5.2 General Fund Major Variances

There is a forecast overspend of £0.5m in General Fund capital budgets.

- Line 143: additional expenditure of £0.1m on Waste Services wheeled bins. New bins have an estimated useful life of greater than a year and have therefore been treated as capital expenditure. An increased budget will be requested as part of the budget setting process going forward. A supplementary capital budget has been requested in the Q1 Cabinet report.
- Line 149: additional spend of £0.4m on Fleet Replacement Programme. In order to reduce the cost of hiring vehicles, additional waste vehicles will be purchased in this financial year at a cost of £350k. This includes one 26 tonne vehicle to add to the existing fleet of vehicles and two 7.5 tonne food waste trucks which were secured at a discounted price. Vehicles are also required for the Housing Cleaning service at additional cost of £50k. A supplementary capital budget has been requested in the Q1 Cabinet report.

6. Conclusions and recommendations

- 6.1 As at Quarter 1 2020/21, there is a forecast pressure of £5.8m against General Fund budgets.
- 6.2 As at Quarter 1 2020/21, against Strategic Planning and Environment capital budgets there is forecast budget pressure of £0.5m.
- 6.3 Members are asked to note the financial position for the Council for 2020/21 as at Quarter 1