

Finance Monitoring Quarter 1 2020/21

Relevant Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance and Enabling Services
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

1. Purpose and Summary

- 1.1 To report to Cabinet on the Council's financial position for both Revenue and Capital for the financial period April 2020 – June 2020.

2. Recommendations

- 2.1 That Cabinet is asked to resolve to note the current financial position in relation to revenue and capital budgets for the financial period April 2020 – June 2020 as detailed in the report.

That Cabinet recommend to Council

- 2.2 Approval of a change in the 2020/21 Capital Programme of the S106 scheme already approved for Barnt Green Millennium Park – Toilet £62k. This is to be reallocated to a new scheme at Bittell Road Recreation Ground in relation to infrastructure/fitness route improvements due the requirements of the original project no longer needed. (See 6.1)
- 2.3 Approval for requesting that the training budgets that are held within the service Human Resources are combined and therefore operating in a shared services environment which means that any training provided to our staff is beneficial to both councils as we upskill our workforce. (See 3.4) with the resulting savings to be allocated to the savings target for 2020/21.
- 2.4 Approve the inclusion of the £1.154m of Government Grant in relation to Covid pressures and losses of income into the 2020/21 revenue budgets (see 3.6)

Revenue budgets

- 3.1 This report provides details of the financial performance of the Council for 2020/21. The report reflects the finances across all of the New Strategic Purposes to enable Members to be aware of the level of funding attributed to each area and how this compares to budget. The summary below shows the financial revenue position for the Council for 2020/21.

- 3.2 Financial reports are sent to budget holders on a monthly basis. As part of this process a detailed review is undertaken with support from the finance team to ensure that all issues are considered and significant savings or cost pressures are addressed. This report explains the key variances to budget for 2020/21.
- 3.3 The £11.812m original budget as included in the table below is made up of the budget approved in February 2020.
- 3.4 In addition the revised 2020/21 budget of £12.089m includes transfers to/from reserves of £278k which is shown in appendix 1.

**Revenue Budget summary
Financial Year 2020/21 – Overall Council**

Please note figures have been rounded

Strategic Purpose	Original Budget 2020/21	Revised budget 2020/21	Budget to date 2020/21	Actuals to date 2020/21	Variance to date 2020/21
	£'000	£'000	£'000	£'000	£'000
Affordable and sustainable home	695	861	174	173	-1
Communities which are safe, well maintained and green	4,972	5,046	63	-32	-95
Enabling the Authority	5,307	5,281	1,235	1,284	49
Living independent , active and healthy lives	377	454	149	153	3
Run and grow a successful business	-51	-74	-28	298	326
Work and financial independence	512	521	1,152	1,201	44
Total	11,812	12,090	2,763	3,077	314
Financing	-11,812	-12,090	-4,616	-4,655	-39
Grand Total	0	0	-1,852	-1,578	275

Financial Commentary:

There are a number of variances across the strategic purposes. The summary above shows the 2020/21 revenue position for the Council for the first quarter and the main variations are as a result of:

Affordable and sustainable home (£1k underspend)

The costs associated with homeless prevention, housing strategy and charges are all included in the strategic purpose.

- There are no material individual variances in quarter 1 to report.

Communities which are safe, well maintained and green (£95k underspend)

These budgets include those relating mainly to environmental services, planning, CCTV and other activities to deliver against the purpose ensuring an area is both safe and attractive for the community.

- Bereavement services have received less income than expected from burial fees in the first quarter of **£26k**.
- Building Control have some small underspends on salaries and supplies and services in the first quarter along with a slight increase in income to profiled budget **£16k**.
- Development control have a slight shortfall in income in the first quarter of 2020/21 to the profiled budget **£12k**
- Environmental services management support and Place teams have some small underspends on general supplies and services budgets and also temporary salary savings **£45k**.
- There is a small underspend on the budget available for Local plans inquiries within strategic planning due to reassessing the local plan work this is currently being addressed along with the future plans **£42k**.
- There are some salary savings in the Tree management team following a services delivery review **£30k**.

Enable others to work/do what they need to do (to meet their purpose) (£49k overspend)

All support services and corporate overheads are held within the enabling purpose. These include; IT, HR, Finance, Management team and other support costs.

- There is a variance in Corporate services **£78k** which is due to a vacancy management factor target to be met. This will be reallocated from other services during 2. See savings monitoring at point 4 to this report.
- Democratic Services and member support have underspends on supplies and services budgets not yet spent along with temporary salary underspend **£24k**.

Living independent, active & healthy lives (£3k overspend)

There are a number of budgets relating to the delivery of the strategic purpose including; Lifeline, Community Transport and Disabled Facilities Grants.

- There is a variance within Business development – Leisure service due to not receiving the first quarter income fee for BSLC which is the impact from the Covid pandemic **£30k**. Members will also be aware of additional payment made to everyone active in terms of the losses uncured

during the forced closure of the site. This has been reflected as transfer from balances and therefore does not show as overspend within Business development.

- Parks and events have some underspends due to events not taking place in the first quarter also due to Covid **£25k**.

Run and grow a successful business (£326k overspend)

The budgets within the strategic purpose include economic development, car parking, all licenses and costs associated with the town and other centres within the District.

- The main overspend is within car parks which is due to the temporary suspension of car parking changes for Covid **£284k**. The government have announced a compensation scheme for lost income and officers are currently working through the application for these funds.
- There is also a variance on markets which again is due to the impact of Covid **£14k**
- Licences has a shortfall of income in the first quarter of 2020/21 **£19k**

Work and Financial independence (£44k over budget)

The strategic purpose includes all costs relating to the support of benefits and the administration and delivery of Council Tax services and business rates in the District.

- Revenues is showing an overspend in the first quarter as there are no recoveries taking place due to Covid **£33k**.
- There are no other material individual variances in quarter 1 to report.

Corporate Financing (£39k saving)

- There is a variance in corporate financing due to a slight saving on Interest/borrowing costs in the first quarter **£39k**.

3.5 Training Budgets – Human Resources

The approval to request the training budgets are shared is ensuring a smoother delivery of our current training programme.

Currently the training budgets are held separately at each authority requiring resources from both Finance and HR to administer and recharge every course undertaken by an employee based on a percentage split. As the head count is comparable at each authority and the training budgets are similar in size, it is proposed to move to a shared services arrangement for training budget, mirroring how employee salaries are managed. It is proposed that the training budgets are combined and held by Redditch as the HR service is hosted by Redditch.

The budget allocations currently are: (excluding the HRA and Worcestershire Regulatory Services)

BDC £133,412

RBC £106,720

It is proposed that each authority will have £106,000 in a shared training budget. The remaining £27k from BDCs allocation will be allocated to the savings target.

3.6 COVID

As Members are aware funding has been received from Central Government to support the Council in addressing additional pressures resulting from the pandemic. The total received to date is £1.154m and this is to offset additional cost pressures faced by the Council. In addition guidance is expected shortly to detail how the Council can claim the compensation grant for loss of income on fees and charges. This will be claimed to offset the losses in car parking charges. In terms of the current position the Council will continue to monitor the losses in Business Rates and Council Tax to ensure these can be met from the existing grants. It is hoped that a further funding round will be allocated in relation to leisure income losses.

4. Savings Monitoring

The medium term financial plan included £510k of savings identified to be delivered during 2020/21 the breakdown of these savings is attached at appendix 2. £45k of these identified savings is in relation to reductions in enabling costs.

To quarter 1 £122k identified savings have been realised against the budgeted April to June savings of £127k

Officers are working through the vacancy savings targets and reductions in enabling costs to enable these to be shown from quarter 2 in addition to any further savings that can be delivered.

5. Cash Management

5.2 Borrowing

As at the 31st June 2020 there are £10m short term borrowings with associated borrowing costs within the quarter of £41k, there was no long term borrowing.

An interest payable budget had been set of £386k for 2020/21 due to expenditure relating to current capital projects.

5.3 Investments

At 31st June 2020 there were £5.0m investments held.

An interest receivable budget has been set of £161k for 2020/21 for any investments we make

6. Capital Budgets

**Capital Budget summary
Financial Year 2020/21 – Overall Council**

Please note figures have been rounded

Strategic Purpose	Original Budget 2020/21 £'000	Revised budget 2020/21 £'000	Budget to date 2020/21 £'000	Actuals to date 2020/21 £'000	Variance to date 2020/21 £'000
Communities which are safe, well maintained and green	3,481	3,481	440	358	-81
Enabling the Authority	55	55	14	51	37
Living independent , active and healthy lives	835	835	209	0	-209
Totals	4,371	4,371	662	409	-253

Finance commentary:

- ***Please note capital carry forwards from 2019/20 are not included in the above figures – please see appendix 3 – these budgets now approved will be loaded for quarter 2 monitoring.***

Communities which are safe, well maintained and green

- One of the main projects within this strategic purpose is the capital budget for the Vehicle replacement. Whilst some spend has commenced there are final specifications with service areas for remaining vehicle orders to be placed by the end of September 2020.

Enable others to work/do what they need to do (to meet their purpose)

- The variance for this strategic purpose relates to the New Finance Enterprise System in Financial services which has now commenced. The project is expected to be completed by December 2020 a request has made to re-profile some of the budget into the first quarter of 2020/21 from the last financial year.

Living independent, active & healthy lives

- The main underspend relates to the Disabled Facilities grant budget (DFG's) there has been no activity on this project in the first quarter of 2020/21 due to the Covid pandemic.

6.1 Bittell Road Recreation Ground infrastructure/fitness route improvements

The request for the change in the 2020/21 Capital Programme of the S106 scheme already approved for Barnt Green Millennium Park – Toilet £62k to be reallocated to a new scheme Bittell Road Recreation Ground infrastructure/fitness route improvements is due the toilets are no longer required.

It is proposed for this funding to be reallocated to infrastructure/fitness route improvements to Bittell Road Recreation Ground. This site is within easy walking distance from the Fiery Hill Development and provides improved access throughout the year.

Detail as follows:

Officers seek retrospective approval for £44k of the S106 B/2011/0741 funding for new circular pathway route at Bittell Road Recreation ground in accordance with the agreement.

There is a remaining interest balance of £4k of this S106 for which Officers seek approval for this to be put forward to be used to provide fitness equipment linked to the above new access route.

Officers request the £18k balances for the Barnt Green Toilet at Hewell to be amended as follows:

- Reduced to £14k (due to the additional S106 interest payment of £4k)
- Aligned to spend on the fitness equipment

7. Earmarked Reserves

- 7.1 The position as at 31st June 2020/21 is shown in Appendix 1. This also details the planned use of the reserves for the future budget years 2021/22.

8. General Fund Balances

- 8.1 The General Fund Balance as at the 31th March 2020 is £4.408m. A balanced budget was approved in February 2020 to include identified savings which have been built into individual budget allocations. This also included a planned return to balances for 2020/21 of £170k.

9. Legal Implications

- 9.1 No Legal implications have been identified.

10. Service/Operational Implications

10.1 Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

11. Risk Management

11.1 Effective budget monitoring supports any risks associated with the Council.

APPENDICES

Appendix 1 - Earmarked Reserves 2020/21

Appendix 2 - Savings Monitoring 2020/21

Appendix 3 – Capital Carry forwards

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