

BROMSGROVE DISTRICT COUNCIL

Cabinet
2021

31st March

Finance Monitoring Quarter 3 2020/21

Relevant Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance and Enabling Services
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester Head of Finance and Customer Services
Report Author	Name: Kate Goldey Job Title: Senior Business Support Accounting Technician Contact email: k.goldey@bromsgroveandredditch.gov.uk Contact Tel: 01527 881208
Wards Affected	none
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	All
Key Decision / Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

That Cabinet is asked to RESOLVE and note –

The current financial position in relation to revenue and capital budgets for the financial period April 2020 – December 2020.

That Cabinet RECOMMENDS to Council the: -

- 1.1 Approval of an increase to the Capital programme 2020/21 of match funding from PCC for digital upgrade of CCTV £19k **see 3.6.1**

- 1.2 Approval of the increase in the capital programme of £30k for 2021/22, £20k 2022/23 for Welfare and business improvements at Bromsgrove Sporting **see 3.6.2**

- 1.3 Approval of an increase to the revenue budget by £4k to be funded by reserves to help fund a school's financial literacy programme see **3.3.1**

2. BACKGROUND

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

3. FINANCIAL IMPLICATIONS

- 3.1 This report provides details of the financial performance of the Council for 2020/21. The report reflects the finances across the new strategic purposes to enable Members to be aware of the level of income and expenditure attributed to each area and how this compares to budget. The summary below shows the financial revenue position for the Council for the period April to December 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.

In addition the Latest Budget 2020/21 of £11.902m includes the net transfers from reserves of £90k which is shown in **appendix 2**.

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Revenue Budget Summary – Overall Council Financial Year 2020/21

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	Projected outturn 2020/21 £'000	Projected Variance 2020/21 £'000
Affordable and sustainable home	695	863	683	656	-28	817	-46
Communities which are safe, well maintained, and green	4,922	4,857	3,322	3,483	161	5,130	273
Enabling the Authority	5,357	5,337	3,905	3,823	-81	5,308	-29
Living independent, active and healthy lives	377	457	245	184	-60	473	16
Run and grow a successful business	-51	-112	-117	487	604	733	845
Work and financial independence	512	501	-236	63	299	633	133
Totals	11,812	11,902	7,803	8,697	894	13,094	1,193
Financing	-11,812	-11,902	-10,970	-11,090	-120	-12,002	-100
Grand Total	0	0	-3,167	-2,393	774	1,093	1,093

Financial Commentary:

It is important to note that the council has received £1,255k in COVID-19 grants in four tranches from central government to date of which £468k has been spent. This means that there is £786k remaining which can be used to mitigate some of the overspends/losses as shown above and explained in more detail below as appropriate. It has recently been announced that the Council will receive a fifth tranche of grant £411k which is still waiting to be received.

The Council has also filled in returns to central government with the expectation that a proportion of the losses the council has experienced detailed on the returns due to COVID-19 will be met by government which should reduce the deficit position detailed above. The Council has received the first quarter of this grant and has been factored into the above figures. The Council is still awaiting confirmation on the second quarter grant and if and when this will be received.

There are a number of variances across the strategic purposes. The summary above shows the 2020/21 revenue position for the Council to the end of quarter 3 and the main variations are as a result of the below.

Affordable and sustainable home (£46k projected underspend)

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

- The main variance is within Land charges **27k**. This is due to receiving additional income against the budgeted target along with a reduction in fees we pay Worcester County Council which is due to some fees now no longer being rechargeable.

Communities which are safe, well maintained and green (£273k projected overspend)

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 going in to the third quarter of **£36k** due to the pandemic restrictions that have been in force stopping some service items such as cremated remains burials. It is therefore projected this will continue for the foreseeable future and projected shortfall in income will be **£46k** by the end of the financial year 2020/21.
- Building Control have seen an increase in activity in the local construction sector after the initial lockdown in quarter 1 with a significant upturn in demand once matters normalised. This appears to have plateaued and introduced a false peak. Some concern is felt regarding the negative effect of any future local lock down. Whilst the sector is expected to continue the winter months often see a decrease in demand. The forecasted shortfall in income is projected therefore at **£52k**.
- Core Environmental operations have some underspends on salaries. It is expected they will be filled going into the final quarter of the year and it is projected to show an overall saving for 2020/21 of **£29k**.
- Development Control have a shortfall in income in quarter 3 of 2020/21 due to the profiled budget **£69k**. It is therefore projected this will continue for the remainder of the financial year and its expected shortfall for the year is **£74k**.
- Environmental services management and support teams have made savings on training budgets which is due to Covid-19 and also on ICT budgets as now a later than planned implementation of the new environmental services system **£32k**.

- Environmental services Place teams have some underspends on salary savings **£11k**. This is due a review of service requirements and it is hoped after delayed recruitment due to COVID-19 these posts will be filled into the third quarter and projected therefore by year end to show savings of **£16k**.
- Stores and Depot have increased costs due to security issues which will be resolved later in the year. This will see a projected overspend by the end of the year of **£43k**.
- There is an underspend in strategic planning due to temporary salary vacancies. These are planned to be filled going into the new financial year **£57k**.
- There are some salary savings in the Tree management team following a services delivery review **£80k**. While some posts have been recruited too there are some that remain vacant. It is therefore projected there will be a underspend by year end **£102k**.
- Waste management have some additional commercial Waste Disposal Costs. A Business case has been put forward to address this going forwards in the budget. There are also increased costs from Severn Trent on disposal of septic waste which is being challenged and overspends on additional overtime due to out of Hours Callout costs, which is also being reviewed corporately. This has now been addressed and amended in the budget for the new financial year **£301k**.

Enabling the Authority (£38k projected underspend)

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 Commercialism due to some additional costs required in 2020/21 **£26k**.
- There is a variance in Corporate services which is due to a vacancy management factor target to be met. This will be reallocated from other services by the end of the financial year. See savings monitoring at point 4 to this report **£86k**.
- Corporate services also have an overspend due to higher than originally budgeted for pension costs. Officers are currently looking into how this deficit can be mitigated **£129k**
- Customer Services, Democratic Services and member support and ICT have temporary salary underspends projected **£151k**.
- Legal services expenditure for external support for commercial projects has reduced over the past 12 months due to lockdown and a reduction in working times. This is likely to return in the coming months **£32k**.
- Training and organisational development have underspend on the corporate training budget due COVID-19 having had a direct impact on our ability to continue with all training, some training was paused, and we are currently

reviewing how we will continue to provide the necessary training in light of the pandemic, including moving to remote training as appropriate **£47k.**

Living independent, active & healthy lives (£16k projected 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 and second quarter income fee for BSLC which is due to the impact of the COVID-19 pandemic. We have made a claim to the Government for the loss of fees and charges and are currently awaiting an update as to whether we be claim a proportion of the lost amount. This will be allocated to the shortfalls in income for BSLC should the Council receive these monies **£193k.**

Members will also be aware of additional payment made to everyone active in terms of the losses incurred during the forced closure of the site. This has been reflected as transfer from the COVID-19 grant and therefore does not show as an overspend within Business development.

- There are some savings in CCTV & Lifeline and Community transport due to temporary salary vacancies **£25k.**
- Sports & Arts Development and Parks & events have some underspends due to events not taking place in the first and second quarters also due to Covid **£110k.**

Run and grow a successful business (£845k projected 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 charges and the reduced income levels throughout this financial year so far which is anticipated to continue to the year end and beyond because of COVID-19 **£694k.** The government have announced a compensation scheme for lost fees and charges income and officers have worked through an application for the second quarter for these funds and are awaiting confirmation.
- Assets & Facilities management have a projected overspend due to the Parkside building only being partially open and therefore a reduction in the SLA (service level agreement) has been received **£81k.**
- There is also a variance on markets which again is due to the impact of COVID-19 **£60k**
- Licences has a shortfall of income in the going into the third quarter of 2020/21 **£23k**

Work and Financial independence (£133k projected overspend)

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.

- Benefits subsidy has is showing an overspend due to not all the housing benefit overpayments being recovered against the estimated budgeted amount requires **£136k**.
- Revenues has a variance due to a pending service review which is currently underway **£8k**.

Corporate Financing (£100k projected underspend)

- It is expected that additional costs will be incurred for a Levy payment to the Worcestershire Pool due to the growth of Business Rates in the area from what we had predicted in the initial Government Return at the start of the year. Some of this will be re-distributed back to the Council which would not have been the case if we weren't part of a pooling arrangement.
- This has been netted off against savings on MRP and interest due the Capital programme having delays on certain projects.

3.3.1 Schools Financial literacy programme

As request at 1.3 £4k is required to help support schools financial literacy programme. The 'Money Wise' financial literacy programme has helped over 1500 11-16 year olds across Waseley Hills High School and Woodrush High School on all aspects of financial education over the academic year, and has allowed young people to leave school with the knowledge, skills, attitudes and behaviour to manage their money well. Because of the simple nature of the programme and the way it is designed, it has helped teachers across both schools to develop a cohort approach to the delivery of financial education.

The programme has been taught as a stand-alone subject as well as complementing other parts of the curriculum. For example, careers programme where the aim is to provide students with the skills and confidence for employability in line with the current employment expectations and once in employment the individual will have financial responsibility e.g. setting up bank accounts, paying bills and saving money.

Through utilising the resources over the academic year, 11-16 years olds know; -

- 1) Where money comes from, keeping it safe and the importance of managing it efficiently
- 2) How money plays an important part in the peoples' lives
- 3) Manage risks and emotions associated with money
- 4) How to make informed choices
- 5) Failure to understand risks i.e. loan sharks
- 6) How personal financial choices can affect oneself and others

It has also met, and is being utilised as part of the Gatsby Benchmark of Good Career Guidance as; -

- A stable careers' programme
- Learning about careers and labour market information
- Linking curriculum learning to careers
- Personal guidance

The programme has been taught along the following lines: -

Years 7, 8 & 9 - Learners talked about future aspirations and careers and the monetary as well as educational planning implications linked to various careers - looking at healthy lifestyles and Relationships and linking this into discussions on the living costs of difficult lifestyles.

Years 10 & 11 - Teaching staff stepped up the emphasis on preparing the learners about their life outside school. They began to partake in work experience and learnt how to use bank accounts, budgeting, student life and revisit the financial implication of various lifestyles.

The schools see the 'Money Wise' programme as being of the utmost importance in helping to send their learners out in the 'Big Wide World' with a comprehensive tool kit of techniques for success to benefit not just the individual student but also the community as a whole.

As many of the pupils involved in the programme live in areas of pockets of deprivation, the 'Money Wise' programme has had a knock-on effect of students being able to advise and educate their parents about financial responsibilities.

As per previous years, the Children's Safety Education Foundation will be responsible for endorsing each of the resources with your local and mission statement.

Bromsgrove District would be continuing to support the 'Money Wise' financial literacy programme at Secondary schools of choice at a cost of £4k, especially at this time when mental health and young people's well-being are of particular importance during these times of uncertainty and change.

3.4 **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 3 £373k in identified savings have been realised against the budgeted April to December savings of £382k.

In addition to the above officers have been required to find further savings throughout the financial year 2020/21 to meet the vacancy factor (£170k) and the enabling services (£45k) targets. At quarter 3 additional savings (above those identified) have been realised of £438k.

3.5 **Cash Management**

Borrowing

As of the 31st of December 2020, there were no short-term borrowings. Within the quarter, there had been £7k of short-term interest paid and 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.

Investments

On 31st December 2020 there were £7.5m investments held. During the quarter, the council received £1,357.85 in interest from treasury investments. The council also incurred negative interest rates charges of £12.88. It has been necessary to make some negative interest rate investments to spread the risk of the council's investment portfolio and adhere to the treasury management strategy's maximum investment limits. Negative interest deposits have only been made with the Government's Debt Management Office deposit facility when the maximum investment limit has been reached with the higher yielding Money Market Fund and when bank balances have been above the £2m risk level.

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

3.6 Capital Budgets

Capital Budget Summary – Overall Council Financial Year 2020/21

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	Projected outturn 2020/21	Projected Variance 2020/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Communities which are safe, well maintained, and green	3,481	8,327	6,298	1,530	-4,768	1,913	-6,414
Enabling the Authority	55	392	330	194	-136	218	-174
Living independent, active, and healthy lives	835	1,643	1,232	539	-693	910	-733
Work and financial independence	0	5	3	0	-3	0	-5
Totals	4,371	10,367	7,864	2,263	-5,600	3,041	-7,326

Financial Commentary:

Communities which are safe, well maintained and green

These budgets include those relating mainly to Environmental services – Fleet replacement, Finance and Customer Services – Burcot lane and the Regeneration fund and Planning, Regeneration and Leisure Services to deliver against the purpose ensuring an area is both safe and attractive for the community.

- The Olev/Ulev Scheme is showing a slight underspend to date but will be expected to be completed by the end of the financial year **£200k**.
- The fleet replacement program is showing an underspend to date and will be projected to still be the case by year end **£416k**. A request to move £95k into

2021/22 to cover the replacement of a tractor as the specification has not been agreed in time and the procurement of a new washbay ramp has proved difficult as a suitable framework has not yet been found. All other vehicles will have been replaced by the end of March 2020/21. Any residual funds in the budget can therefore remain.

- The Infrastructure Works and the depot have been postponed due to the future of site still to be determined. This will be reviewed going into the last quarter of the financial year **£252k**.
- The regeneration fund has had delays this financial year due to the current pandemic and it is therefore hoped this will resume in the new financial year **£4.350m**
- Due to COVID-19 there has been a delay in delivery of the re-landscaping of the recreation ground scheme. This scheme will commence in quarter 2 of the new financial year and a request is made to carry the existing budget into the new financial year **£211k**.

Enabling the Authority

These budgets include those relating mainly to Environmental services – Computer Systems and Finance and Customer Services – New Enterprise systems to deliver robust and efficient enabling services.

- The variance for this quarter relates to the Fleet management computer system and the Environmental Services Computer system. Suitable systems are being finalised prior to procurement taking place via a Framework **£174k**.

Living independent, active & healthy lives

There are a number of budgets relating to the delivery of the strategic purpose including Funding for Disabled Facilities Grants, CCTV and Home repairs Assistance.

- The main underspend relates to the Disabled Facilities grant budget (DFG's) there has been little activity on this project in the first year of using a new agency and due to the COVID-19 pandemic. It will be requested to carry forward the balance remaining into the new financial year 2021/22.

Work and Financial independence

- This budget relates to the Energy Efficiency grant received for Worcestershire county council it is anticipated this will now be spent in the new financial year and it will be requested to carry forward the budget into 2021/22.

3.6.1 CCTV infrastructure

As requested at **1.1** West Mercia PCC has made available a further £19k CCTV capital grant to support the current digital infrastructure upgrade to the North Worcestershire CCTV scheme.

This further funding is to join the already approved scheme which CCTV Community Services are currently co-ordinating. This will further enhance the CCTV infrastructure upgrade as opposed to the purchase of replacement analogue cameras and once implemented the digital infrastructure will reduce transmission costs from the revenue budget.

Following the successful digitization of the CCTV infrastructure project at Redditch and Bromsgrove and other collaborative initiatives across West Mercia the PCC were keen to make further investment in CCTV across the region, enabling Councils to further enhance and improve the CCTV provision, of which the Police force is a primary beneficiary.

3.6.2 Bromsgrove Sporting football club limited

It is requested at **1.2** for an increase in the capital programme of £50k across the financial years 2021/22 and 2022/23 for funding to support Bromsgrove Sporting FC Ltd.

Bromsgrove Sporting FC Ltd is committed to improving football facilities for all members of the community and fully embraces the need for inclusivity within the sport regardless of age, income, ethnicity, gender, ability, disability, sexual, religious, or moral beliefs. Their intention is to continue to embed the football club within the community through the Community Charter Standard requirements and to ensure that they provide the best possible environment for players, officials, and spectators to enjoy the game whether it be at the First Team level or Junior and Colts levels and is safe, inclusive, and welcoming for all sections of the community to participate.

Furthermore, by working in partnership with the County Football Association, Bromsgrove Council, the Bromsgrove Sporting Supporters Society, local football clubs and other interested parties, we will continue to enhance our ability to provide coaching, training, education, management, and the infrastructure to meet the needs of football in the Bromsgrove area.

They require a total of £50,000 if agreed with the Council to be paid over the financial years 2021/22 and the remainder in financial year 2022/23.

Their proposals are divided into two areas, 'welfare' and 'business improvement'.

Welfare expenditure as follows:

Disabled Toilet and New Toilet block

Disabled Persons Viewing Area

Refurbishment of the First Aid Room
Designation of Disabled Car Parking Spaces.

Business Improvement as follows:

Provision of Roller Shutters for two main snack bars
Refurbishment of Main Bar 'behind house' facilities

These are all dependent on the schedule of funds being released by the Council.

3.7 Earmarked Reserves

The position as of 30th December 2020/21 is shown in **Appendix 1**.

3.8 General Fund Balances

The General Fund Balance as at the 31st 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.

4. LEGAL IMPLICATIONS

4.1 No Legal implications have been identified.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and

our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

Climate Change Implications

- 5.2 The green thread runs through the Council plan. The Financial monitoring report has implications on climate change and these will be addressed and reviewed when relevant by climate change officers to ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1 No direct implications as a result of this report.

Operational Implications

- 6.2 Managers meet with finance officers monthly to consider the current financial position and to ensure actions are in place to mitigate any overspends.

7. RISK MANAGEMENT

- 7.1 The financial monitoring is included in the corporate risk register for the authority.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 - Earmarked Reserves 2020/21

Appendix 2 - Savings Monitoring 2020/21

Appendix 3 – Capital programme – slippage request to 2021/22

BROMSGROVE DISTRICT COUNCIL

Cabinet
2021

31st March

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance and Enabling Services	various
Lead Director / Head of Service	Chris Forrester, Head of Financial and Customer services	various
Financial Services	Chris Forrester, Head of Financial and Customer services	various
Legal Services	Claire Felton, Head of Legal and Property services	various
Policy Team (if equalities implications apply)	n/a	
Climate Change Officer (if climate change implications apply)	n/a	