

Report to Executive

Agenda
Item:

A.10

Meeting Date: 8 February 2021
 Portfolio: Finance, Governance and Resources
 Key Decision: No
 Within Policy and Budget Framework YES
 Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:
 APRIL TO DECEMBER 2020
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
 Report Number: RD 56/20

Purpose / Summary: This report provides an overview of the Council's overall budgetary position for the period April to December 2020 for revenue schemes only and provides details of the impact of COVID-19 on the revenue budget. The report also includes details of balance sheet management issues, bad debts written off in the period and progress against the budget savings is also provided.

Recommendations:

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2020;
- (ii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iii) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A;
- (iv) Make recommendations to Council to approve reprofiling of £750,400 as detailed in para 3.2 from 2020/21 into 2021/22.

Tracking

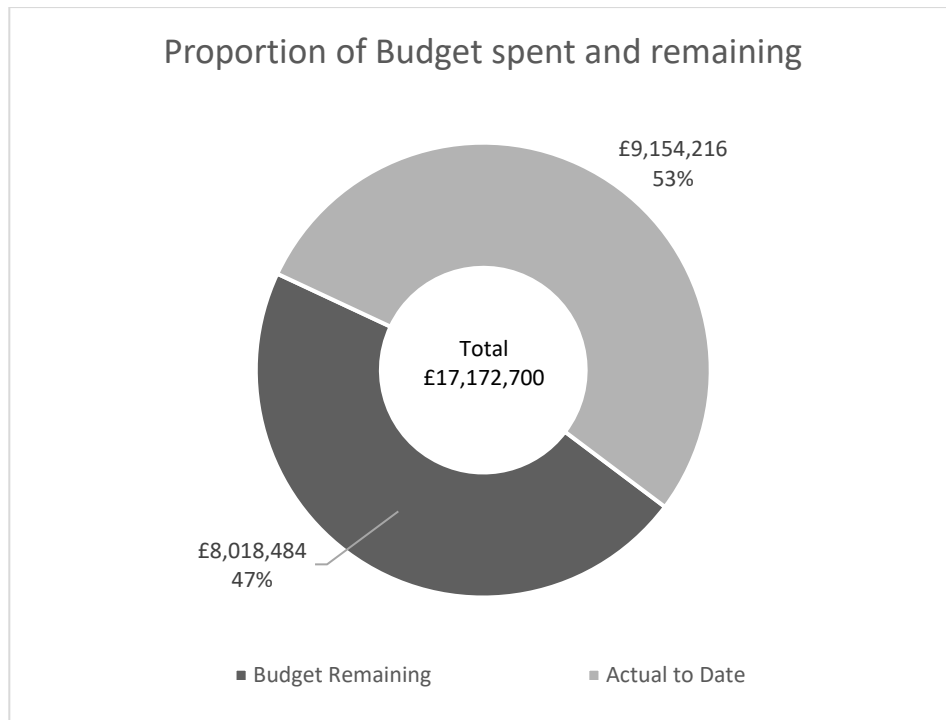
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|------------|-------------------------|
| Executive: | 8 February 2021 |
| Scrutiny: | 18 February 2021 |
| Council: | 2 March 2021 |

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Corporate Director of Finance and Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. Further details of virements processed can be found in **Appendix A**. It is the responsibility of individual Chief Officers to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Corporate Director of Finance and Resources.
- 1.2 All Managers currently receive a monthly budget monitoring report covering their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and commitments. The report has been developed in line with the need to provide sound financial management information to inform the decision making process.
- 1.3 Please note that throughout this report:
- (i) the use of a bracket represents a favourable position i.e. either an underspend or additional income received,
 - (ii) the term 'underspend' is taken to include both reduced expenditure and/or increased income,
 - (iii) the term 'overspend' includes both spending above budget and/or shortfall in income.

2. 2020/21 REVENUE BUDGET MONITORING

2.1 The budget position of the Council as at December 2020 is as follows:



2.2 The summarised revenue budgetary position as at December 2020 is shown in the following table:

| | | Original Budget £ | Net Updated £ | Net Budget to Date £ | Net Spend to Date £ | Variance £ |
|--|----|----------------------|---------------------|-------------------------|------------------------|--------------------|
| Community Services | B1 | 10,263,400 | 10,832,000 | 6,319,283 | 6,427,608 | 108,325 |
| Corporate Support | B2 | 1,685,100 | 2,500 | (82,382) | (68,420) | 13,962 |
| Economic Development | B3 | 1,808,900 | 2,355,900 | 1,681,747 | 1,914,278 | 232,531 |
| Finance & Resources | B4 | 1,418,300 | 2,304,100 | 1,754,431 | 1,246,745 | (507,686) |
| Governance & Regulatory Services | B5 | 1,157,900 | 1,837,600 | 1,232,611 | 356,476 | (876,135) |
| Corporate Management | B6 | (2,491,600) | (159,400) | (640,130) | (722,471) | (82,341) |
| Service Expenditure | | 13,842,000 | 17,172,700 | 10,265,560 | 9,154,216 | (1,111,344) |
| Parish Precepts | | 688,200 | 688,200 | 688,200 | 687,965 | (235) |
| Total | | 14,530,200 | 17,860,900 | 10,953,760 | 9,842,181 | (1,111,579) |
| Transfers to/(from) Reserves | | | | | | |
| Cremator Replacement Reserve | | 0 | 79,200 | | | |
| Carry Forward Reserve | | 0 | (22,300) | | | |
| Revenue Grants Reserve | | 0 | (914,200) | | | |
| General Fund Reserve | | (456,100) | (976,700) | | | |
| Planning Services Reserve | | 0 | 900 | | | |
| Flood Reserve | | 0 | (1,944,200) | | | |
| Building Control Reserve | | 0 | (9,500) | | | |
| Total Transfer to/(from) Reserves | | (456,100) | (3,786,800) | (398,185) | 969,404 | 1,367,589 |
| Financed by: | | | | | | |
| Precept from Collection Fund | | (8,205,200) | (8,205,200) | (6,153,900) | (6,153,585) | 315 |
| Business Rate Retention | | (5,868,900) | (5,868,900) | (4,401,675) | (4,658,000) | (256,325) |
| Total Grants | | (14,074,100) | (14,074,100) | (10,555,575) | (10,811,585) | (256,010) |
| Total | | (14,530,200) | (17,860,900) | (10,953,760) | (9,842,181) | 1,111,579 |

2.3 Further details for each directorate can be found in **Appendices B1 – B6**. Each appendix shows a breakdown of the variances for the Directorate, with comments and a note of any performance issues. Although the net position is shown in the table above, the main variances are summarised in the table below.

| Budget Area | | Underspend £ | Overspend £ |
|---------------------------------|----|-----------------|----------------|
| Bereavement Services | B1 | (102,801) | 0 |
| Car Parking Income | B1 | 0 | 546,555 |
| Garage Services | B1 | 0 | 69,805 |
| Special Events | B1 | (79,296) | 0 |
| Recycling and Waste Management | B1 | (115,520) | 0 |
| Building Control Fee Income | B3 | 0 | 64,143 |
| Development Control Income | B3 | 0 | 137,219 |
| Loan Interest (new borrowing) | B4 | (469,474) | 0 |
| The Lanes Income | B5 | 0 | 190,995 |
| Industrial Estates Income | B5 | (915,257) | 0 |
| Homeless Accomodation | B5 | 0 | 175,305 |
| Civic Centre | B5 | (86,006) | 0 |
| Building Maintenance | B5 | 0 | 72,088 |
| Electoral Services | B5 | (109,992) | 0 |
| Inflation Savings still to find | B6 | 0 | 62,800 |
| Salary Turnover Savings | B6 | (147,547) | 0 |

2.4 Some of the **significant** service expenditure and income variances are set out below:

- A net underspend in Bereavement Service due to increased cremation fee income received; this may be due partly to Covid-19.
- A shortfall in car parking income from tickets, permits and penalty charge notices due to Covid-19.
- A net overspend in Garage Services mainly due to a shortfall in trading income.
- A net underspend on Special Events due to events being cancelled as a result of Covid-19 restrictions.
- A net underspend in Recycling and Waste Services due to reduced transport costs and increased income from plastic and card recycling.
- A shortfall in Building Control fee income due to Covid-19 and a drop in applications (and associated submission fees) and work commencing on site (and associated inspection fees).
- A shortfall in Development Control fee income due to Covid-19.
- A saving from interest on borrowing due to no new borrowing entered into yet.
- Rental income losses from the Lanes with revised current projections indicating a potential loss of £413,000 for 2020/21. This will be partly offset by prior year head rent reconciliations which are estimated at £108,000.
- Increased rental income as a result of backdated rent reviews.
- An underspend of £42,635 on expenditure on Homeless Accommodation and a shortfall in income of £217,940. This is a direct result of Covid-19 as changes to occupancy and the available provision have had to be made to ensure the health and wellbeing of residents and staff.
- A saving on premises related costs at the Civic Centre.

- A net overspend in Building Maintenance due to a shortfall in trading income as a direct result of Covid-19.
- An underspend on Election costs as a result of the cancellation of the May 2020 elections due to Covid-19 restrictions.
- Additional salary turnover achieved against the budget to date.
- A balance of £62,800 of inflation savings still to be found for 2020/21, this is reduced to £21,900 on a recurring basis from 2021/22 onwards.

2.5 A subjective analysis of the summarised budgetary position excluding exceptional items as at September is shown in **Appendix C**.

2.6 The following table provides a summary position of the income and expenditure within Exceptional Items:

| | | Original Budget £ | Net Updated £ | Net Budget to Date £ | Net Spend to Date £ | Variance £ |
|--|----|----------------------|------------------|-------------------------|------------------------|--------------------|
| Flood Related | B7 | 0 | 0 | 0 | 49,178 | 49,178 |
| Covid-19 Related Expenditure | B7 | 0 | 544,000 | 408,055 | 669,723 | 261,668 |
| Covid-19 Government Funding | B7 | 0 | (16,000) | (16,000) | (2,170,447) | (2,154,447) |
| Covid-19 Government Grants | B7 | 0 | 0 | (3,071,904) | (3,069,774) | 2,130 |
| Covid-19 Specific Grants | B7 | 0 | 0 | (32,194) | (32,276) | (82) |
| Total Exceptional Items | | 0 | 528,000 | (2,712,043) | (4,553,596) | (1,841,553) |
| Transfer to/(from) Reserves | | | | | | |
| General Fund Reserve | | 0 | (528,000) | | | |
| Total Transfer to/(from Reserves) | | 0 | (528,000) | | | |
| | | | | | | |

2.7 Further details for this directorate can be found in **Appendix B7** which shows a breakdown of the variances for the Directorate, with comments and a note of any performance issues. The main variances are also summarised below.

- An overspend in relation to uninsured and reinstatement costs as a result of flooding caused by Storm Ciara. Potential insurance settlements are still being finalised.
- A net underspend position on Council related expenditure as a result of Covid-19. The balance will be required to support other pressures/shortfalls in income (reported above) that are currently reported against individual service areas but are a direct result of Covid-19 e.g. car parking income. The current Covid-19 position is as follows:

| | Dec 20 £ | Forecast Mar 21 £ |
|---|------------------|-------------------------|
| Net Losses to end December 2020 (*) | 2,619,589 | 4,791,021 |
| Funding Received to Date (2020/21) | (1,948,363) | (1,948,363) |
| Compensation for Sales, Fees & Charges | (225,138) | (626,863) |
| Council Reserves Released/Grant Carried Forward | (528,000) | (528,000) |
| New Burdens Funding Received | (270,904) | (270,904) |
| Estimated General Fund Shortfall/(Surplus) | (352,816) | 1,416,891 |

N.B * Includes £750,000 additional costs for Sands Project (although included in the Sands capital budget) and potential additional subsidy to support external contracts (£438,000), but forecasts for losses may increase due to additional lockdown (e.g. car parking income)

2.8 The following table shows the position as at December 2020 of savings achieved against the budget savings targets to date.

| Savings Target | Target (£) | Achieved (£) | (Overachieved) /Outstanding (£) |
|---|----------------|-----------------|---------------------------------------|
| Inflation savings | 100,000 | 37,200 | 62,800 |
| Net Recurring position 2020/21 | 100,000 | 37,200 | 62,800 |
| Inflation savings | 0 | 40,900 | (40,900) |
| To be found from 2021/22 onwards ⁽¹⁾ | 500,000 | 0 | 500,000 |
| Total Net Recurring position 2021/22 | 600,000 | 78,100 | 521,900 |

Note (1): The revised target takes into account the proposed reprofiling of savings put forward as part of the 2021/22 Budget Process.

The recurring savings targets will need to be achieved in accordance with the three current strands contained within the approved Savings Strategy i.e. Asset Strategy; Service Reviews; Core Budgets. The recent Peer Review also reinforced the need for a robust savings strategy to close the anticipated funding gap, and to undertake and implement a base budget review, both of which have already been recognised by Council; however, a further recommendation has been made which could be considered as part of this Savings Strategy:

- Develop a commercial strategy which defines what commercialisation means in Carlisle, risk appetite and potential scope of commercial activity.

3. FORECAST OUTTURN POSITION 2020/21

3.1 The Council's financial position is affected by a number of external factors that have a financial impact during the course of the year and ultimately at the year end.

These include:

- The general effect of local economic activity on the Council's income streams e.g. car parking, tourism and leisure activities, and property rentals especially in relation to the retail sector and especially economic recovery following Covid-19.
- Fuel prices, energy costs and other inflationary issues.
- The effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control.
- The impact of the delay to the Spending Review, the Fair Funding Review and Business Rates Retention Review.
- The impact of Covid-19 on Council's budgetary position.

3.2 The Council's financial position will continue to be closely monitored and the year end position will be reported fully at outturn. Some of the significant service and income variances estimated for the year are set out below:

- The annual deficit on the Lanes income is expected to be around £413,000 for 2020/21. However, this will be partly offset by prior year head rent reconciliations for 2019/20 which are estimated at £108,000.
- Increased rental income from Industrial Estates of around £945,000 as a result of backdated rent reviews.
- Projected overachievement of salary turnover of around £200,000.
- Projected shortfall of around £190,000 from Development Control fee income.
- Projected shortfall of around £85,000 from Building Control fee income.
- Projected underspend of £625,500 from interest on borrowing due to no new borrowing arrangements entered into.
- A shortfall in car park income from tickets, permits and penalty charge notices and of around £700,000 to £750,000 combined.
- Projected underspend on Special Events of around £90,000.
- Projected additional income from Bereavement Services of approximately £80,000 (underachieved Cemetery income; overachieved Crematorium income).
- Projected shortfall in homeless accommodation income of around £290,000.
- A net underspend of around £120,000 on Civic Centre due to underspends on utility costs.
- A net underspend of approximately £100,000 on Election costs as a result of the cancellation of the May 2020 elections due to Covid-19 restrictions

- A net underspend of around £100,000 on Recycling & Waste Management.
- An initial review of the 2020/21 capital programme has been undertaken to identify accurate project profiles and **the Executive are asked to approve, for recommendation to Council, the reprofiling of £750,400 from 2020/21 into 2021/22** in relation to revenue funding for the Civic Centre Development project as detail in report RD57/20 considered elsewhere on the agenda.

3.3 The areas of significant variance noted in this report have been scrutinised fully and incorporated into the 2021/22 budget process where the position is deemed to be recurring in nature.

3.4 Members should note that the impact of Covid-19 on the Council's revenue budget and the level of funding received to date makes forecasting the outturn position particularly difficult but early indications show that the underspend on the revenue budget (excluding Covid-19) could be somewhere in the region of £1.7m.

4. IMPACT OF COVID-19

4.1 Emergency Funding

4.1.1 The MHCLG has allocated emergency funding of approximately £4.7bn to local authorities to meet pressures across council services, as a result of reduced income, rising costs or increased demand.

4.1.2 Monthly returns are provided through DELTA to the MHCLG, with the latest return being submitted on 29th January 2021. An assessment of the annual impact is very difficult to predict but as more data is collected each month, the position will become clearer and therefore the estimates of lost income and additional costs incurred may change. The returns that have been submitted monthly show an overall position for the 9 months April to December 2020 as a total potential gross cost to the Council of £2,895,763; however, once additional income and cost savings in those affected areas are taken into account, the actual losses reduce to £2,619,589, some of which are explained in the table at 2.3 above. This cost will be partially funded by the emergency funding received from Central Government, sales fees and charges compensation as outlined above, and general fund reserves released to support the costs associated with the pandemic.

4.1.3 The full-year impact for 2020/21 is continuously monitored with initial estimates indicating a potential annual cost of up to £4.8million (see table 2.7).

4.1.4 Government funding has been received to distribute Covid-19 grants to businesses in the area and these are being distributed as quickly as possible (see table below). All grants paid are subject to a reconciliation process and any remaining balance of the grant income received will be required to be returned to Central Government.

| Grant | Eligibility | Allocation | Paid (as at 27/01/2021) |
|---|--|--------------------------|-------------------------------|
| LRS (Closed) Addendum | For businesses required to close between 5 Nov – 1 Dec | £2,343,708 | £1,381,132 |
| LRS (Closed) | Ongoing support for business required to close post 2 Dec under Tier 2, Tier 4 and Lockdown | £17,165 | £included in above |
| LRS (Open) | For retail, hospitality and leisure businesses not required to close but severely impacted in tier 2 and 3 (stops in lockdown as LRS closed applies) | £102,851 £402,029 | £282,308 |
| LRS (Sectors) | For specific business such as nightclubs closed since March (ceases in lockdown as LRS Closed applies) | £tbc | £4,714 |
| LRS (Tier 4) | Ongoing support for business required to close under Tier 4 from 19 Dec | £tbc | £244,662 |
| Additional Restrictions Grant | Discretionary grant for those severely impacted, including those with a no RV | £2,173,560 | £1,496,515 £20,000 |
| January 2021 Lockdown: | | | |
| Closed Business Lockdown payment (and Addendum) | One-off payment for businesses required to close since 5 Jan. Paid in addition to LRS Closed | £7,029,000 £3,515,562 | £4,109,000 £2,055,192 |
| Additional Restrictions Grant (Top up) | To top up existing ARG scheme | £965,392 | £included in ARG figure above |
| Christmas Support payments | One-off payment for wet led pubs closed at Christmas | £57,600 | £6,000 |

4.2 Collection Fund

4.2.1 As a result of the 100% business rate relief provided to the retail, leisure and hospitality sector, the net business rates payable for 2020/21 has reduced by approximately £21million from £44million to £23million.

4.2.2 The Council will be recompensed during the year for the 100% relief so there will no cash flow or budget issues; however, the main risk relates to the receipt of the £23million payable from businesses and how these are affected by COVID-19 and economic recovery following lockdown. Collection rates are reported elsewhere on the agenda (RD58/20) and these will continue to be monitored to assess the financial impact on cash flow, bad debts and the potential for year-end deficits.

- 4.2.3 The £500million Hardship Fund will provide support to economically vulnerable people and households by providing relief to council taxpayers. The Council's allocation was £989,736 and our agreed scheme will provide a £300 reduction in council tax liability to working age recipients of the Council Tax Reduction Scheme (CTRS); with the balance of our allocation being used to support further applications for council tax support on a case by case basis.
- 4.2.4 Further funding has been allocated to the Council to provide support to those individuals who have been advised by NHS Test and Trace to self-isolate. A £500 payment will be made to those individuals who are self-isolating either because they have tested positive for coronavirus or they have been in close contact with someone who has tested positive. Certain eligibility criteria must be met to qualify for the payment and there is also a discretionary fund for cases where not all the criteria have been fulfilled. The Council has been allocated approximately £138,000 to fund the main scheme, the discretionary scheme and any associated administration costs.
- 4.2.5 New burdens funding will be provided for all of the schemes administered by the Council and to date £246,500 has been received in respect of the small business, and retail, leisure and hospitality and local authority discretionary grant schemes; and £24,404 has been received in relation to Council Tax Hardship Fund and Business Rate Reliefs.

5. FUNDING

- 5.1 The main sources of funding for the Council are Council Tax Income and Business Rates income. Council Tax income does not vary in year from the amounts set at the budget, as any variation in Council Tax income received is usually adjusted in the Collection Fund Surplus/Deficit calculation for the following year's budget. However, the MHCLG has announced a 3-year deficit recovery period.
- 5.2 Business Rates Income is largely prescribed by the amounts submitted to MHCLG on the NNDR1 form which estimates Business Rate Income for the year when calculated in January, however, there are two elements of this income that can vary throughout the year, namely, section 31 grants paid by government for business rates reliefs granted, and the levy and pooling calculations to the Cumbria Pool.
- 5.3 The current estimates of Business Rates income for the quarter to the end of September compared to the initial estimates submitted in January are shown in **Appendix D**. The figures to the end of December have not yet been completed.

The figures show that based on the position at the end of September, the Council may receive an extra £256,325 (position at September 2020) in business rates income over and above what it has budgeted for. However, it is anticipated that this position could change significantly throughout the year depending upon the performance of other authorities in the Cumbria Pool, the implications of Covid-19 and the amount of reliefs granted during the year that are subject to Section 31 Grant reimbursement and an updated position will be reported later in the year. A 3-year deficit period is now permitted for any Collection Fund deficits in accordance with new funding package announced recently by MHCLG.

6. BALANCE SHEET MANAGEMENT

6.1 In line with CIPFA guidance and good practice, information relating to significant items on the Council's balance sheet is shown below. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis.

| Balance Sheet item | Balance at 31/03/2020 | Balance at Dec 2020 | Note |
|--------------------|-----------------------|---------------------|-------|
| Investments | £29.71m | £22.18m | (i) |
| Loans | £28.78m | £13.54m | (ii) |
| Debtors System | £1.67m | £2.17m | (iii) |
| Creditors System | £0.00m | £0.06m | |

- (i) The anticipated annual return on these investments is estimated at £265,200 for 2020/21 with current forecasts anticipated to be in line with these projections. Further details on the overall Treasury Management performance can be found elsewhere on the agenda.
- (ii) The cost of managing this debt (including any new debt budgeted for from 2020/21 onwards), in terms of interest payable, is budgeted at £1,036,100 in 2020/21 with costs currently showing a saving against budget due to new borrowing not entered into yet and also a budget saving against the final stock issue interest payment.
- (iii) There may be a significant impact on the cash flow of the Council if outstanding debts are not received. Any debts deemed to be irrecoverable are written off against a bad debt provision set up specifically for this purpose. Other significant debts relate to Council Tax, NNDR, and Housing Benefit overpayments.

- (iv) The Council's VAT partial exemption calculation for the period ending December 2020 is currently 1.17%, well below the 5% limit.

7. BAD DEBT WRITE-OFFS

- 7.1 The Corporate Director of Finance and Resources has delegated authority for the write-off of outstanding debts for NNDR, Council Tax and Debtors (including Penalty Charge Notices). In accordance with this, the Executive is asked to note that debts totalling £174,638.54 have been written off during Quarter 3 to the end of December 2020. A summary of bad debts is given in Table 1 in **Appendix E** of this report and these costs will fall against the following:

| | £ |
|-------------------------------|------------|
| General Fund | 3,631.19 |
| Council Tax (Collection Fund) | 46,629.04 |
| NNDR | 124,378.31 |
| Total Write-offs | 174,638.54 |

- 7.2 The "write-ons" itemised in Table 2 in **Appendix E**, totalling £4,927.09, are in respect of balances originally written off that have since been paid. The write-ons will be credited as follows:

| | £ |
|-------------------------------|----------|
| General Fund | 16.67 |
| Council Tax (Collection Fund) | 3,994.55 |
| NNDR | 915.87 |
| Total Write-ons | 4,927.09 |

- 7.3 In the case of the General Fund, the write-offs will be charged against provisions for bad debts. However, VAT, which has been identified separately, will be recouped in future VAT returns. Any write-off/write-on of Council Tax/NNDR will fall against the provisions within the Collection Fund. Any Council Tax court costs written off will be charged against the Bad Debt Provision within the General Fund.
- 7.4 The level of outstanding debt has increased during the pandemic and although a 'soft' debt recovery process was initially agreed whereby letters were issued asking debtors to contact the Council to discuss flexible repayment terms, and a sign post to the CTRS scheme for council tax payers, more formal debt recovery procedures are now in place in order to safeguard the Council's cash position.

8. RISKS

- 8.1 The ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.
- 8.2 The main risk to the Council is the overall cost of COVID-19 in terms of additional costs and shortfalls of income and how this compares to the level of emergency funded provided to date, and any future funding package. The economic recovery of the city and surrounding areas is part of the Recovery Strategy and any financial impact will need to be closely monitored.

9. CONSULTATION

- 9.1 Consultation to date.
SMT and JMT have considered the issues raised in this report.
- 9.2 Consultation Proposed
Business and Transformation Scrutiny Panel will consider the report on 18 February 2021.

10. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 10.1 The Executive is asked to:
- (i) Note the budgetary performance position of the Council to December 2020;
 - (ii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
 - (iii) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A;
 - (iv) Make recommendations to Council to approve reprofiling of £750,400 as detailed in para 3.2 from 2020/21 into 2021/22.

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 11.1 The Council's revenue budget is set in accordance with the priorities of the Carlisle Plan and the position for the third quarter of 2020/21 shows the delivery of these priorities within budget.

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Appendices attached to report: A, B1 to B7, C to E.

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS:

LEGAL – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the budget monitoring is part of this process.

PROPERTY SERVICES – Property asset implications are contained within the main body of the report.

FINANCE – Financial implications are contained within the main body of the report.

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE – There are no information governance implications.

REVENUE BUDGET MONITORING 2020/21

VIREMENTS PROCESSED FOR PERIOD OCTOBER TO DECEMBER 2020

| Date | Virement Details | Recurring/ Non-recurring | Value | Authorised By |
|--|---|-----------------------------|---------|---|
| Requested by Officers (under £35,000 or delegated authority) | | | | |
| 05/11/2020 & 03/12/2020 & 08/01/2021 | Release of funding from Revenue Grant Reserve for Flexible Homelessness Support & Prevention | Non-recurring | 5,200 | Corporate Director of Finance and Resources |
| 05/11/2020 | Release of funding from Revenue Grant Reserve for Rapid Rehousing Pathway | Non-recurring | 30,600 | Corporate Director of Finance and Resources |
| 05/11/2020 & 03/12/2020 & 08/01/2021 | Release of funding from Revenue Grant Reserve for Community Neighbours | Non-recurring | 1,900 | Corporate Director of Finance and Resources |
| 05/11/2020 & 03/12/2020 | Release of funding from Revenue Grant Reserve for St Cuthbert's Garden Village | Non-recurring | 76,000 | Corporate Director of Finance and Resources |
| 05/11/2020 & 03/12/2020 & 08/01/2021 | Release of funding from Revenue Grant Reserve for Town's Deal | Non-recurring | 53,100 | Corporate Director of Finance and Resources |
| 09/11/2020 | Revenue contribution towards the capital costs of replacement waste receptacles | Non-recurring | 10,000 | Neighbourhood Services Manager |
| 21/10/2020 | Release of funding from Carry Forward Reserve to fund improvements to the operation of Development Management | Non-recurring | 24,800 | OD.114/20 Town Clerk and Chief Executive |
| 19/10/2020 & 04/11/2020 & 04/12/2020 & 08/01/2021 | Release of funding from Carry Forward Reserve for One Public Estate | Non-recurring | 17,500 | Corporate Director of Finance and Resources |
| 08/01/2021 | Provide funding for Local Government Reorganisation costs | Non-recurring | 36,300 | Corporate Director of Finance and Resources |
| Approved by Executive (£35,000 to £70,000 or delegated authority) | | | | |
| Approved by Council (over £70,000) | | | | |
| 03/11/2020 | To fund Leisure Contract variation | Non-recurring | 640,000 | Council RD 38/20 |

REVENUE BUDGET MONITORING 2020/21

| COMMUNITY SERVICES | Gross Expenditure | Gross Income | Recharges | Total |
|---|-------------------|----------------|----------------|-------------------|
| Position as at 31 December 2020 | £ | £ | £ | £ |
| Annual Budget | 20,029,400 | (5,525,300) | (3,672,100) | 10,832,000 |
| Budget to date | 13,385,933 | (4,000,477) | (3,066,173) | 6,319,283 |
| Total Actual | 12,805,420 | (3,426,156) | (2,951,656) | 6,427,608 |
| Variance | (580,513) | 574,321 | 114,517 | 108,325 |
| Carry Forwards/Reserves & Provisions | | | | 0 |
| Adjusted Variance | (580,513) | 574,321 | 114,517 | 108,325 |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Car Parking | 1 | (69,502) | 573,047 | 23 | 503,567 |
| Bereavement Services | 2 | (19,455) | (83,374) | 28 | (102,801) |
| Tourist Information Centre | 3 | (60,450) | 81,466 | 0 | 21,015 |
| Garage Services | 4 | (60,706) | 8,362 | 122,150 | 69,805 |
| Healthy Cities | 5 | (177,485) | 58,748 | 0 | (118,737) |
| Special Events | 6 | (124,497) | 45,201 | 0 | (79,296) |
| Recycling and Waste Services | 7 | 19,961 | (128,199) | (7,282) | (115,520) |
| Miscellaneous | 8 | (88,378) | 19,071 | (402) | (69,709) |
| Total Variance to date | | (580,513) | 574,321 | 114,517 | 108,325 |

| Note | Community Services - Comments |
|------|--|
| 1. | Various minor underspends including premises related costs; Shortfall in ticket income, contract income and penalty charge notice income. |
| 2. | Various minor underspends; increased cremation fee income. |
| 3. | Underspend on purchase of tickets and goods for resale; shortfall in income from ticket sales and sale of goods. |
| 4. | Various minor underspends including employee related expenses; shortfall in trading income. |
| 5. | An underspend on supplies and services and Artist fees at the Art centre, offset by shortfall in income due to site being closed as a result of Covid-19 restrictions. |
| 6. | Underspend on Special Events supplies and services due to events being cancelled as a result of Covid-19 restrictions; shortfall in income from advertising. |
| 7. | Underspends on transport costs offset by savings still to be achieved; surplus income from Plastic and Card recycling. |
| 8. | Minor underspends, shortfall in income and increased trading income (recharges) across other services within the Directorate. |

REVENUE BUDGET MONITORING 2020/21

| CORPORATE SUPPORT | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|---|-------------------|---------------|-------------|-----------------|
| Position as at 31 December 2020 | £ | £ | £ | £ |
| Annual Budget | 3,472,300 | (299,000) | (3,170,800) | 2,500 |
| Budget to date | 2,537,600 | (241,563) | (2,378,419) | (82,382) |
| Total Actual | 2,501,368 | (191,426) | (2,378,362) | (68,420) |
| Variance | (36,232) | 50,137 | 57 | 13,962 |
| Carry Forwards/Reserves & Provisions | | | | 0 |
| Adjusted Variance | (36,232) | 50,137 | 57 | 13,962 |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Customer Contact Centre | 1 | (38,803) | 59,563 | 70 | 20,830 |
| Miscellaneous | 2 | 2,571 | (9,426) | (13) | (6,868) |
| Total Variance to date | | (36,232) | 50,137 | 57 | 13,962 |

| Note | Corporate Support - Comments |
|------|--|
| 1. | Underspends on employee related costs; offset by shortfall in income. The loss of income is factored into the sales, fees & charges compensation claims to Government. |
| 2. | Minor overspends and increased income across other services within the Directorate. |

REVENUE BUDGET MONITORING 2020/21

| ECONOMIC DEVELOPMENT | | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|---|--|-------------------|----------------|-----------|------------------|
| Position as at 31 December 2020 | | £ | £ | £ | £ |
| Annual Budget | | 4,094,200 | (1,244,500) | (493,800) | 2,355,900 |
| Budget to date | | 2,896,111 | (843,963) | (370,401) | 1,681,747 |
| Total Actual | | 2,947,856 | (663,228) | (370,350) | 1,914,278 |
| Variance | | 51,745 | 180,735 | 51 | 232,531 |
| Carry Forwards/Reserves & Provisions | | | | | 0 |
| Adjusted Variance | | 51,745 | 180,735 | 51 | 232,531 |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Regeneration | 1 | 96,582 | (18,259) | 0 | 78,323 |
| Development Control | 2 | (23,525) | 137,219 | 0 | 113,694 |
| Building Control | 3 | (22,078) | 64,143 | 0 | 42,065 |
| Miscellaneous | 4 | 766 | (2,368) | 51 | (1,551) |
| Total Variance to date | | 51,745 | 180,735 | 51 | 232,531 |

| Note | Economic Development - Comments |
|------|---|
| 1. | Overspend on monthly running costs of the Business Interaction Centre (this has now been sold) which do not have budgets identified offset by an increase in rental income; overspend on project related costs of which external funding is |
| 2. | Underspend on supplies and services, advertising & consultants fees; shortfall in fee income. |
| 3. | Underspend on employee related salary expenditure; shortfall in fee income received. |
| 4. | Minor overspends and a increase in income across other services within the Directorate. |

REVENUE BUDGET MONITORING 2020/21

| FINANCE AND RESOURCES | | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|---|--|-------------------|----------------|-------------|------------------|
| Position as at 31 December 2020 | | £ | £ | £ | £ |
| Annual Budget | | 27,892,500 | (22,736,300) | (2,852,100) | 2,304,100 |
| Budget to date | | 20,856,083 | (16,789,360) | (2,312,292) | 1,754,431 |
| Total Actual | | 20,199,633 | (16,640,847) | (2,312,041) | 1,246,745 |
| Variance | | (656,450) | 148,513 | 251 | (507,686) |
| Carry Forwards/Reserves & Provisions | | | | | 0 |
| Adjusted Variance | | (656,450) | 148,513 | 251 | (507,686) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Treasury and Debt Management | 1 | (468,709) | (25,469) | 0 | (494,178) |
| Revenues and Benefits | 2 | (173,835) | 173,883 | 40 | 87 |
| Miscellaneous | 3 | (13,906) | 100 | 211 | (13,595) |
| Total Variance to date | | (656,450) | 148,513 | 251 | (507,686) |

| Note | Finance and Resources - Comments |
|------|--|
| 1. | Saving on borrowing costs due to no new borrowing arrangements entered into yet and a budget saving against the final stock issue interest payment; higher than expected returns to date on investments due to higher cash balances. |
| 2. | Underspends on employee related and supplies and services; additional grants received offset by shortfall in income from recovery. |
| 3. | Minor underspends and a shortfall in income across other services within the Directorate. |

REVENUE BUDGET MONITORING 2020/21

| GOVERNANCE AND REGULATORY | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|---|-------------------|------------------|---------------|------------------|
| Position as at 31 December 2020 | £ | £ | £ | £ |
| Annual Budget | 11,532,100 | (6,074,500) | (3,620,000) | 1,837,600 |
| Budget to date | 8,692,903 | (4,744,944) | (2,715,348) | 1,232,611 |
| Total Actual | 8,265,442 | (5,280,659) | (2,628,307) | 356,476 |
| Variance | (427,461) | (535,715) | 87,041 | (876,135) |
| Carry Forwards/Reserves & Provisions | | | | 0 |
| Adjusted Variance | (427,461) | (535,715) | 87,041 | (876,135) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|---------------------------------|------|----------------------|------------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Buildings & Facilities Services | 1 | (152,913) | (32,467) | 87,341 | (98,039) |
| Industrial Estates | 2 | 11,103 | (915,257) | 0 | (904,154) |
| The Lanes | 3 | (2) | 190,995 | 0 | 190,993 |
| Homeless Accommodation | 4 | (42,635) | 217,940 | 0 | 175,305 |
| Electoral Services | 5 | (111,281) | 1,282 | 6 | (109,992) |
| Homeless Prevention and Welfare | 6 | (60,610) | (1,156) | 0 | (61,766) |
| Regulatory Services | 7 | (16,255) | (16,763) | (487) | (33,505) |
| Miscellaneous | 8 | (54,869) | 19,711 | 180 | (34,977) |
| Total Variance to date | | (427,461) | (535,715) | 87,041 | (876,135) |

| Note | Governance & Regulatory Services - Comments |
|------|--|
| 1. | Underspend on premises expenditure (including Civic Centre); additional rental income received; shortfall in trading income. |
| 2. | Additional income received from backdated rent reviews. |
| 3. | Shortfall in rental income. Forecast loss of £305,000 by year end. |
| 4. | Shortfall in income as a direct result of Covid-19 as changes to occupancy levels and the available provision have had to be made to ensure the health and wellbeing of residents and staff. |
| 5. | Underspend on election costs as a result of the cancellation of the May 2020 elections due to Covid-19 restrictions. |
| 6. | Underspend on employee related expenditure and grant expenditure. |
| 7. | Underspends on supplies and services; Additional licence income and agency fee income received. |
| 8. | Minor underspends and shortfalls in income across other services within the Directorate. |

REVENUE BUDGET MONITORING 2020/21

| CORPORATE MANAGEMENT | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|---|-------------------|--------------|-----------|-----------------|
| Position as at 31 December 2020 | £ | £ | £ | £ |
| Annual Budget | 1,522,500 | (1,681,900) | 0 | (159,400) |
| Budget to date | 575,372 | (1,215,502) | 0 | (640,130) |
| Total Actual | 493,300 | (1,215,771) | 0 | (722,471) |
| Variance | (82,072) | (269) | 0 | (82,341) |
| Carry Forwards/Reserves & Provisions | | | | 0 |
| Adjusted Variance | (82,072) | (269) | 0 | (82,341) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|-----------------|--------------------|-------------------|
| Service | Note | £ | £ | £ | £ |
| Other Financial Costs | 1 | (85,015) | (268) | 0 | (85,283) |
| Miscellaneous | 2 | 2,943 | (1) | 0 | 2,942 |
| Total Variance to date | | (82,072) | (269) | 0 | (82,341) |

| Note | Corporate Management - Comments |
|------|--|
| 1. | Improvements in savings for Salary Turnover (£147,547) and shortfall in inflation savings to be found (£62,800). |
| 2. | Minor overspends across other services within the Directorate. |

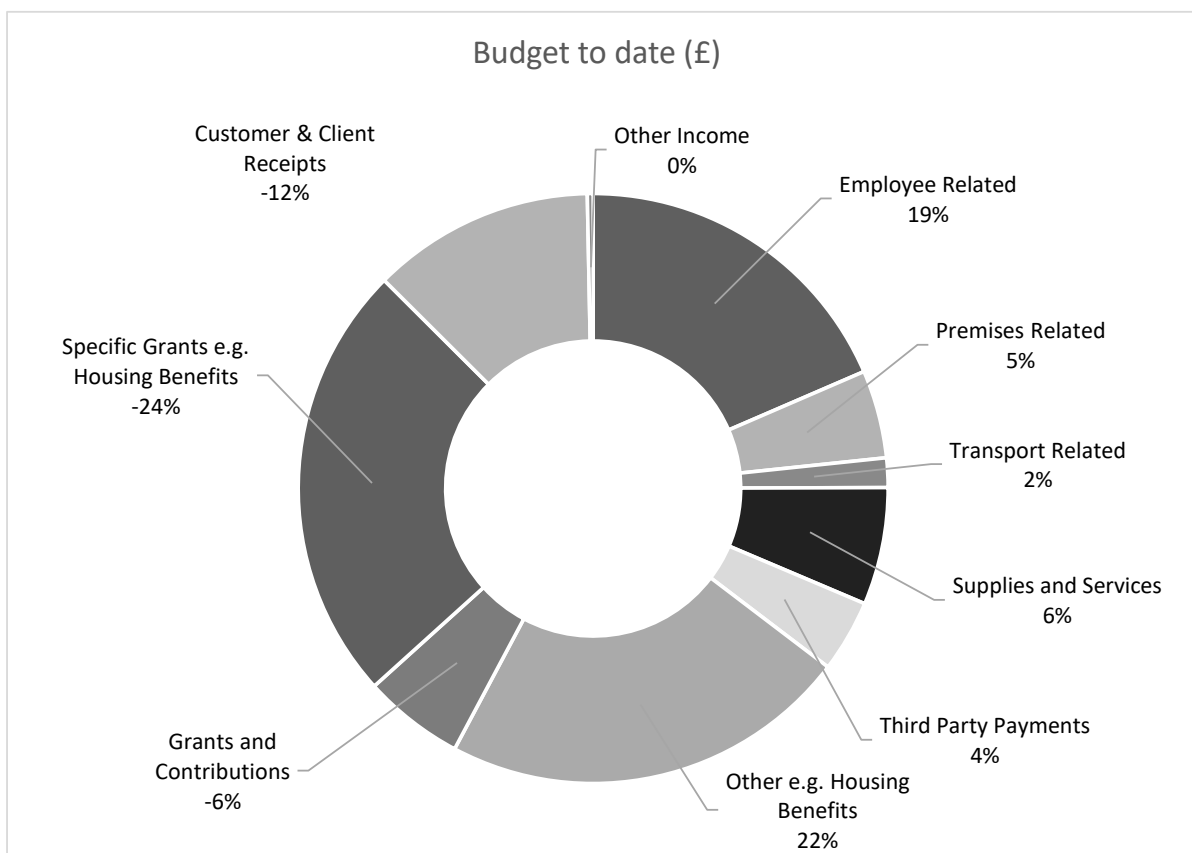
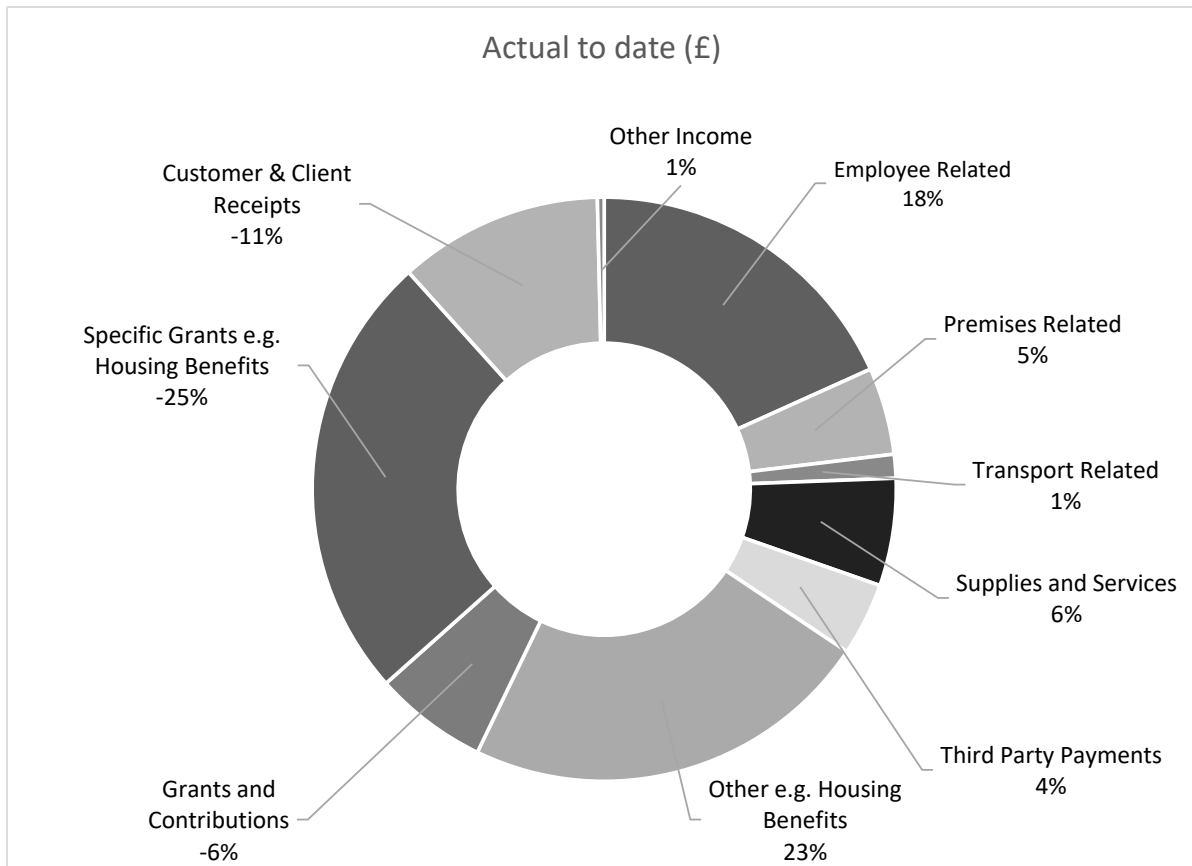
REVENUE BUDGET MONITORING 2020/21

| EXCEPTIONAL ITEMS | Gross Expenditure | Gross Income | Recharges | Adjusted Total |
|---|-------------------|--------------------|-----------|--------------------|
| Position as at 30 September 2020 | £ | £ | £ | £ |
| Annual Budget | 33,272,200 | (32,744,200) | 0 | 528,000 |
| Budget to date | 30,032,157 | (32,744,200) | 0 | (2,712,043) |
| Total Actual | 30,362,288 | (34,915,884) | 0 | (4,553,596) |
| Variance | 330,131 | (2,171,684) | 0 | (1,841,553) |
| Carry Forwards/Reserves & Provisions | | | | 0 |
| Adjusted Variance | 330,131 | (2,171,684) | 0 | (1,841,553) |

| Analysis of Variances | | Expenditure Variance | Income Variance | Recharges Variance | Adjusted Variance |
|-------------------------------|------|----------------------|--------------------|--------------------|--------------------|
| Service | Note | £ | £ | £ | £ |
| Corona Virus | 1 | 261,668 | (2,154,447) | 0 | (1,892,779) |
| Corona Virus - Grants | 2 | 19,285 | (17,237) | 0 | 2,048 |
| Flood Recovery | 3 | 49,178 | 0 | 0 | 49,178 |
| Total Variance to date | | 330,131 | (2,171,684) | 0 | (1,841,553) |

| Note | Exceptional Items - Comments |
|------|--|
| 1. | Overspend of expenditure to date against profiled budget; Government grant income received. Net underspend position but balance will be required to support other pressures/shortfalls in income as a result of Covid-19 that are currently reported against individual service areas e.g. car parking income. |
| 2. | Various Government grant streams received against which grants are being paid from. |
| 3. | Overspend in relation to uninsured and reinstatement costs as a result of flooding caused by Storm Ciara. Potential insurance settlements are still being negotiated. |

SUBJECTIVE ANALYSIS



BUSINESS RATES INCOME

| | 2019/20 Outturn | 2020/21 NNDR1 | 2020/21 NNDR1 (Updated) | 2020/21 Q2 |
|---|--------------------|--------------------|-------------------------------|--------------------|
| Local Share of Income (Per NNDR1) | (16,465,732) | (17,018,157) | (8,319,260) | (7,979,246) |
| Renewables (Per NNDR1) | (355,377) | (376,067) | (376,067) | (370,555) |
| Renewables Bfwd (NNDR3 Previous Year) | (54,492) | 4,686 | 4,686 | 4,686 |
| Enterprise Zone (Per NNDR1) | (163,714) | (297,594) | (297,594) | (297,594) |
| Tariff (Per Final Settlement) | 12,367,342 | 12,568,847 | 12,568,847 | 12,568,847 |
| Section 31 Grants (reimbursement of funded reliefs) | (1,898,342) | (1,986,378) | (11,209,834) | (10,861,401) |
| Section 31 Grants (Flooding) | 15,318 | 0 | 0 | 0 |
| Estimated Collection Fund Deficit per NNDR1 | (180,188) | 216,038 | 216,038 | 216,038 |
| Levy Account Surplus | (11,118) | 0 | 0 | 0 |
| Levy Payable to Pool | 1,043,367 | 1,346,178 | 1,287,081 | 1,365,000 |
| Pool Redistribution | (616,000) | (732,000) | (732,000) | (771,000) |
| Total Income | (6,318,936) | (6,274,447) | (6,858,103) | (6,125,225) |
| Budget | | | | |
| Baseline Funding | (3,388,600) | (3,468,900) | (3,468,900) | (3,468,900) |
| Additional Rates Income - Pooling/Growth | (2,484,300) | (2,400,000) | (2,400,000) | (2,400,000) |
| Total Budget | (5,872,900) | (5,868,900) | (5,868,900) | (5,868,900) |
| | | | | |
| Additional Income retained | (446,036) | (405,547) | (989,203) | (256,325) |
| | | | | |

BAD DEBT PROVISION

| TABLE 1 Type of Debt | Write-Offs December 2020 | | Comments |
|------------------------------|-----------------------------|-------------------|----------------------|
| | No. | £ | |
| NNDR (General) | 8 | 124,378.31 | 01/10/20 to 31/12/20 |
| Council Tax | 116 | 46,629.04 | 01/10/20 to 31/12/20 |
| Debtors: | | | |
| Private Tenants | 0 | 0.00 | 01/10/20 to 31/12/20 |
| Housing Benefit Overpayments | 14 | 1,672.64 | 01/10/20 to 31/12/20 |
| General Fund | 19 | 1,958.55 | 01/10/20 to 31/12/20 |
| Penalty Charge Notices: | | | |
| On Street | 0 | 0.00 | 01/10/20 to 31/12/20 |
| Off Street | 0 | 0.00 | 01/10/20 to 31/12/20 |
| TOTAL | 157 | 174,638.54 | |

| TABLE 2 Type of Debt | Write-Ons December 2020 | | Comments |
|------------------------------|----------------------------|-----------------|----------------------|
| | No. | £ | |
| NNDR (General) | 7 | 915.87 | 01/10/20 to 31/12/20 |
| Council Tax | 15 | 3,994.55 | 01/10/20 to 31/12/20 |
| Debtors: | | | |
| Private Tenants | 0 | 0.00 | 01/10/20 to 31/12/20 |
| Housing Benefit Overpayments | 1 | 13.19 | 01/10/20 to 31/12/20 |
| General Fund | 2 | 3.48 | 01/10/20 to 31/12/20 |
| TOTAL | 25 | 4,927.09 | |