

# Report to Business & Transformation Scrutiny Panel

Agenda Item:  
**A.3**

Meeting Date: 1 December 2020  
 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 SEPTEMBER 2020  
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
 Report Number: RD 36/20

**Purpose / Summary:** This report provides an overview of the Council’s General Fund revenue budgetary position for the period April to September 2020 which was considered by the Executive on 9 November 2020.

**Questions for / input required from Scrutiny:**

Members are asked to note the variances contained within this report.

**Recommendations:**

Members of the Business & Transformation Scrutiny Panel are asked to scrutinise the overall budgetary position for the period April to September 2020.

**Tracking**

Executive:	<b>9 November 2020</b>
Scrutiny:	<b>1 December 2020</b>
Council:	<b>n/a</b>

# Report to Executive

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Item:

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Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:  
 APRIL TO SEPTEMBER 2020  
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
 Report Number: RD 36/20

**Purpose / Summary:** This report provides an overview of the Council's overall budgetary position for the period April to September 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 September 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.

**Tracking**

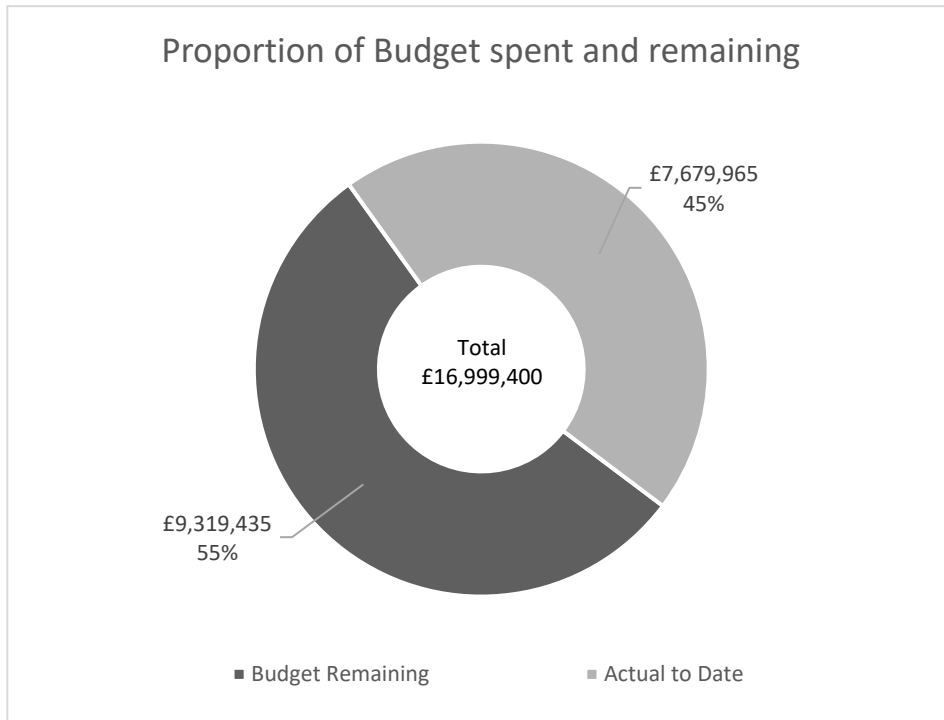
Executive:	<b>9 November 2020</b>
Scrutiny:	<b>1 December 2020</b>
Council:	<b>n/a</b>

## 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 September 2020 is as follows:



2.2 The summarised revenue budgetary position as at September 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	10,142,200	4,068,405	4,460,896	392,491
Corporate Support	B2	1,685,100	1,619,300	542,418	553,852	11,434
Economic Development	B3	1,808,900	2,193,700	1,053,384	1,166,455	113,071
Finance & Resources	B4	1,418,300	1,378,200	1,840,460	997,746	(842,714)
Governance & Regulatory Services	B5	1,157,900	1,795,400	992,406	1,088,308	95,902
Corporate Management	B6	(2,491,600)	(129,400)	(353,141)	(587,292)	(234,151)
<b>Service Expenditure</b>		<b>13,842,000</b>	<b>16,999,400</b>	<b>8,143,932</b>	<b>7,679,965</b>	<b>(463,967)</b>
Parish Precepts		688,200	688,200	688,200	687,965	(235)
<b>Total</b>		<b>14,530,200</b>	<b>17,687,600</b>	<b>8,832,132</b>	<b>8,367,930</b>	<b>(464,202)</b>
<b>Transfers to/(from) Reserves</b>						
Cremator Replacement Reserve		0	55,300			
Carry Forward Reserve		0	(22,300)			
Revenue Grants Reserve		0	(729,800)			
General Fund Reserve		(456,100)	(971,700)			
Planning Services Reserve		0	8,700			
Flood Reserve		0	(1,944,200)			
Building Control Reserve		0	(9,500)			
<b>Total Transfer to/(from) Reserves</b>		<b>(456,100)</b>	<b>(3,613,500)</b>	<b>(1,795,082)</b>	<b>(963,343)</b>	<b>831,739</b>
Financed by:						
Precept from Collection Fund		(8,205,200)	(8,205,200)	(4,102,600)	(4,102,390)	210
Business Rate Retention		(5,868,900)	(5,868,900)	(2,934,450)	(3,302,197)	(367,747)
<b>Total Grants</b>		<b>(14,074,100)</b>	<b>(14,074,100)</b>	<b>(7,037,050)</b>	<b>(7,404,587)</b>	<b>(367,537)</b>
<b>Total</b>		<b>(14,530,200)</b>	<b>(17,687,600)</b>	<b>(8,832,132)</b>	<b>(8,367,930)</b>	<b>464,202</b>

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	(135,714)	0
Car Parking Income	B1	0	395,303
Leisure Contract	B1	0	292,346
Recycling and Waste Management	B1	(126,027)	0
Building Control Fee Income	B3	0	51,673
Development Control Income	B3	0	59,297
Loan Interest (including new borrowing)	B4	(783,061)	0
Investment Interest Received	B4	(53,702)	0
The Lanes Income	B5	0	221,681
Homeless Accomodation	B5	0	124,718
Electoral Services	B6	(51,839)	0
Inflation Savings still to find	B6	0	66,800
Salary Turnover Savings	B6	(306,090)	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.
- An overspend on the Leisure contract due to a variation to contract agreed as part of the approval to proceed with the Sands Centre Development project. The budget required for the variation in 2020/21 is £640,000 and a virement to fund this is being recommended to Council for approval.
- 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 and also a budget saving against the final stock issue interest payment. A virement of £469,300 from these savings is being recommended to Council for approval to part fund the Leisure contract variation.
- Higher than expected returns to date on Investments due to higher cash balances.
- Rental income losses from the Lanes with current projections indicating a potential loss of £539,000 for 2020/21. This will be partly offset by prior year head rent reconciliations which are estimated at £108,000.
- An underspend of £18,288 on expenditure on Homeless Accommodation and a shortfall in income of £143,006. 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.

- 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 virement of £170,700 from these savings is being recommended to Council for approval to part fund the Leisure contract variation. The budget required for the agreed pay award of 2.75% for 2020/21 has been calculated at £92,700 over the 2% budget provision already provided in 2020/21 and this can be funded from overachieved salary turnover savings in year. The recurring pressure is being considered as part of the 2021/22 budget process.
- A balance of £66,800 of inflation savings still to be found on a recurring basis.

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	46,479	46,479
Covid-19 Related	B7	0	533,000	261,110	(840,114)	(1,101,224)
Covid-19 Grants	B7	0	0	0	(2,054,075)	(2,054,075)
<b>Total Exceptional Items</b>		<b>0</b>	<b>533,000</b>	<b>261,110</b>	<b>(2,847,710)</b>	<b>(3,108,820)</b>
<b>Transfer to/(from) Reserves</b>						
General Fund Reserve		0	(533,000)			
<b>Total Transfer to/(from Reserves)</b>		<b>0</b>	<b>(533,000)</b>			

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 negotiated.
- 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.

- A net underspend on the Covid-19 grants that are still being paid out. All grants paid will be subject to a reconciliation process and any remaining balance of the grant income received will be required to be returned to Central Government.

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

Savings Target	Target (£)	Achieved (£)	(Overachieved) /Outstanding (£)
Inflation savings	100,000	33,200	66,800
<b>Net Recurring position 2020/21</b>	<b>100,000</b>	<b>33,200</b>	<b>66,800</b>
To be found from 2021/22 onwards	1,000,000	0	1,000,000
<b>Total Net Recurring position 2021/22</b>	<b>1,100,000</b>	<b>33,200</b>	<b>1,066,800</b>

The recurring savings targets approved above 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 £1million 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. Government emergency funding and the co-payment funding mechanism for loss of income on sales, fees and charges are discussed in more detail at paragraph 4.

3.2 The Council's financial position will continue to be closely monitored and likely year end position will be reported more fully in a future monitoring report. It will be important to maintain a prudent approach to ensure a sustainable position for future years to avoid any significant variance at year end.

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

#### **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 The Council received £58,738 on 27<sup>th</sup> March from tranche 1 (£1.6bn), £1,073,801 on 14<sup>th</sup> May from tranche 2 (£1.6bn), £196,335 on 3<sup>rd</sup> August from tranche 3 (£0.5bn) and has recently announced the tranche 4 allocations (22<sup>nd</sup> October 2020) with the Council being allocated £478,254. This amounts to **£1,807,128** in total, which will be allocated across affected services.

4.1.3 A separate co-payment mechanism is also in place in respect of irrecoverable Sales, Fees and Charges (SFC) income, with the Government covering 75% of losses beyond 5% of planned income. The Council has recently submitted the first claim for compensation for the loss of Sales Fees and Charges which will result in a payment of approximately £225,000 covering the period to the end of July (this compensation payment is not included in the figures presented in this report).

However, the guidance only refers to compensation for lost sales, fees and charges income and is currently silent on the reimbursement for any losses of commercial income which could also have a significant impact on our budget position.

4.1.4 Monthly returns are provided through DELTA to the MHCLG, with the latest return being submitted on 2<sup>nd</sup> October 2020. 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 6 months April to September 2020 as a total potential gross cost to the Council of £2,574,334; however, once additional income and cost savings in those affected areas are taken into account, the actual losses reduce to £2,343,951, 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.

4.1.5 The full-year impact for 2020/21 is continuously monitored with initial estimates indicating a potential annual cost of up to £3.9million. When compared to the emergency funding received to date, the estimated SFC compensation and use of our General Fund Reserve, there may still be a shortfall of between £500,000 and £900,000. This does not reflect the impact on the Collection Fund for which the Government is providing a 3-year deficit recovery period.

#### 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 (RD34/20) 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 The main risk relates to how the expected overall increase in CTRS claimants, and the associated cost of CTRS relief, will be funded and be provided to the Council. An increase in claimants directly impacts on the council tax base and ultimately the yield from council tax. The cost of the current CTRS scheme is shared between the main preceptors but there has been no government support announced as yet to provide funding for any increase in additional claimants. Similar to business rates, the collection rates for council tax are reported elsewhere on the agenda and will be closely monitored for cash flow, bad debts and increases in CTRS claimants.
- 4.2.5 The main risk for both business rates and council tax is the potential loss of income with the resulting impact on cash flow for the main precepts on the Collection Fund. The technical nature of this fund means that any 2020/21 deficit will be reflected in the following years budget; however, the recent Government announcement means that any deficit can be recovered over a three-year period – this will be considered as part of the 2021/22 budget process.
- 4.2.6 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 £100,000 to fund the main scheme, the discretionary scheme and any associated administration costs.
- 4.2.7 New burdens funding will be provided for all of the schemes administered by the Council and to date £170,000 has been received in respect of the small business, and retail, leisure and hospitality grant schemes.

## **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 (see 4.2.5 above).
- 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 June compared to the initial estimates submitted in January are shown in **Appendix D**. The figures to the end of September have not yet been completed.

The figures show that based on the position at the end of June, the Council may receive an extra £367,747 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 Sep 2020	Note
Investments	£29.71m	£20.18m	(i)
Loans	£28.78m	£13.54m	(ii)
Debtors System	£1.67m	£1.98m	(iii)
Creditors System	£0.00m	£0.24m	

- (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 £1,506,700 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 September 2020 is currently 2.30%, 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 £193,583.86 have been written off during Quarter 2 to the end of September 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	2,086.44
Council Tax (Collection Fund)	24,955.08
NNDR	166,542.34
<b>Total Write-offs</b>	<b>193,583.86</b>

7.2 The "write-ons" itemised in Table 2 in **Appendix E**, totalling £4,141.07, are in respect of balances originally written off that have since been paid. The write-ons will be credited as follows:

	£
General Fund	0.00
Council Tax (Collection Fund)	3,895.63
NNDR	245.44
<b>Total Write-ons</b>	<b>4,141.07</b>

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 a 'soft' debt recovery process has now been agreed whereby letters are being issued asking

debtors to contact the Council to discuss flexible repayment terms, and a sign post to the CTRS scheme for council tax payers.

## **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 1 December 2020.

## **10. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 10.1 The Executive is asked to:
- (i) Note the budgetary performance position of the Council to September 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.

## **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 second quarter of 2020/21 shows the delivery of these priorities within budget.

**Contact Officer:** Emma Gillespie

**Ext:** 7289

**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 APRIL TO SEPTEMBER 2020

Date	Virement Details	Recurring/ Non-recurring	Value	Authorised By
<b>Requested by Officers (under £35,000 or delegated authority)</b>				
22/09/2020	Release of funding from Revenue Grant Reserve for Supporting People	Non-recurring	2,900	Corporate Director of Finance and Resources
06/08/2020 & 22/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Rapid Rehousing Pathway	Non-recurring	34,200	Corporate Director of Finance and Resources
06/08/2020 & 04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Flexible Homelessness Support & Prevention	Non-recurring	13,300	Corporate Director of Finance and Resources
06/08/2020 & 04/09/2020	Release of funding from Revenue Grant Reserve for Gas Safe	Non-recurring	1,800	Corporate Director of Finance and Resources
04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Community Neighbours	Non-recurring	2,400	Corporate Director of Finance and Resources
06/08/2020 & 04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for St Cuthbert's Garden Village	Non-recurring	104,800	Corporate Director of Finance and Resources
04/09/2020	Release of funding from Revenue Grant Reserve for Future High Streets Fund	Non-recurring	54,000	Corporate Director of Finance and Resources
04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Town's Deal	Non-recurring	23,000	Corporate Director of Finance and Resources
08/10/2020	Release of funding from Revenue Grant Reserve from New Burdens Grants	Non-recurring	8,000	Corporate Director of Finance and Resources
08/10/2020	Release of funding from Revenue Grant Reserve for Self Build Grants	Non-recurring	40,000	Corporate Director of Finance and Resources
<b>Approved by Executive (£35,000 to £70,000 or delegated authority)</b>				
<b>Approved by Council (over £70,000)</b>				



## REVENUE BUDGET MONITORING 2020/21

COMMUNITY SERVICES	Gross Expenditure	Gross Income	Recharges	Total
Position as at 30 September 2020	£	£	£	£
Annual Budget	18,360,700	(5,399,200)	(2,819,300)	<b>10,142,200</b>
Budget to date	8,381,186	(2,684,457)	(1,628,324)	<b>4,068,405</b>
Total Actual	8,291,613	(2,280,102)	(1,550,615)	<b>4,460,896</b>
<b>Variance</b>	<b>(89,573)</b>	<b>404,355</b>	<b>77,709</b>	<b>392,491</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(89,573)</b>	<b>404,355</b>	<b>77,709</b>	<b>392,491</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Car Parking	1	(41,823)	413,221	40	<b>371,439</b>
Bereavement Services	2	(16,708)	(119,062)	56	<b>(135,714)</b>
Destination Management	3	(46,965)	72,887	16	<b>25,938</b>
Garage Services	4	(48,426)	1,912	88,577	<b>42,064</b>
Healthy Cities	5	202,264	37,070	0	<b>239,334</b>
Other Green Spaces	6	(41,157)	57,694	54	<b>16,591</b>
Recycling and Waste Services	7	(31,827)	(89,434)	(4,765)	<b>(126,027)</b>
Miscellaneous	8	(64,932)	30,067	(6,269)	<b>(41,134)</b>
<b>Total Variance to date</b>		<b>(89,573)</b>	<b>404,355</b>	<b>77,709</b>	<b>392,491</b>

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 overspend on the Leisure contract due to a variation to contract; 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.	Savings on supplies and services offset by shortfall in income received due to sites being closed as a result of the Covid-19 restrictions.
7.	Underspends on transport costs; 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 30 September 2020	£	£	£	£
Annual Budget	6,622,200	(1,451,000)	(3,551,900)	<b>1,619,300</b>
Budget to date	3,422,242	(1,103,162)	(1,776,662)	<b>542,418</b>
Total Actual	3,283,324	(953,347)	(1,776,125)	<b>553,852</b>
<b>Variance</b>	<b>(138,918)</b>	<b>149,815</b>	<b>537</b>	<b>11,434</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(138,918)</b>	<b>149,815</b>	<b>537</b>	<b>11,434</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Revenues and Benefits	1	(116,845)	117,063	79	<b>298</b>
Miscellaneous	2	(22,073)	32,752	458	<b>11,136</b>
<b>Total Variance to date</b>		<b>(138,918)</b>	<b>149,815</b>	<b>537</b>	<b>11,434</b>

Note	Corporate Support - Comments
1.	Underspends on employee related and supplies and services; additional grants received offset by shortfall in income from recovery.
2.	Minor underspends and shortfall in income across other services within the Directorate.

## REVENUE BUDGET MONITORING 2020/21

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 September 2020	£	£	£	£
Annual Budget	3,715,100	(1,027,600)	(493,800)	<b>2,193,700</b>
Budget to date	1,851,731	(551,345)	(247,002)	<b>1,053,384</b>
Total Actual	1,872,232	(458,877)	(246,900)	<b>1,166,455</b>
<b>Variance</b>	<b>20,501</b>	<b>92,468</b>	<b>102</b>	<b>113,071</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>20,501</b>	<b>92,468</b>	<b>102</b>	<b>113,071</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Regeneration	1	58,436	(14,538)	0	<b>43,898</b>
Development Control	2	(7,037)	59,297	0	<b>52,260</b>
Building Control	3	(15,947)	51,673	0	<b>35,725</b>
Miscellaneous	4	(14,951)	(3,964)	102	<b>(18,812)</b>
<b>Total Variance to date</b>		<b>20,501</b>	<b>92,468</b>	<b>102</b>	<b>113,071</b>

Note	Economic Development - Comments
1.	Overspend on monthly running costs of Business Interaction Centre which do not have budgets identified; increase in income.
2.	Underspend on advertising; shortfall in fee income received.
3.	Underspend on employee related salary expenditure; shortfall in fee income received.
4.	Minor underspends and increased 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 30 September 2020	£	£	£	£
Annual Budget	26,309,300	(21,607,300)	(3,323,800)	<b>1,378,200</b>
Budget to date	12,844,202	(8,994,337)	(2,009,405)	<b>1,840,460</b>
Total Actual	12,054,312	(9,047,664)	(2,008,902)	<b>997,746</b>
<b>Variance</b>	<b>(789,890)</b>	<b>(53,327)</b>	<b>503</b>	<b>(842,714)</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(789,890)</b>	<b>(53,327)</b>	<b>503</b>	<b>(842,714)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Treasury and Debt Management	1	(782,178)	(53,702)	0	<b>(835,880)</b>
Miscellaneous	2	(7,712)	375	503	<b>(6,834)</b>
<b>Total Variance to date</b>		<b>(789,890)</b>	<b>(53,327)</b>	<b>503</b>	<b>(842,714)</b>

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.	Minor underspends and 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 30 September 2020	£	£	£	£
Annual Budget	11,287,600	(5,872,200)	(3,620,000)	<b>1,795,400</b>
Budget to date	5,957,243	(3,154,154)	(1,810,683)	<b>992,406</b>
Total Actual	5,680,088	(2,846,621)	(1,745,159)	<b>1,088,308</b>
<b>Variance</b>	<b>(277,155)</b>	<b>307,533</b>	<b>65,524</b>	<b>95,902</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(277,155)</b>	<b>307,533</b>	<b>65,524</b>	<b>95,902</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Buildings & Facilities Services	1	(97,469)	(27,931)	65,354	<b>(60,046)</b>
Other Rental Properties	2	12,228	182,594	0	<b>194,822</b>
Homeless Accommodation	3	(18,288)	143,006	0	<b>124,718</b>
Electoral Services	4	(52,601)	752	11	<b>(51,839)</b>
Regulatory Services	5	(43,088)	(14,540)	(194)	<b>(57,823)</b>
Miscellaneous	6	(77,937)	23,654	353	<b>(53,930)</b>
<b>Total Variance to date</b>		<b>(277,155)</b>	<b>307,533</b>	<b>65,524</b>	<b>95,902</b>

Note	Governance & Regulatory Services - Comments
1.	Underspend on premises expenditure (including Civic Centre); additional rental income received; shortfall in trading income.
2.	Overspend on premises & supplies & services; shortfall in rental income offset by additional reimbursement income.
3.	Shortfall in income as a direct result of Covid-19 as changed to occupancy levels and the available provision have had to be made to ensure the health and wellbeing of residents and staff.
4.	Underspend on election costs as a result of the cancellation of the May 2020 elections due to Covid-19 restrictions.
5.	Underspend on supplies and services; Additional licence income and agency fee income received.
6.	Minor underspend 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 30 September 2020	£	£	£	£
Annual Budget	1,546,600	(1,676,000)	0	(129,400)
Budget to date	484,859	(838,000)	0	(353,141)
Total Actual	252,234	(839,526)	0	(587,292)
<b>Variance</b>	<b>(232,625)</b>	<b>(1,526)</b>	<b>0</b>	<b>(234,151)</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(232,625)</b>	<b>(1,526)</b>	<b>0</b>	<b>(234,151)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Other Financial Costs	1	(240,040)	(1,526)	0	(241,566)
Miscellaneous	2	7,415	0	0	7,415
<b>Total Variance to date</b>		<b>(232,625)</b>	<b>(1,526)</b>	<b>0</b>	<b>(234,151)</b>

Note	Corporate Management - Comments
1.	Improvements in savings for Salary Turnover (£306,090) and shortfall in inflation savings to be found (£66,800).
2.	Minor overspends across other services within the Directorate.

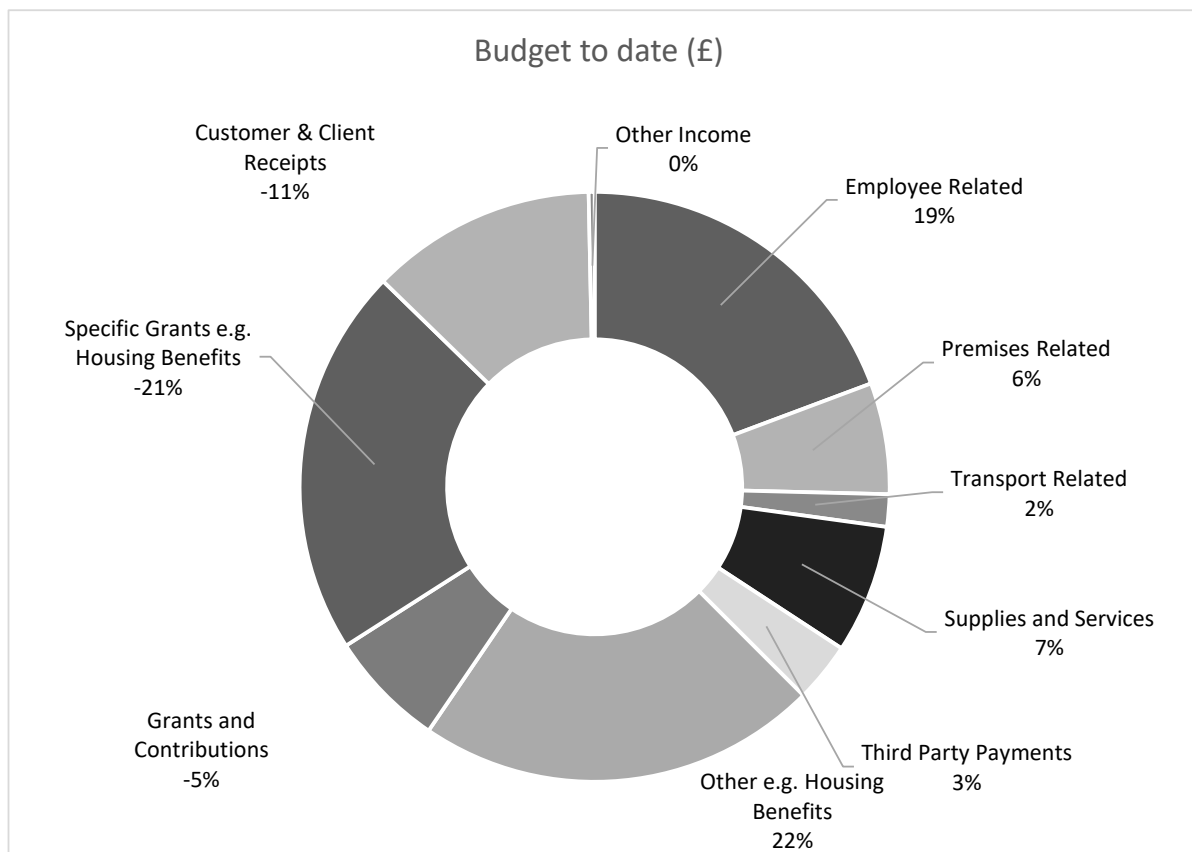
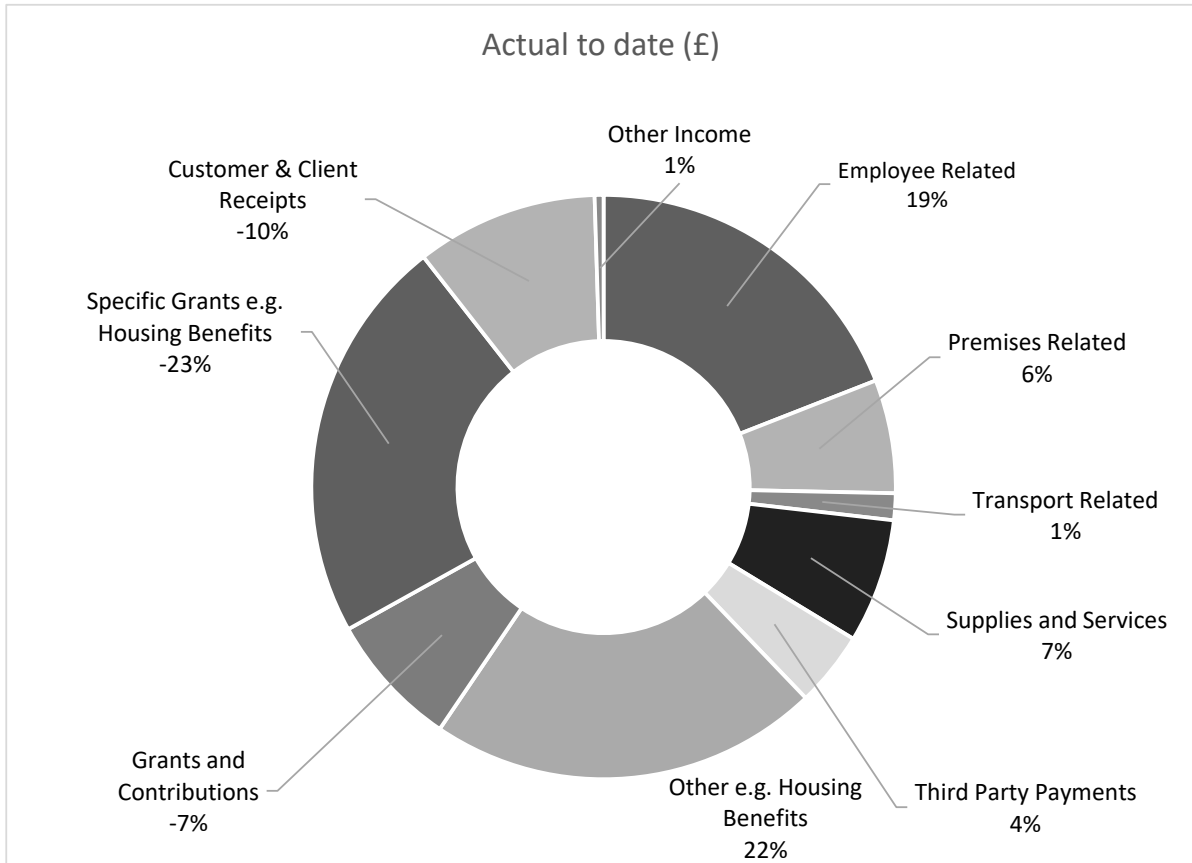
## REVENUE BUDGET MONITORING 2020/21

EXCEPTIONAL ITEMS	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 September 2020	£	£	£	£
Annual Budget	30,576,000	(30,043,000)	0	<b>533,000</b>
Budget to date	30,304,110	(30,043,000)	0	<b>261,110</b>
Total Actual	28,624,426	(31,472,136)	0	<b>(2,847,710)</b>
<b>Variance</b>	<b>(1,679,684)</b>	<b>(1,429,136)</b>	<b>0</b>	<b>(3,108,820)</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(1,679,684)</b>	<b>(1,429,136)</b>	<b>0</b>	<b>(3,108,820)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Corona Virus	1	327,912	(1,429,136)	0	<b>(1,101,224)</b>
Corona Virus - Grants	2	(2,054,075)	0	0	<b>(2,054,075)</b>
Flood Recovery	3	46,479	0	0	<b>46,479</b>
<b>Total Variance to date</b>		<b>(1,679,684)</b>	<b>(1,429,136)</b>	<b>0</b>	<b>(3,108,820)</b>

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.	Balance of government grant income received (£30,032,000) which is subject to a reconciliation process and repayment.
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 Q1
Local Share of Income (Per NNDR1)	(16,465,732)	(17,018,157)	(8,319,260)	(8,119,691)
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)	(10,847,378)
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	1,407,000
Pool Redistribution	(616,000)	(732,000)	(732,000)	(798,000)
<b>Total Income</b>	<b>(6,318,936)</b>	<b>(6,274,447)</b>	<b>(6,858,103)</b>	<b>(6,236,647)</b>
<b>Budget</b>				
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)
<b>Total Budget</b>	<b>(5,872,900)</b>	<b>(5,868,900)</b>	<b>(5,868,900)</b>	<b>(5,868,900)</b>
<b>Additional Income retained</b>	<b>(446,036)</b>	<b>(405,547)</b>	<b>(989,203)</b>	<b>(367,747)</b>

**BAD DEBT PROVISION**

TABLE 1 Type of Debt	Write-Offs September 2020		Comments
	No.	£	
NNDR (General)	52	166,542.34	01/07/20 to 30/09/20
Council Tax	41	24,955.08	01/07/20 to 30/09/20
Debtors:			
Private Tenants	0	0.00	01/07/20 to 30/09/20
Housing Benefit Overpayments	4	1,997.56	01/07/20 to 30/09/20
General Fund	7	13.88	01/07/20 to 30/09/20
Penalty Charge Notices:			
On Street	0	0.00	01/07/20 to 30/09/20
Off Street	1	75.00	01/07/20 to 30/09/20
<b>TOTAL</b>	<b>105</b>	<b>193,583.86</b>	

TABLE 2 Type of Debt	Write-Ons September 2020		Comments
	No.	£	
NNDR (General)	6	245.44	01/07/20 to 30/09/20
Council Tax	18	3,895.63	01/07/20 to 30/09/20
Debtors:			
Private Tenants	0	0.00	01/07/20 to 30/09/20
Housing Benefit Overpayments	0	0.00	01/07/20 to 30/09/20
General Fund	0	0.00	01/07/20 to 30/09/20
<b>TOTAL</b>	<b>24</b>	<b>4,141.07</b>	

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 9 NOVEMBER 2020**

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**EX.135/20 REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL  
TO SEPTEMBER 2020**  
(Non Key Decision)

**Portfolio** Finance, Governance and Resources

**Relevant Scrutiny Panel** Business and Transformation

### **Subject Matter**

The Deputy Leader submitted report RD.36/20 providing an overview of the Council's overall budgetary position for the period April to September 2020 for revenue schemes only, and details of the impact of COVID-19 on the revenue budget. Also included were details of balance sheet management issues; bad debts written off in the period; and progress against the budget savings.

Set out at paragraph 2.2 was the updated Budget figure for 2020/21 of £17,687,600 together with the summarised budgetary position as at September 2020; the main variances were as summarised at paragraph 2.4; with the table at paragraph 2.6 providing a summary position of the income and expenditure within exceptional items. Also itemised in the table at paragraph 2.8 was the position as at September 2020 of savings achieved against the budget savings targets to date.

The Council's financial position, which was affected by a number of external factors which had a financial impact during the course of the year and ultimately at the year end, would continue to be closely monitored and reported more fully in a future monitoring report. It would be important to maintain a prudent approach so as to ensure a sustainable budget position for future years to avoid any significant variance at the year end.

Information on the main variances in the Directorates' Budgets; the forecast outturn position for 2020/21; and impact of COVID-19 was provided. On the issue of balance sheet management, there may be a significant impact on the cash flow of the Council if outstanding debts were not received. Any debts deemed to be irrecoverable were written off against a bad debt provision set up specifically for that purpose. Other significant debts related to Council Tax, NNDR and Housing Benefit overpayments.

The Council's VAT partial exemption calculation for the period ending September 2020 was currently 2.30%, well below the 5% limit.

The Deputy Leader concluded by moving the recommendations, which were seconded by the Leader.

**Summary of options rejected** none

## **DECISION**

That the Executive:

- (i) Noted the budgetary performance position of the Council to September 2020;
- (ii) Noted the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iii) Noted the release of reserves as set out in the table at paragraph 2.2, and noted the virements approved as detailed in Appendix A.

## **Reasons for Decision**

To show that the Executive had been informed of the Council's actual financial position compared with the budgeted position, and to bring to their attention any areas of concern