

Report to Business & Transformation Scrutiny Panel

Agenda
Item:
A.2

Meeting Date: 3 September 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 JUNE 2020
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 20/20 (amended)

Purpose / Summary: This report provides an overview of the Council's General Fund revenue budgetary position for the period April to June 2020 which was considered by the Executive on 17 August 2020.

Questions for / input required from Scrutiny:

Members are asked to scrutinise 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 June 2020.

Tracking

Executive:	17 August 2020
Scrutiny:	3 September 2020
Council:	3 November 2020

Report to Executive

Agenda
Item:

Meeting Date: 17 August 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 JUNE 2020
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 20/20

Purpose / Summary: This report provides an overview of the Council's overall budgetary position for the period April to June 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 June 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 virements of £640,000 as detailed in paragraph 2.4 to fund the Leisure Contract variation.

Tracking

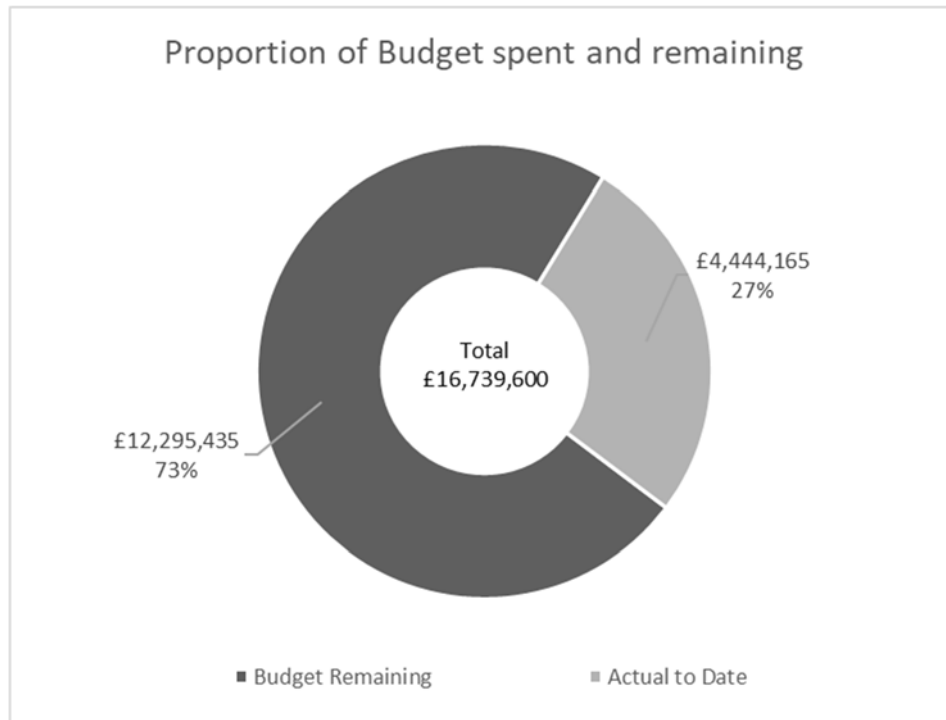
Executive:	17 August 2020
Scrutiny:	3 September 2020
Council:	3 November 2020

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 June 2020 is as follows:



2.2 The summarised revenue budgetary position as at June 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	10,153,200	2,101,908	2,331,539	229,631
Corporate Support	B2	1,685,100	1,598,300	482,150	489,953	7,803
Economic Development	B3	1,808,900	1,979,200	471,570	550,290	78,720
Finance & Resources	B4	1,418,300	1,391,600	1,745,440	1,044,957	(700,483)
Governance & Regulatory Services	B5	1,157,900	1,630,000	384,585	323,761	(60,824)
Corporate Management	B6	(2,491,600)	(12,700)	(206,245)	(296,335)	(90,090)
Service Expenditure		13,842,000	16,739,600	4,979,408	4,444,165	(535,243)
Parish Precepts		688,200	688,200	688,200	687,965	(235)
Total		14,530,200	17,427,800	5,667,608	5,132,130	(535,478)
Transfers to/(from) Reserves						
Cremator Replacement Reserve		0	31,000			
Carry Forward Reserve		0	(22,300)			
Revenue Grants Reserve		0	(443,800)			
General Fund Reserve		(456,100)	(960,700)			
Planning Services Reserve		0	(13,700)			
Flood Reserve		0	(1,944,200)			
Total Transfer to/(from) Reserves		(456,100)	(3,353,700)	(2,149,083)	(1,233,985)	915,098
Financed by:						
Precept from Collection Fund		(8,205,200)	(8,205,200)	(2,051,300)	(2,051,195)	105
Business Rate Retention		(5,868,900)	(5,868,900)	(1,467,225)	(1,846,950)	(379,725)
Total Grants		(14,074,100)	(14,074,100)	(3,518,525)	(3,898,145)	(379,620)
Total		(14,530,200)	(17,427,800)	(5,667,608)	(5,132,130)	535,478

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. The main variances are also summarised in the table below.

Budget Area		Underspend £	Overspend £
Bereavement Services	B1	(87,276)	0
Car Parking Income	B1	0	275,600
Leisure Contract	B1	0	147,240
Recycling & Waste Services	B1	(71,775)	0
Building Control Fee Income	B3	0	48,633
Loan Interest (including new borrowing)	B4	(626,373)	0
Investment Interest Received	B4	(46,319)	0
Homeless Accommodation	B5	0	90,584
Other Rental Properties Income	B5	(82,497)	0
Salary Turnover Savings	B6	(157,143)	0
Inflation Savings still to find	B6	0	54,200

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 the following virements are proposed for recommendation to Council for approval:

Virement from:

Savings on borrowing interest from Stock Issue £469,300

Increased salary turnover savings £170,700

- 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 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.
- Higher than expected returns to date on Investments due to higher cash balances.
- Increased income position from Other Properties to date due an invoice raised to recover backdated insurance income, however rental income is underachieved and the anticipated year end position will be an overall shortfall in income.
- An overspend of £1,069 on expenditure on Homeless Accommodation and a shortfall in income of £89,515. 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.
- Additional salary turnover achieved against the budget to date.
- A balance of £54,200 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 June 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	25,958	25,958
Covid-19 Related	B7	0	544,000	136,164	(871,552)	(1,007,716)
Covid-19 Grants	B7	0	0	0	(3,742,000)	(3,742,000)
Total Exceptional Items		0	544,000	136,164	(4,587,594)	(4,723,758)
Transfer to/(from) Reserves						
General Fund Reserve		0	(544,000)			
Total Transfer to/(from Reserves)		0	(544,000)			

2.7 Further details for each 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 June 2020 of savings achieved against the budget savings targets to date.

Savings Target	Target (£)	Achieved (£)	(Overachieved) /Outstanding (£)
Inflation savings	100,000	45,800	54,200
Net Recurring position 2020/21	100,000	45,800	54,200
To be found from 2021/22 onwards	1,000,000	0	1,000,000
Total Net Recurring position 2021/22	1,100,000	45,800	1,054,200

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 – further government support through emergency funding and the new funding package in relation to the additional funds and a co-funding process for loss of income on sales, fees and charges.

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 announced and allocated initially £3.2bn of emergency funding to local authorities to:

- Provide additional support for the homeless and rough sleepers, including where self-isolation is needed.
- Meet pressures across other services, as a result of reduced income, rising costs or increased demand.

4.1.2 The Council received £58,738 on 27th March from tranche 1 (£1.6bn) and £1,073,081 on 14th May from tranche 2 (£1.6bn), so £1,131,819 in total, which will be allocated across affected services.

4.1.3 A new comprehensive funding package for Councils has since been announced to help address coronavirus pressures and to cover lost income during the pandemic; although detailed guidance is still awaited, the support package covers:

- A further £500million of funding to cover local authority spending pressures;
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income;
- Phased repayment of Collection Fund deficits over the next 3 years;
- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

The Council received £196,335 from this recent £500million allocation, but as yet no details of how the compensation for the loss of Sales Fees and Charges has been received. 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 31st July 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 three months April to June 2020 as a total potential cost to the Council of £1,217,243; however, once additional income and cost savings in those areas affected are taken into account, the actual losses shown to the end of June in the budget monitoring (above) is £778,179.

4.1.5 The full-year impact for 2020/21 still has to be assessed with initial estimates indicating a potential annual cost of up to £3.7million. This excludes the impact of any cost savings or additional income generated which should be netted off this figure and doesn't reflect any receipt of any compensation payment for losses of Sales, Fees and Charges, nor does it reflect the impact on the Collection Fund.

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 shown in the following table, and these will continue to be monitored to assess the financial impact on cash flow, bad debts and the potential for year-end deficits.

To: June 2020		Collected £	% of Amount Collectable %
2020/21	Council Tax NNDR	18,885,338 6,493,519	28.22 28.27
Total		25,378,857	28.23
2019/20	Council Tax NNDR	18,583,582 13,667,431	29.07 31.14
Total		32,251,012	29.92
2018/19	Council Tax NNDR	17,467,897 14,038,501	29.07 31.21
Total		31,506,398	29.98

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 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 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 has not yet been completed due to the deadline for NNDR3 being pushed back and the figures presented are as per initial estimates submitted in January 2020 and are shown in **Appendix D**.

The figures show that based on NNDR1 (prepared in January 2020), the Council may receive an extra £379,725 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 June 2020	Note
Investments	£29.71m	£21.19m	(i)
Loans	£28.78m	£13.78m	(ii)
Debtors System	£1.67m	£2.13m	(iii)
Creditors System	£0.00m	£0.23m	

- (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.
- (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 June 2020 has been calculated and, at 1.08%, is well below the 5% limit set by

HMRC. However, this will increase as expenditure is incurred on the capital programme especially on VAT exempt activities, however mitigating issues have been put in place i.e. opting to tax the Civic Centre.

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 £176,582.75 have been written off during Quarter 1 to the end of June 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	7,633.34
Council Tax (Collection Fund)	29,326.16
NNDR	139,623.25
Total Write-offs	176,582.75

- 7.2 The “write-ons” itemised in Table 2 in **Appendix E**, totalling £2,397.93, are in respect of balances originally written off that have since been paid. The write-ons will be credited as follows:

	£
General Fund	6.77
Council Tax (Collection Fund)	2,066.03
NNDR	325.13
Total Write-ons	2,397.93

- 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 3 September 2020.

10. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 10.1 The Executive is asked to:
- (i) Note the budgetary performance position of the Council to June 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 virements of £640,000 as detailed in paragraph 2.4 to fund the Leisure Contract variation.

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 first quarter of 2020/21 shows the delivery of these priorities within budget.

Contact Officer: Emma Gillespie

Ext: 7289

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

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 JUNE 2020

Date	Virement Details	Recurring/ Non-recurring	Value	Authorised By
Requested by Officers (under £35,000 or delegated authority)				
23/07/2018	Release of funding from Carry Forward Reserve to fund fixed term Planning post	Non-recurring	16,300	Corporate Director of Finance and Resources
01/05/2020	Release of funding from Planning Services Reserve for additional staffing resource	Non-recurring	38,200	OD.76/20 Corporate Director of Economic Development
05/06/2020	Release of funding from Revenue Grant Reserve for Supporting People	Non-recurring	102,300	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Domestic Abuse Victim Support	Non-recurring	99,700	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Rough Sleeping Initiative	Non-recurring	68,300	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Rapid Rehousing Pathway	Non-recurring	42,300	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Homelessness Prevention & Accommodation	Non-recurring	13,100	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Homelife	Non-recurring	22,000	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for St Cuthbert's Garden Village	Non-recurring	45,700	Corporate Director of Finance and Resources
05/06/2020	Release of funding from Revenue Grant Reserve for Regeneration Projects	Non-recurring	37,000	Corporate Director of Finance and Resources
16/06/2020	Release of funding from Revenue Grant Reserve for One Public Estate	Non-recurring	9,900	Corporate Director of Finance and Resources
26/06/2020	Release of funding from Carry Forward Reserve for One Public Estate	Non-recurring	6,000	Corporate Director of Finance and Resources
02/07/2020	Release of funding from Revenue Grant Reserve for Affordable Housing	Non-recurring	3,500	Corporate Director of Finance and Resources
Approved by Executive (£35,000 to £70,000 or delegated authority)				
Approved by Council (over £70,000)				
14/07/2020	Revenue carry forwards from 2019/20 into 2020/21	Non-recurring	811,000	Council RD13/20
14/07/2020	Release of Flood Reserve to fund Civic Centre Development	Non-recurring	1,944,200	Council RD 14/20
14/07/2020	Reallocation of additional funding from Business Rates to fund Civic Centre Development	Non-recurring	237,600	Council RD 14/20

REVENUE BUDGET MONITORING 2020/21

COMMUNITY SERVICES	Gross Expenditure	Gross Income	Recharges	Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	18,299,900	(5,327,400)	(2,819,300)	10,153,200
Budget to date	4,294,809	(1,378,086)	(814,815)	2,101,908
Total Actual	4,171,775	(1,071,379)	(768,857)	2,331,539
Variance	(123,034)	306,707	45,958	229,631
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(123,034)	306,707	45,958	229,631

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Car Parking	1	(29,336)	285,492	54	256,210
Bereavement Services	2	(7,635)	(79,725)	84	(87,276)
Healthy Cities	3	90,564	18,636	0	109,200
Other Green Spaces	4	(37,975)	62,672	79	24,777
Recycling and Waste Services	5	(40,446)	(29,081)	(2,248)	(71,775)
Miscellaneous	6	(98,206)	48,712	47,989	(1,505)
Total Variance to date		(123,034)	306,707	45,958	229,631

Note	Community Services - Comments
1.	Various minor underspends; Shortfall in ticket income, contract income and penalty charge notice income.
2.	Various minor underspends; increased cremation fee income.
3.	An overspend on the Leisure contract due to a variation to contract;
4.	Savings on supplies and services offset by shortfall in income received due to sites being closed as a result of the Covid-19 restrictions.
5.	Underspends on transport costs; surplus income from plastic and card recycling.
6.	Minor underspends, shortfall in income and 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 June 2020	£	£	£	£
Annual Budget	6,577,700	(1,427,500)	(3,551,900)	1,598,300
Budget to date	2,117,911	(746,727)	(889,034)	482,150
Total Actual	2,064,191	(686,176)	(888,062)	489,953
Variance	(53,720)	60,551	972	7,803
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(53,720)	60,551	972	7,803

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Revenues and Benefits	1	(41,081)	40,676	116	(289)
Miscellaneous	2	(12,639)	19,875	856	8,092
Total Variance to date		(53,720)	60,551	972	7,803

Note	Corporate Support - Comments
1.	Underspends on employee related and supplies and services; 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 June 2020	£	£	£	£
Annual Budget	3,478,200	(1,005,200)	(493,800)	1,979,200
Budget to date	872,945	(277,774)	(123,601)	471,570
Total Actual	883,061	(209,321)	(123,450)	550,290
Variance	10,116	68,453	151	78,720
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	10,116	68,453	151	78,720

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Business Interaction Centre	1	31,044	(7,575)	0	23,469
Development Control	2	(6,343)	31,364	0	25,021
Building Control	3	(8,633)	48,633	0	40,000
Miscellaneous	4	(5,952)	(3,969)	151	(9,770)
Total Variance to date		10,116	68,453	151	78,720

Note	Economic Development - Comments
1.	Overspend on monthly running costs which do not have budgets identified; increase in income.
2.	Underspend on advertising; shortfall in fee income.
3.	Underspend on employee related salary expenditure; shortfall in fee income received.
4.	Minor underspends 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 30 June 2020	£	£	£	£
Annual Budget	23,179,700	(18,467,900)	(3,320,200)	1,391,600
Budget to date	6,993,134	(4,614,166)	(633,528)	1,745,440
Total Actual	6,341,002	(4,662,524)	(633,521)	1,044,957
Variance	(652,132)	(48,358)	7	(700,483)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(652,132)	(48,358)	7	(700,483)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Treasury and Debt Management	1	(625,369)	(46,319)	0	(671,688)
Miscellaneous	2	(26,763)	(2,039)	7	(28,795)
Total Variance to date		(652,132)	(48,358)	7	(700,483)

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 surplus 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 June 2020	£	£	£	£
Annual Budget	11,003,800	(5,753,800)	(3,620,000)	1,630,000
Budget to date	2,956,530	(1,665,901)	(906,044)	384,585
Total Actual	2,836,326	(1,645,852)	(866,713)	323,761
Variance	(120,204)	20,049	39,331	(60,824)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(120,204)	20,049	39,331	(60,824)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Buildings & Facilities Services	1	(46,566)	(10,165)	38,801	(17,931)
Other Rental Properties	2	10,112	(82,497)	0	(72,385)
Homeless Accommodation	3	1,069	89,515	0	90,584
Miscellaneous	4	(84,818)	23,196	530	(61,092)
Total Variance to date		(120,204)	20,049	39,331	(60,824)

Note	Governance & Regulatory Services - Comments
1.	Underspend on premises expenditure; additional rental income; 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.	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 30 June 2020	£	£	£	£
Annual Budget	1,663,300	(1,676,000)	0	(12,700)
Budget to date	166,830	(373,075)	0	(206,245)
Total Actual	77,987	(374,322)	0	(296,335)
Variance	(88,843)	(1,247)	0	(90,090)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(88,843)	(1,247)	0	(90,090)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Other Financial Costs	1	(103,318)	(1,247)	0	(104,565)
Miscellaneous	2	14,475	0	0	14,475
Total Variance to date		(88,843)	(1,247)	0	(90,090)

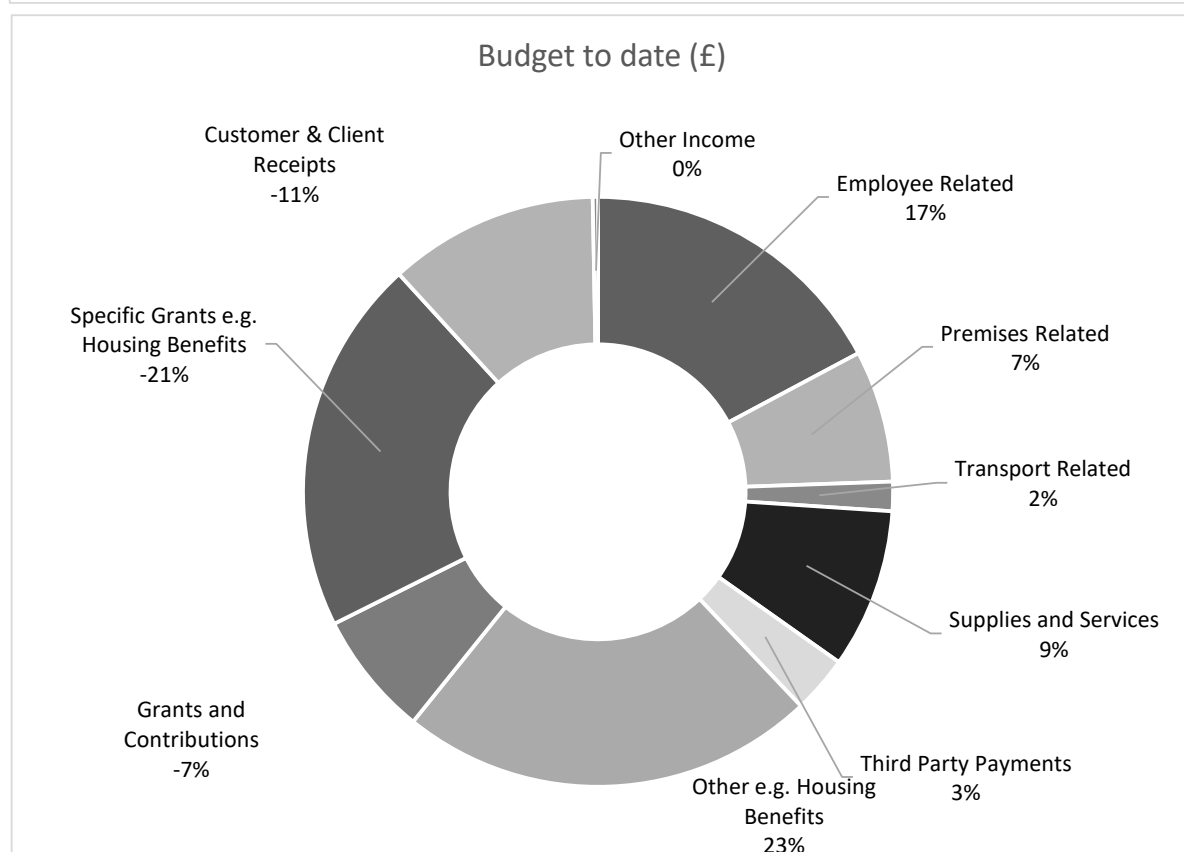
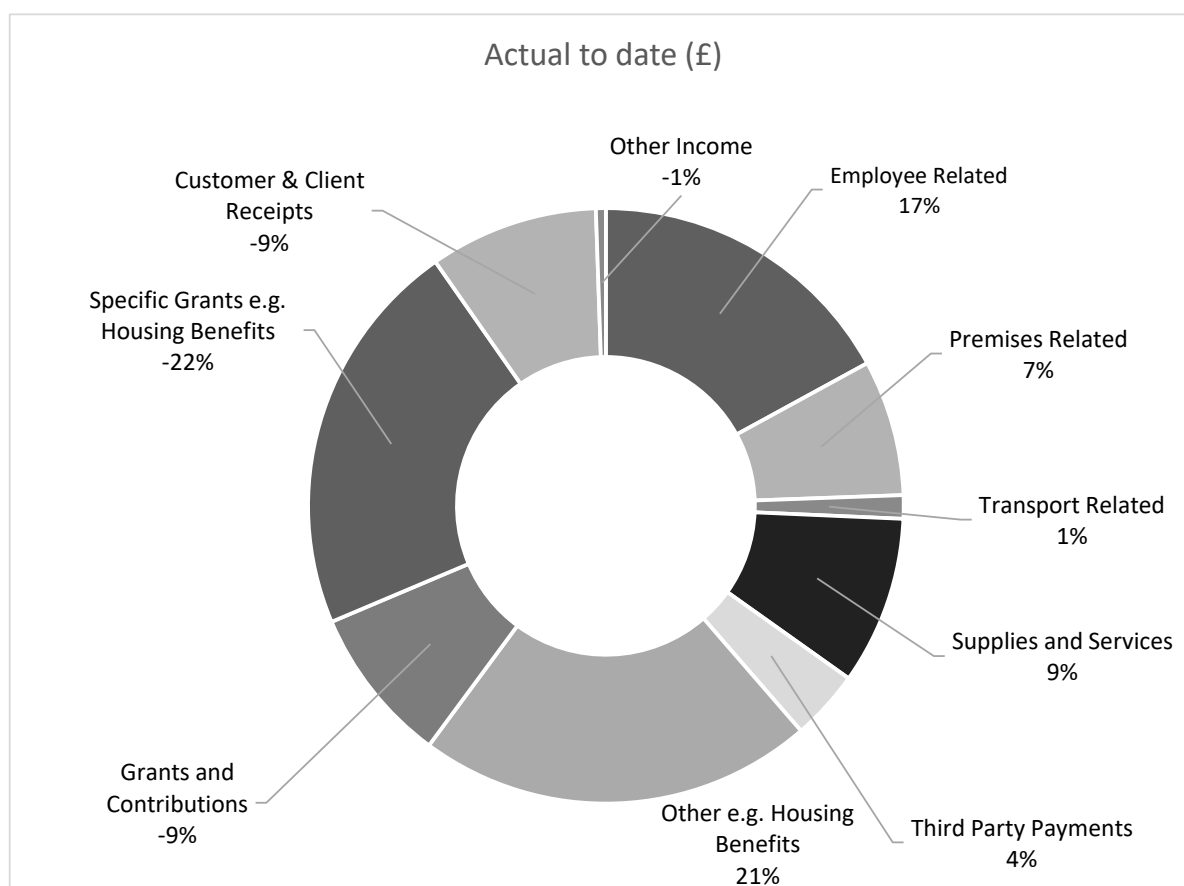
Note	Corporate Management - Comments
1.	Improvements in savings for Salary Turnover (£157,143) and shortfall in inflation savings to be found (£54,200).
2.	Minor overspends across other services within the Directorate.

REVENUE BUDGET MONITORING 2020/21

EXCEPTIONAL ITEMS	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	30,576,000	(30,032,000)	0	544,000
Budget to date	30,168,164	(30,032,000)	0	136,164
Total Actual	26,518,207	(31,105,801)	0	(4,587,594)
Variance	(3,649,957)	(1,073,801)	0	(4,723,758)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(3,649,957)	(1,073,801)	0	(4,723,758)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Corona Virus	1	66,085	(1,073,801)	0	(1,007,716)
Corona Virus - Grants	2	(3,742,000)	0	0	(3,742,000)
Flood Recovery	3	25,958	0	0	25,958
Total Variance to date		(3,649,957)	(1,073,801)	0	(4,723,758)

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) still to be paid out.
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 (Draft)	2020/21 NNDR1	2020/21 Q1
Local Share of Income (Per NNDR1)	(16,465,732)	(17,018,157)	(17,018,157)
Renewables (Per NNDR1)	(355,377)	(376,067)	(376,067)
Renewables Bfwd (NNDR3 Previous Year)	(54,492)	4,686	4,686
Enterprise Zone (Per NNDR1)	(163,714)	(297,594)	(297,594)
Tariff (Per Final Settlement)	12,367,342	12,568,847	12,568,847
Section 31 Grants (reimbursement of funded reliefs)	(1,898,342)	(1,986,378)	(1,986,378)
Section 31 Grants (Flooding)	15,318	0	0
Estimated Collection Fund Deficit/(Surplus) per NNDR1	(180,188)	216,038	216,038
Levy Account Surplus	(11,118)	0	0
Levy Payable to Pool	1,043,367	1,450,000	1,450,000
Pool Redistribution	(616,000)	(810,000)	(810,000)
Total Income	(6,318,936)	(6,248,625)	(6,248,625)
Budget			
Baseline Funding	(3,388,600)	(3,468,900)	(3,468,900)
Additional Rates Income - Pooling/Growth	(2,484,300)	(2,400,000)	(2,400,000)
Total Budget	(5,872,900)	(5,868,900)	(5,868,900)
Additional Income retained	(446,036)	(379,725)	(379,725)

Note: due to the deadline for NNDR3 being pushed back, quarter 1 monitoring as not yet taken place and the figures reported are as per NNDR1.

BAD DEBT PROVISION

TABLE 1		Write-Offs June 2020		
Type of Debt	No.	£	Comments	
NNDR (General)	6	139,623.25	01/04/20 to 30/06/20	
Council Tax	33	29,326.16	01/04/20 to 30/06/20	
Debtors:				
Private Tenants	0	0.00	01/04/20 to 30/06/20	
Housing Benefit Overpayments	20	7,406.28	01/04/20 to 30/06/20	
General Fund	7	61.06	01/04/20 to 30/06/20	
Penalty Charge Notices:				
On Street	0	0.00	01/04/20 to 30/06/20	
Off Street	2	166.00	01/04/20 to 30/06/20	
TOTAL	68	176,582.75		

TABLE 2		Write-Ons June 2020		
Type of Debt		£	Comments	
NNDR (General)	7	325.13	01/04/20 to 30/06/20	
Council Tax	12	2,066.03	01/04/20 to 30/06/20	
Debtors:				
Private Tenants	0	0.00	01/04/20 to 30/06/20	
Housing Benefit Overpayments	0	0.00	01/04/20 to 30/06/20	
General Fund	3	6.77	01/04/20 to 30/06/20	
TOTAL	22	2,397.93		

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 17 AUGUST 2020

EX.96/20 **REVENUE BUDGET OVERVIEW AND MONITORING REPORT – APRIL TO JUNE 2020**
(Non Key Decision)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader submitted report RD.20/20, the purpose of which was to provide an overview of the Council's overall budgetary position for the period April to June 2020 for revenue schemes only, together with details of the impact of COVID-19 on the revenue budget. The budgetary position as at June 2020 showed an updated Budget totalling £17,427,800.

The Deputy Leader highlighted, in particular, some of the significant service expenditure and income variances identified at paragraph 2.4.

Section 3 recorded that the Council's financial position was affected by a number of external factors which would have a financial impact during the course of the year and ultimately at the year-end. The Council's financial position would continue to be closely monitored and the likely year end position would be reported more fully in a future monitoring report. It would be important to maintain a prudent approach so as to ensure a sustainable position for future years and to avoid any significant variance at the year end.

In conclusion, the Deputy Leader moved the recommendations set out in the report, which were seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

1. Noted the budgetary performance position of the Council to June 2020;
2. Noted the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6 of Report RD.20/20;
3. 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.

4. Make recommendations to Council to approve virements of £640,000 as detailed in paragraph 2.4 to fund the Leisure Contract variation

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