

## **REPORT TO EXECUTIVE**

Date of Meeting: 6 October 2020

## **REPORT TO COUNCIL**

Date of Meeting: 20 October 2020

Report of: Director Finance

Title: Overview of General Fund Revenue Budget 2020/21 – Quarter 1

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

#### **1. What is the report about?**

To advise Members of the overall financial position of the General Fund Revenue Budgets for the 2020/21 financial year after three months.

#### **2. Recommendations:**

It is recommended that Members of the Executive note the report and Council notes and approves (where applicable):

- i. The General Fund forecast financial position for the 2020 financial year;
- ii. The self-financing supplementary budgets as detailed in paragraph 8.7;
- iii. The outstanding Sundry Debt position as at June 2020; and
- iv. The creditors payments performance

#### **3. Reasons for the recommendation:**

To formally note the Council's projected financial position and to approve additional expenditure required during the financial year.

#### **4. What are the resource implications including non financial resources.**

The impact on the General Fund working balance is set out in section 8.8.

The General Fund Working Balance is projected to stand at £5.340 million at year end.

#### **5. Section 151 Officer comments:**

The projected financial position is set out against the emergency budget approved in July 2020 and shows an improved position for a number of reasons. It is important for members to be cautious over this projection given the fluctuations that can be expected over the winter as the risk of restrictions being imposed remains possible.

Additionally as noted in the emergency budget there are further unbudgeted pressures likely to arise throughout the year, including the pay award, which has now been agreed and will add a further £161,000 to the cost of services. This along with other pressures will offset the improved position shown in the report.

## 6. What are the legal aspects?

Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

## 7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

## 8. Report details:

### Overview of General Fund Revenue Budget 2020/21 – Quarter 1

#### 8.1 Financial Summary

FUND	Planned Transfer To / (From) Working Balance	Budget Variance Over / (under)	Outturn Transfer 2020/21
	£	£	£
General Fund	(1,365,490)	849,082	(516,408)

#### 8.2 General Fund (Appendix 1 & Appendix 2)

The current Service forecasts show an overall projected underspend of £498,580 against a revised net expenditure budget of £22,437,530. This includes supplementary budgets of £1,198,760 already agreed by Council (21 July 2020). Variances of more than +/- £30,000 are detailed below:

#### 8.3 **Communications, Tourism & Culture**

Budget Heading	Over / (Underspend)
Visitor Facilities	(£139,510)
<p><b>Responsible Officer: Facilities &amp; Markets Manager</b></p> <p>A detailed review building on the 'headlines' of the Emergency Budget has identified achievable savings in items usually purchased for resale that will not be required if visitor numbers do not pick up.</p>	

## 8.4 Environment and City Management

Budget Heading	Over / (Underspend)
<b>Parking Services</b>	<b>(£574,420)</b>
<p><b>Responsible Officer: Waterways, Parking and Enforcement Service Manager</b></p> <p>Parking income recovered better than expected over the summer. Rates refunds are due for Mary Arches and John Lewis as a result of closures, and there are savings on Pay by Phone charges as a result of the reduced usage and change in provider from September 2020.</p>	
<b>Parks and Green Spaces</b>	<b>£154,340</b>
<p><b>Responsible Officer: Public &amp; Green Spaces Service Manager</b></p> <p>Additional costs of re-opening and increased cleaning of play areas in compliance with government guidance.</p>	
<b>Cleansing Chargeable Services</b>	<b>(£198,620)</b>
<p><b>Responsible Officer: Cleansing and Fleet Service Manager</b></p> <p>The underspend is primarily due to the income budgets on MRF Commercial work being moved to Recycling. There is a saving on the budgeted costs as there is no further planned activity this year due to the fall in value of recyclate and the unreliability of the MRF. Green waste has generated more income than expected.</p>	
<b>Cleansing Overheads</b>	<b>£47,100</b>
<p><b>Responsible Officer: Cleansing and Fleet Service Manager</b></p> <p>There is a projected overspend due to unforeseen ongoing expenditure on drain clearance in order to satisfy South West Water requirements, and re-surfacing works.</p>	
<b>Recycling</b>	<b>£319,520</b>
<p><b>Responsible Officer: Cleansing and Fleet Service Manager</b></p> <p>Recycling income is forecast to overspend due to the removal of MRF commercial income budgets, which it was hoped would subsidise other activity. When the MRF is unavailable we incur gate fees and haulage costs to transfer materials to other sites.</p>	
<b>Corporate Property - Energy</b>	<b>(£41,730)</b>
<p><b>Responsible Officer: City Surveyor</b></p> <p>Capitalised salary costs relating to the Smart Grid and Storage Project at Water Lane, which was not included in the original revenue budget due to delays in project initiation.</p>	

## 8.5 City Solicitor & Head of HR

Budget Heading	Over / (Underspend)
Corporate Support	(£35,600)
<p><b>Responsible Officer: Corporate Manager Democratic and Civic Support</b></p> <p>The National Non Domestic Rates charge is less than budgeted. Expenditure on printing, stationery and postage costs is expected to be less than budgeted.</p>	

## 8.6 Other Financial Variations

Budget Heading	Over / (Underspend)
Net Interest	(£115,000)
<p>Based on current Cashflow, it is unlikely that additional borrowing will be required, which has offset the reductions in interest received as a result of lower interest rates.</p>	
Covid 19 Grant	(£205,992)
<p>A further award of funding from Central Government to support Councils has been made.</p>	

## 8.7 General Fund Balance

In 2020/21 it is projected that there will be an overall net contribution from the General Fund Balance of £516,408. The minimum requirement for the General Fund working balance was approved by Council in February 2020 at £3m.

Movement	2020/21
Opening Balance, as at 01/04/20	£5,856,249
Deficit	(£516,408)
<b>Projected Balance at Year End</b>	<b>£5,339,841</b>

## 8.8 Supplementary Budgets & Budget Transfers

It is proposed that the self-financing supplementary budgets identified in Appendix 3 are approved and added to the 2020/21 budget.

This will have no impact on the projected General Fund working balance.

Appendix 4 also lists proposed budget transfers which have been identified where budgets need to be transferred from one service area to another.

## 8.9 Outstanding Sundry Debt

An aged debt analysis of the Council's sundry debts is shown in the table below.

Age of Debt	March 2019	March 2020	June 2020
Up to 29 days (current)	£1,356,559	£2,399,454	£2,119,464
30 days – 1 Year	£1,613,514	£1,530,103	£2,851,081
1 – 2 years	£647,966	£451,358	£790,527
2 – 3 years	£617,436	£550,482	£517,110
3 – 4 years	£511,466	£276,837	£258,803
4 – 5 years	£275,815	£417,580	£310,581
5 + years	£583,089	£752,772	£892,746
<b>Total</b>	<b>£5,605,845</b>	<b>£6,378,586</b>	<b>£7,740,315</b>

#### 8.10 Debt Write-Offs

The following amounts have been written-off during 2020/21:

	2019/20 Total	2020/21 (Qtr 1)
• Council Tax	£268,615	£2,492
• Business Rates *	£1,924,524	£0
• Sundry Debt	£36,552	£32
• Housing Rents	£74,727	£51,138
• Non-HRA Rents	£91,418	£34,792
• HB Overpayments	£153,310	£32,611

\* Business Rate write offs dealt with annually

#### 8.11 Creditor Payments Performance

Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 97.09% for the first three months of 2020/21 compared with 95.09% for 2019/20.

#### 9. How does the decision contribute to the Council's Corporate Plan?

This is a statement of the projected financial position to the end of the 2020/21.

#### 10. What risks are there and how can they be reduced?

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. Members have a legal responsibility to take action where balances are projected to reach an unsustainable level and the Strategic Management Board are working to address the current projected shortfall in reserves.

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks are attached as Appendix 4, for reference.

#### 11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;

- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 There are no significant equality and diversity impacts associated with this decision.

## **12. Carbon Footprint (Environmental) Implications:**

There are no direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

Not applicable.

Dave Hodgson, Director Finance

### **Authors:**

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## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

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