2020/21 BUDGET MONITORING

AREAS OF BUDGETARY RISK

The table below notes service-areas that, based on either experience last year or market factors this year, have been identified as having significant budgetary risk within the 2020/21 revenue budgets.

The revenue budget areas of risk are:

Service	20/21 Approved Budget	Risk Rating	Risk and mitigation
Strategic Housing, City Development, Housing Needs & Homelessness, Customer Services, Welfare Reform, Revenues, Benefits & Business Rates			
Planning Services Revenue	£751,340		There has been a number of recent planning decisions which have been appealed. This generally results in a need for external consultancy and legal advice. Significant expenditure has been incurred in this area in previous financial years.
Revenues and Benefits Housing Benefit Subsidy	£36,696,810		The Council currently administers over £36 million of Housing Benefit payments for rent allowances and rent rebates. Not all expenditure can be claimed back as subsidy. Certain supported and temporary accommodation costs are not eligible for full subsidy; these claim types will remain in Housing Benefit and not move to Universal Credit. As more Housing Benefit claims move onto Universal Credit the amount of unsubsidised expenditure will be an increased proportion of total expenditure. Errors made by ECC officers are not subsidised in full if they go over a set percentage of total expenditure. As total expenditure reduces due to Universal Credit rollout, the margins within which error payments are subsidised will reduce, increasing the risk of a subsidy loss in this area.
Communications, Tourism & Culture			
Markets & Halls Revenue	£50,350		Income is from entrepreneurial activities at Matford and the Corn Exchange such as car boot sales and shows and concerts, so there has been significant impact from the coronavirus pandemic. Full-year outturn is therefore subject to many unpredictable factors.
Visitor Facilities	£396,490		The Service makes a small contribution from commission on ticket sales etc. for visitors, and so there is an element of budgetary risk around predicting demand.

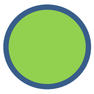
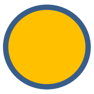
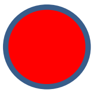
Service	**20/21 Approved Budget**	**Risk Rating**	**Risk and mitigation**
Environment and City Management			
Children's Play Areas	£387,810		Compliance with the Government guidance regarding the re-opening and ongoing cleaning of play areas is costing significant additional costs. Some of this is one off costs such as signage and removal of some equipment to enable social distancing, and some is ongoing as agency staff are required to clean each play area daily. It is assumed that this will need to remain in place for the rest of the financial year.
Recycling Revenue	(£428,220)		Due to the fall in prices for recyclate and issues with the Materials Reclamation Facility, no further commercial work is planned from June onwards unless the situation improves. When setting the budgets it was anticipated that this would be a substantial source of income, so although there will be some associated cost savings this will result in a significant net loss. There have also been significant agency costs to cover for long term sickness within the team.
Exton Road Overheads	£95,080		There have been significant costs incurred including re-surfacing works and drain clearance. These are required for Health & Safety reasons and to comply with South West Water requirements respectively. It was anticipated that ECC would share a Fleet Manager with MDDC which would have generated savings, but this has not been possible.
Corporate Property – Estates Rental Income	(£3,638,950)		For the Emergency Budget the assumption was made that 75% of budgeted income would be received in the year. Analysis of outstanding debts from March and June confirms that 23% of the budgeted income is at risk, and the value of rent concessions made to date is low. However as many tenants are currently being supported through government initiatives such as business grants and furloughing of staff, the impact of COVID 19 on rental income will not be known until later. Commercial rents will not be covered under the Local government income compensation scheme for lost sales, fees and charges. Income levels will continue to be monitored and the issue flagged to senior management if material issues are identified.

Service	20/21 Approved Budget	Risk Rating	Risk and mitigation
Car Parking Revenue	(£4,418,700)		As a result of COVID 19 car parking income has dramatically fallen against the original budget. The Emergency Budget agreed in July was based on predictions of approximately half the budgeted income being received. It was estimated that Q1 would achieve only 5% of the original profiled budget, rising to 30% in Q2, 70% in Q3, and increasing to 90% in Q4 as there was expected to be some long term impact on commuter and visitor parking. During the summer car parking income exceeded predictions, however this has declined during September and October and now with the second lockdown it is unlikely that the emergency budget income levels will be achieved. The remainder of the year is very difficult to predict but we have anticipate a significant reduction before Christmas assuming that the lockdown is lifted after four weeks, and 60% of the original budget in Q4. There are some cost savings as a result, and we are claiming for 75% of the eligible losses under the Sales, Fees and Charges compensation scheme.
Director – Corporate Services			
Civic Centre Rents	(£370,110)		At the time the estimates for 2020/21 were prepared, plans to let out the remaining space in Phase I of the Civic Centre were expected to increase rental income by £300,000 to £470,110. These plans have been delayed due to COVID19. When preparing the emergency budget in July 2020, it was recognised that the target would not be achievable so the budget was reduced by £100,000. Only one new lease had been agreed at 31 August 2020; it is therefore possible that even the reduced rental income budget will not be achieved. The position will be reviewed for the Quarter 2 monitoring report

Risk Rating Key:

Areas Of Budgetary Risk

APPENDIX 4

	Current forecasts indicate either a favourable variance compared to the budget or no variance at all
	Current forecasts indicate an adverse budgetary variance of between 0% and 5% that will be kept under review
	Current forecasts indicate an adverse budgetary variance of more than 5% and will be monitored closely