

REPORT TO	ON
CABINET	Wednesday, 16 September 2020



TITLE	PORTFOLIO	REPORT OF
Budget Monitoring Quarter 1 2020-21	Cabinet Member (Finance, Property and Assets)	Deputy Director of Finance (Section 151 Officer)

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

PURPOSE OF THE REPORT

1. This report explains the Council's overall financial position for quarter 1 of the financial year 2020-21. Note: Throughout the report most figures are quoted to the nearest £1,000. Some totals may appear incorrect by £1,000 or even £2,000 because individual figures have been rounded, but every total is correctly stated to the nearest £1,000.

PORTFOLIO RECOMMENDATIONS

2. Cabinet notes, reviews and comments on the contents of this report including the forecast £29,000 underspend in 2020/21.
3. Cabinet approves the allocation of the £150,000 staffing savings target and the £37,000 residual shared services savings target against the £499,000 forecast staffing underspend.
4. Cabinet approves the use of general reserves for one-off increases to the revenue budget in relation to the following items:
 - a) Dial-a-ride £20,000
 - b) IDOX Enterprise and Capability Review £26,000
 - c) Extra Care preparatory work £50,000
5. Cabinet approves the re-profiled budgets for the capital programme, which reflects forecasted underspend against the existing budgets, as detailed in Appendix C.

EXECUTIVE SUMMARY

6. The overall forecast for 2020/21 for the revenue budget is a net surplus of £29,000. A summary of the variances by directorate is shown in Table 1, and a detailed list of the main variances within each directorate is shown in Table 2.
7. In addition, it is requested that £67,000 (Table 3) is allocated against the current general fund balance of £4.239m leaving £4.172m remaining. It should be noted that this use of the general fund will be reviewed throughout the financial year and may not be required if further underspends are identified in 2020/21.
8. The forecasts for staffing costs are an overall saving of £499,000. It is recommended to allocate the full £150,000 staffing savings target. Also, it is recommended to allocate an

additional £37,000 from the areas of forecasted underspending to cover the deficit against the shared services savings figure.

9. The report outlines the impact Covid-19 has had on the budget in 2020/21 including the additional grant funding received and the management of the business grant schemes.
10. The total capital spend including commitments in 2020/21 is £2.768m, which is 29% of the total budget of £9,614. Appendix C gives the details for individual schemes and the revised forecasts, both for 2020/21 and the following 3 years.

CORPORATE OUTCOMES

11. The report relates to the following corporate priorities:

Excellence, Investment and Financial Sustainability	✓
Health, Wellbeing and Safety	✓
Place, Homes and Environment	✓

Projects relating to People in the Corporate Plan:

Our People and Communities	✓
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BACKGROUND TO THE REPORT

12. The 2020/21 budget and Medium-Term Financial Strategy (MTFS) 2020/21 to 2023/24 was approved by full Council on 26th February 2020.
13. The net cost of services for the revenue budget was £14.677m. The budget included an overall transfer from reserves of £111,000.
14. The capital programme totalled £57.600m over the next 4 financial years, with a total budget of £10.094m in 2020/22.

INFORMATION

A) Revenue Budget and Forecast Summary

15. Table 1 below summarises by directorate the revenue budgets and forecasts.
16. Following the expansion of shared services, the directorates within the revenue budget has been reorganised to match the new senior management structure.
17. The overall forecast is a surplus of £29k against the funding requirement. Table 2 below lists the main variances within particular service areas for each directorate.

Table 1: Revenue Budget Summary

	Original Budget £'000	Current Budget £'000	Forecast at Quarter 1 £'000	Forecast Variance £'000
Corporate	496	324	304	(20)
Neighbourhoods & Development	7,230	7,230	7,132	(98)
Planning & Property	701	701	973	272
Customer & Digital	2,394	2,394	2,246	(148)
Governance	1,757	1,697	1,653	(44)
Finance	754	717	679	(38)
Communications & Visitor Economy	203	252	252	0
Transformation & Partnerships	512	638	628	(10)
Pensions Deficit Contributions	25	25	25	0
Savings Targets	(305)	(187)	0	187
Forecast Additional CV-19 Expenditure	0	0	2,259	2,259
Net Cost of Services	13,767	13,791	16,151	2,360
Interest payable / (receivable)	649	649	649	0
Parish Precepts	(170)	(170)	(170)	0
Provision for repayment of debt	432	432	432	0
Funding Requirement	14,677	14,702	17,062	2,360
<u>Funding:</u>				
Council Tax	(8,596)	(8,596)	(8,596)	0
New Homes Bonus – City Deal	(525)	(525)	(525)	0
New Homes Bonus – SRBC	(135)	(135)	(135)	0
Retained Business Rates	(3,715)	(3,715)	(3,715)	0
Section 31 grants (mainly business rates)	(1,595)	(1,595)	(1,595)	0
CV-19 Funding	0	0	(2,389)	(2,389)
Total Funding	(14,566)	(14,566)	(16,955)	(2,389)
Net Contribution (To) / From Reserves	111	136	107	(29)

Table 2: Revenue Forecasted Variations Within Directorates

Details	Forecasted Over / (Under-) Spend or Income Deficit / (Surplus) £'000
Corporate	
Staffing Costs	(20)
Neighbourhoods & Development	
Staffing Costs	(125)
Car Parking reduced income	92
Sports Coaching surplus income	(100)
Garden Waste surplus income	(57)
Other income variations - net deficit (see Table 5)	198
Government support	(106)
	(98)
Planning & Property	
Staffing Costs	(77)
Investment Property reduced rental income	316
Other income variations (see Table 5)	33
	272
Customer & Digital	
Staffing Costs	(148)
Governance	
Staffing Costs	(81)
Income Deficit (see Table 5)	93
Government support	(56)
	(44)
Finance	
Staffing Costs	(38)
Communications & Visitor Economy	
No major variances	-
Transformation & Partnerships	
Staffing Costs	(10)
Budgets Not In Directorates	
Pension Contributions (note 2)	-
Savings Target	187
Covid-19 Forecast Expenditure Not Budgeted	2,259
Covid-19 Government Funding	(2,389)
Overall Variance	(29)

Table 2 Note 1: 'Staffing Costs' variances show the net position after including income from, and external contractor charges paid to, Chorley Borough Council through shared services arrangements. Technically staffing costs are only those that are incurred through SRBC payroll and the recharges paid over to Chorley are 'supplies and services'. Similarly, income received from Chorley that relates to shared posts is classed separately as income and would not be deducted against staffing costs. However, to allow an easier interpretation of the figures, all elements have been collated as 'staffing costs'.

Table 2 Note 2: Pension Contributions are charged on a notional basis against services. The actual costs of £1.171m were paid in a lump sum at the start of the year.

B) Revenue Budget Requested Changes

18. The following adjustments are requested to be made to the revenue budget:

Table 3: Revenue Budget Requested Changes

Description	Directorate or Service Area	Budget Increase	Reasons and notes
Dial-a-ride	Neighbourhoods & Development	20,000	A delegated decision was approved in June to provide grant support of £20,000 per year to the delivery of Dial-a-Ride service in South Ribble. It is requested to use the general reserve to fund the cost in 2020-21.
IDOX Enterprise and Capability Review	Customer & Digital - IT	26,000	In January 2020 Cabinet approved this capital scheme for £146,000, which has been added to the capital programme. Approval was also given to fund one-off revenue setup costs of £20,000 using the surplus in 2019-20. However, at outturn the cost was expected to be higher but we did not yet have the exact figure. Therefore no carry forward request was made and instead it is now requested to use the general reserve to fund the confirmed cost.
Extra Care preparatory work	Planning & Property	50,000	The capital programme includes a £10m budget for constructing a new Extra Care facility. As per the report on this agenda, it is requested to use the general reserve to create a revenue budget of £50,000 for the initial feasibility study and business case as well as financial and legal advice.
Forecast Underspend Q1		<u>(29,000)</u>	
Net requirement from the General Reserve		<u>67,000</u>	

C) Staffing Costs

19. The original budget includes a shared services savings figure of £233,000. The budgets have now been updated to reflect the new staffing structures.

20. After updating the budgets to reflect the new shared services structures, the overall reduction in the budget is forecast at £196,000, meaning there is a residual deficit balance of £37,000 compared to the budgeted savings figure of £233,000. There are various reasons for the difference but mainly it is due to posts that were assumed to be shared being taken out of the

shared services process and in addition the NI and Pension costs for the newly created shared senior posts are higher than were originally budgeted in September 2019.

21. The overall forecasted saving in staffing costs is £499,000. As is usually the case, the main reason for the underspend is posts being vacant, either currently or during an earlier part of the year. Appendix A shows the posts that were vacant at 31st July 2020.
22. The budget includes a savings target for staffing costs of £150,000 to reflect the fact that there will always be turnover of staff during a year that will cause a certain level of underspending. It is recommended to allocate the target in full by making one-off reductions to the staffing budget in areas where underspending has occurred. It is also recommended to allocate a further £37,000 from areas of underspending on staffing budgets to make up the deficit against the shared services savings budget. This gives a total allocation of £187,000.

Table 4: Staffing Costs Main Variations

Service Area	Over / (Under-) spend £	Reasons and notes
Corporate		
Chief Executive	(20,000)	The post became vacant on 15/07/20. The forecast figure is based on the Interim Chief Executive continuing to the end of the financial year without the post being filled. This will be updated when further decisions are made.
Neighbourhoods & Development		
Street Cleansing	(10,000)	Delay in filling a vacant Team Operative post
Mechanics	16,000	The budget is set based on the actuals SCPs of the post-holders. One member of the team was at the top of the grade whereas the others were nearer the bottom. Subsequently a HR review was carried out and to ensure equality and fairness, all members of the team were brought up to the same SCP.
Community Involvement	(28,000)	Delay in filling 2 vacancies - a Community Involvement Officer and a Youth Council Officer.
Engineers	(37,000)	Delay in filling 2 vacancies - Graphic Designer and an Engineering Assistant
Environmental Health	(31,000)	Delay in filling a vacant Housing Enforcement Officer post, and reduced hours for two posts.
Youth Support	(35,000)	Delay in filling the newly created Youth Support Officer role.
Planning & Property		
Senior Management	(20,000)	Delay in filling the vacant Assistant Director of Housing and Property post
Building Control	19,000	Upgrades to two staff following Job Evaluation reviews
Planning	(56,000)	Both Enforcement posts are vacant but agency cover has been procured. There will still be a net saving of around £35,000. In addition, two staff have reduced their hours.
Leisure	(10,000)	The Partnership Development Manager has reduced her hours
Museum	(10,000)	The Museum Curator post is vacant
Customer & Digital		
Gateway	(52,000)	Delay in filling 3 vacant posts

Service Area	Over / (Under-) spend £	Reasons and notes
IT	(26,000)	Delay in filling 2 vacant posts
Revenues	(70,000)	One post has been vacant since before the start of the year and another became vacant at the end of July. One person is on adoption leave and another is on maternity leave. Options are being considered regarding potential regrading of these posts and/or other minor restructure changes within the team.
Governance		
Democratic Services	(22,000)	One post has been vacant since before the start of the year and another became vacant at the end of July. Both will be recruited to.
Legal Services	(16,000)	A Solicitor post was vacant until 27th July and the new person is on reduced hours compared to a budget for a full time post.
Licensing	(43,000)	Delay in filling the Head of Licensing post
Assurance	-	There are 4 vacancies within the team. Agency cover has been used for some posts. There is a forecasted underspend against those posts but this is offset by the additional costs of £23,100 for the Interim Head of Shared Assurance post, which are not part of the budgeted establishment. Therefore the overall forecast for the team is currently a break-even.
Finance		
Senior Management	(23,000)	Delay in filling the Director of Finance post
Financial Services	(15,000)	Delay in filling a Management Accountant post
Communications & Visitor Economy		
None	-	
Transformation & Partnerships		
HR	(10,000)	There is a vacant HR Advisor post but the saving is partially offset by additional costs for an upgrade of another post.

D) Non-Staffing Costs

23. There are currently no significant forecasted variances relating to non-staffing costs.

E) Impact of Covid-19

24. The impact of Covid-19 on the Council's budgets is varied and includes delays to recruitment and restructuring, reduction in income and additional expenditure. The major impacts on the budget are summarised below. This includes the various grant funding streams received to help the council manage the transition back to business-as-usual.

Income

25. It has been well documented that the country has undergone a significant reduction in economic activity pushing the economy into recession. The impact on local residents and businesses is potentially vast, especially in the service industries. Two areas this may significantly affect the council's finances is the impact on its business rates and council tax collection funds.

Business Rates

26. The original gross (including amounts paid over to the Government and other preceptors) collectable business rates for South Ribble was budgeted at £36.7m for 20/21. As part of the budget on 11 March the Government announced that it would increase the discount on business rates liability for businesses in the retail, hospitality and leisure industry to 100% for 20/21. This has reduced the council's gross collectable to an estimated £25.1m. The council and other preceptors will receive compensatory grant payments, known as S31 grants, in 20/21 for this extended relief.

27. After adjusting for this reduction in collectable business rates the analysis below gives the forecast outturn position for South Ribble's business rates collection fund.

	Cumulative Income				
	Apr	May	Jun	Jul	Forecast Total 20/21
	£m	£m	£m	£m	£m
Forecast	3.858	5.671	7.899	9.893	25.135
Actual	3.132	4.746	6.640	8.782	24.024
Deficit	0.726	0.925	1.259	1.111	1.111

28. Based on current collection rates it is estimated the gross shortfall of business rates income could be £1.111m. South Ribble's share of this deficit would be approximately £444k meaning the council would be £444k short of its budgeted business rates income in 20/21. Although this figure seems large it should be noted:

- The council is not currently pursuing outstanding business rates debt. It is likely there are many businesses that are not currently able to pay but that will be able to meet the liability over the remainder of the year or over a longer agreed period. As such it is expected that the current collection rates will improve therefore reducing the forecast deficit.
- The Government has announced that councils will be able to spread out the loss of business rates and council tax income over the next three years, rather than in one year. A deficit of £444k may therefore only result in a £150k impact for the council per year.
- The council holds a business rates retention reserve of £3.309m to fund one-off shortfalls in the business rates it collects. This includes managing downward revaluations, the risk surrounding this has however now been reduced as the scheduled 2021 national revaluations have been put back to 2023. The reserve is therefore considered more than sufficient to manage the risk surrounding business rates income.

29. The table above demonstrates that the cumulative shortfall in expected business rates actually improved from £1.259m shortfall in June to £1.111m shortfall in July. The outturn has not been adjusted in Table 1 due to the uncertainty regarding the final shortfall in businesses rates

income. It has also not been adjusted because, due to the complexities of the business rates system, the shortfall will be recognised in 2021/22 rather than this financial year.

Council Tax

	Cumulative Income				
	Apr	May	Jun	Jul	Forecast Total 20/21
	£m	£m	£m	£m	£m
Forecast	7.384	13.927	20.499	27.178	70.029
Actual	7.083	13.403	19.869	26.401	69.252
Deficit	0.301	0.524	0.629	0.777	0.777

30. Based on current collection rates it is estimated the gross shortfall of council tax income could be £0.777m in 20/21. South Ribble's share of this deficit would be approximately £93k meaning the council would be £93k short of its budgeted council tax income in.

31. As with business rates income the council is not currently pursuing outstanding debt and so it is likely that, with the correct support offered by the council, that the collection rates will improve throughout the year. The same rephasing of any deficits also applies to council tax income meaning the potential £93k deficit may be spread over three years. Finally, as with business rates, any shortfall in 2020/21 will be recognised in the 2021/22 accounts and so the outturn has not been updated in this report.

Expenditure

Description	Apr	May	Jun	Jul	Aug	Total Apr to Aug	Commitments	Spend + Commitments
Communications	1,701	916	-	-	-	2,617	375	2,992
Homelessness Support	1,205	5,252	11,460	6,435	11,200	35,552	1,190	36,742
ICT	1,900	-	-	-	-	1,900	3,295	5,195
Staffing	1,411	794	17,580	-	-	19,785	-	19,785
Temp. Borrowing	12,055	-	-	-	-	12,055	-	12,055
Works to Offices	1,432	197	1,329	1,544	272	4,774	623	5,397
Communications	-	-	-	2,134	546	2,680	-	2,680
Food, Supplies & PPE	41,332	1,944	3,499	2,853	-	49,628	81,850	131,478
Total	61,036	9,102	33,867	12,966	12,018	128,990	87,333	216,323

32. The table above outlines the additional expenditure incurred as a result of Covid-19. This includes the additional provision for the Holiday Hunger scheme approved by S35 decision on 7 July 2020.

33. Also on this agenda is a report outlining potential support to Serco Leisure Operating Ltd during Covid-19. A maximum budget of £240k has been requested that would be added to the £216k above. As outlined in the report Councils are lobbying the Government for specific grant funding relating to Council's supporting their local leisure services.

Government Funding

34. The following funding has been provided by the Government to support South Ribble Council during the pandemic.

Funding	CBC	Funding Guidance
1 st Tranche CV-19 Funding	£41,325	None
2 nd Tranche CV-19 Funding	£1,097,210	None
3 rd Tranche CV-19 Funding	£160,799	None
TOTAL	£1,299,334	
New Burdens Funding – Business Grants	£130,000	None
Extending Council Tax Support	£855,000	Yes
Reopening High Streets	£105,438	Yes
TOTAL CV-19 Related Funding	£2,389,772	

CV-19 Grant Funding Support

35. On the 2 July 2020 the Government announced the 3rd tranche of Covid-19 grant support. The Government has also announced that they will support councils for the loss of some income, fees and charges but not commercial income, in 20/21. The council will have to manage the first 5% of shortfall in budgeted income and then the Government will provide 75% of any further loss. Officers will report the loss of income on a monthly basis to Government.

36. The grant support by Government as well as funding for loss of income is welcomed by the council however, there has been no grant guidance documentation published by the Government for the £1.299m funding South Rubble Council has received. It is understood, although not confirmed, that the Government may begin setting limits on how this funding can be spent, for example that it cannot be used to cover the loss of commercial income. It is assumed that this funding is not time-limited and therefore can be carried forward into future years.

Other Funding Support

37. On top of the CV-19 funding the council has also received £130k to cover the costs of administering the business grants scheme. The total cost of administering the scheme will certainly be in excess of this amount such has been the demand on staff time across teams such as business support, revenue and benefits and finance. It is understood that this support relates to the administration of the first tranche of funding. The management of the discretionary grant scheme has been equally onerous and the Government is being lobbied to also provide funding for the administration of this scheme.

38. The council also received £105k 'Reopening High Streets Safely Fund'. This grant is ERDF funding and as such the restrictions as to how this can be spent are extremely prohibitive.

Further guidance continued to narrow the type of expenditure within the scope of this fund and to date only a few hundred pounds has been committed to improve communication to regarding their safe return to the high streets.

39. Table 1 of this report outlines the assumed additional spend against the total Covid-19 funding streams.

	Forecast Variance 20/21 £'000
Forecast Additional CV-19 Expenditure	2,259
CV-19 Funding	(2,389)
Variance	(130)

40. To be prudent at this stage in the financial year, it is assumed all funding from the Government will either meet any additional costs incurred by the council or be carried forward into future years if not committed fully in 20/21.

41. The only deviation is the assumption that the £130k to cover the costs of administering the business grants scheme will meet budgeted staff costs and as such provides a £130k budget underspend to the council.

Business Grants

42. Below is a table outlining the grants paid to businesses as part of the Small Business and Retail, Hospitality and Leisure and discretionary grant programmes.

Type of Grant	Grant Amount	Number of Grants	Total Amount
Discretionary Grants	£5,000	104	£520,000
Small Business & Retail, Hospitality & Leisure	£10,000	1,501	£15,010,000
Retail, Hospitality & Leisure	£25,000	161	£4,025,000
		1,766	£19,555,000

43. The Council received a total funding allocation of £20.888m of which the following was allocated by the Government in May 2020:

- £19,850,000 maximum allocation for Small Business & Retail, Hospitality & Leisure grants
- £992,500 maximum allocation for Discretionary Grants
- £45,500 minimum amount to be returned to Government

44. Officers working across both councils and across different departments have supported businesses in applying for receiving as much grant funding as possible. All schemes have closed as at the end of August with final payments to be made by the end of September. It is expected that all the discretionary allocation will be paid out to businesses and officers continue to work hard to encourage those businesses eligible for the Small Business & Retail, Hospitality & Leisure grant to apply.

F) Income from Fees and Charges

45. Table 5 shows the budgets and forecasts of the main types of income that are generated by services. (Note: this is different to general funding that isn't attributable to particular services such as non-specific government grants, council tax and business rates.)

46. The main forecasted variations are as follows:

- Car Parking – There was zero income in April to June. Around £4,000 was received in both July and August, which is only a third of the monthly budget. It is very difficult to predict what might happen for the rest of the year. The forecast of £53,000 is based on assumed reduced income up to Christmas and then normal levels of income from January.
- Garden Waste Collection Charges – Charges were introduced in 2018-19 at £30 per bin. The budgets set for 2018-19 and 2019-20 turned out to be much too low because the actual volume of customers was much higher than expected. The charges were reduced to £25 per bin for 2020-21 and the budget was reduced to take this into account. The budget was also recalculated using the existing number of customers. Take-up for 2020-21 has increased again compared to last year, resulting in a forecasted surplus of £57,000 (equivalent to 2,280 extra charges of £25).
- Land Charges and Licensing - Income is expected to be below the budgeted levels in 2020/21. The forecast is currently based on a simple forecast using income to date. This shortfall in income may be reduced if applications begin to increase more in the latter half of the financial year
- Investment Property rental – In response to Covid-19, the council decided not to charge rents for March to June 2020. The loss of rent for March was accounted for in 2019-20. The loss of rent for April to June 2020 is the main reason for the forecasted deficit of £316,000.
- Sports Coaching – At the time the budget was set there was uncertainty over some of the potential grant funding so, to be prudent, the budget assumed the funding would not occur. Usually the budget for the whole service is set to break-even but due to the assumption that funding might be reduced, the budget was set as a deficit of £100,000 to be matched by a transfer from reserves of the surplus of sports development income that has built up over the years. However, the funding has since been confirmed and therefore the income will be £100,000 higher than the budget figure.

47. As described above in Section E) Impact of Covid-19, the Government has offered support of up to 75% of shortfall in income from fees and charges in 20/21. The figures in Table 5 include this support after taking into account that the Council must manage the first 5% of budgeted lost income. The total forecast level of Government support is currently £162,000. This will be reported quarterly to the Government with the first payment to the Council intended to be in October.

Table 5: Income from Fees and Charges

Service Area	Income 2019-20 £'000	Current Budget 2020-21 £'000	Actual to 31/07 £'000	Forecast £'000	Forecast (Surplus) / Deficit £'000
Neighbourhoods & Development					
Car Parking charges and fines	(141)	(145)	(5)	(53)	92
Civic Centre Business & Conference Ctr	(26)	(36)	-	-	36
Dog impounding, littering and dog fouling	(4)	(18)	(1)	(3)	15
Environmental Permits	(23)	(19)	(1)	(19)	0
Grounds Maintenance	(156)	(155)	(146)	(150)	5
Licensing - Piercings, Tattoos & Animals	(9)	(7)	(3)	(3)	4
Licensing - Street Traders	(23)	(25)	(15)	(15)	10
Open Spaces (sports pitches, fairs, etc)	(33)	(18)	(22)	(22)	(4)
Pest Control	(46)	(50)	(26)	(35)	15
Property rental - Civic Centre	(67)	(50)	(33)	(35)	15
Property rental - Market	(126)	(142)	(15)	(100)	42
Property rental - Moss Side Depot	(43)	(43)	(31)	(26)	16
Property rental - Worden Craft Centre	(11)	(15)	(12)	(10)	5
Sports Coaching	(279)	(120)	(110)	(220)	(100)
Waste Collection - Garden waste	(809)	(683)	(723)	(740)	(57)
Waste Collection - New bins	(56)	(45)	(50)	(30)	15
Waste Collection - Special collections	(40)	(40)	(16)	(40)	-
Waste Collection - Trade Waste	(445)	(481)	(445)	(445)	36
Vehicle Maintenance for FCC	(120)	(101)	(47)	(112)	(11)
Government Support				(106)	(106)
	(2,455)	(2,190)	(1,701)	(2,163)	27
Planning & Property					
Building Control	(177)	(191)	(56)	(160)	31
Planning application fees	(436)	(505)	(240)	(513)	(8)
Planning pre-application fees	(31)	(40)	(7)	(30)	10
Investment property rental	(950)	(1,105)	(627)	(789)	316
	(1,593)	(1,841)	(930)	(1,492)	349
Governance					
Land Charges	(90)	(80)	(18)	(40)	40
Legal fees recovered	(13)	(15)	(5)	(15)	-
Licensing - Alcohol	(78)	(76)	(17)	(40)	36
Licensing - Gambling	(10)	(12)	(2)	(5)	7
Licensing - Taxis	(84)	(90)	(38)	(80)	10
Government Support				(56)	(56)
	(275)	(273)	(81)	(236)	37
Customer & Digital					
Court summons costs recovered	(219)	(228)	-	(228)	-
Total	(4,543)	(4,532)	(2,712)	(4,119)	413

G) Reserves

48. The total balance on reserves at the beginning of the financial year was £20.814m. Table 6 below shows the expected movements in the reserves for 2020-21. The details of the purposes of each earmarked reserve and the movements in the balances are as follows:

- Borough Council Elections – The original budget includes a £40,000 top up of this reserve every year to build up a fund for local elections that take place every 4 years. In the Outturn 2019-20 it was approved to top up the reserve for a full £160,000 using the surplus in 2019-20 so that no contributions are needed over the next 3 years.
- Borough Investment Account – This reserve was created for the purpose of purchasing investment property to generate more rental income for the revenue budget. In the MTFS 2020-21 to 2023-23, a proportion of the reserve was budgeted to be used for the Worden Hall and Hoole Village Hall capital projects.
- Business Rates Retention – This reserve exists as a contingency to cover any unexpected shortfalls in business rates funding that may occur within a one- or two-year period to allow time for the council's budgets to be realigned. Some of the reserve will be required in 2020/21, and the following year, to cover the expected deficit in business rates funding due to Covid-19.
- Capital Funding – This is the main reserve used for funding the capital programme.
- City Deal – This reserve exists as a contingency to fund any unexpected costs that arise in relation to City Deal.
- Climate Change – The approved budget for 2020/21 included the creation of a Climate Change reserve of £250,000.
- Credit Union – As part of the budget monitoring report for quarter 3 of 2019-20, Cabinet approved the creation of a Credit Union reserve of £150,000 using the surplus in 2019/20.
- Housing Needs Surveys – This reserve is topped up each year so that when housing surveys are needed to be carried out there is funding available.
- Local Plans – The purpose of this reserve is to meet the forecasted expenditure requirements in relation to the Local Development Framework.
- My Neighbourhoods – This is the balance of unspent funding for the My Neighbourhoods forums.
- Performance Reward Grant – This is the balance of unspent PRG funding.
- Repairs and Maintenance – This reserve exists as a contingency to fund unexpected costs for repairs and maintenance of council properties that cannot be covered by existing revenue budgets. The approved capital programme for 2020/21 onwards allocates this reserve to the leisure centres refurbishments scheme, which has a total budget of £2.1m.
- Restructure Costs – This reserve was increased at Outturn 2019-20 to £200,000 as a provision for potential cost relating to the expansion of shared services.
- Transformation Fund – This reserve is being used to fund the IT Digital Strategy costs in the capital programme.
- Other Earmarked Reserves – This reserve comprises three elements: approved carry forwards of underspends that have not yet been allocated, surplus income relating to Sports Development, and miscellaneous ring-fenced grant income specific to certain service areas.

49. Appendix B shows the planned movement in reserves over this year and the next 3 years.

Table 6: Reserves Summary

Reserve Name	Opening Balance £'000	Transfers In £'000	Transfers Out £'000	Capital Financing £'000	Movemnt Between Reserves £'000	Closing Balance £'000
Earmarked Reserves						
Borough Council Elections	(160)	-	-	-	-	(160)
Borough Investment Account	(4,577)	-	-	700	-	(3,877)
Business Rates Retention	(3,309)	-	65	-	-	(3,244)
Capital Funding	(3,514)	-	-	3,494	-	(20)
CIL Admin	(248)	-	-	-	-	(248)
City Deal	(1,851)	-	-	-	-	(1,851)
Climate Change	(250)	-	-	-	-	(250)
Credit Union	(150)	-	-	-	-	(150)
Housing Needs Surveys	(100)	(20)	40	-	-	(80)
Local Plans	(255)	-	99	-	-	(156)
My Neighbourhoods	(67)	-	-	-	-	(67)
Performance Reward Grant	(27)	-	27	-	-	-
Repairs and Maintenance	(500)	-	-	500	-	-
Restructure Costs	(200)	-	100	-	-	(100)
Transformation Fund	(415)	-	-	246	-	(169)
Other Earmarked Reserves:						
Ring-fenced grants	(488)	-	200	-	-	(289)
Sports Development income	(337)	-	220	-	-	(117)
Carried forward underspends	(126)	-	126	-	-	-
	(16,575)	(20)	877	4,940	-	(10,778)
General Reserve	(4,239)	-	-	-	-	(4,239)
Total	(20,814)	(20)	877	4,940	-	(15,017)

H) Capital Programme

Spending

50. Covid-19 has had a massive impact on the timescales for delivering capital schemes, and it is expected that there will be a significant underspend against the original capital programme budget. However, it is very difficult to pinpoint exactly which schemes will be affected and to what extent. Where there are obvious delays against the larger schemes, the forecasts have been adjusted accordingly. However, the forecasts for most of the other schemes have not been amended yet. With lockdown measures having eased, nationally, it should be possible to review the programme in more detail for the quarter 2 monitoring report and provide more accurate forecasts.
51. Appendix C lists all the capital schemes within the programme and the detail regarding budgets, spending and current forecasts.

Financing

52. Table 7 below shows the movements in the balances of capital funding streams.

- Community Infrastructure Levy (CIL) – Funding has been steadily building up over the last 5 years. The balance in Table 7 shows the net funding available to the Council after deducting payments made, or due, to Parish Councils and LCC as part of the arrangements for City Deal. The capital programme does not currently have many assumptions about using the CIL funding and only £125,000 is committed in 2019-20.
- Land Release Fund – The grant was received a couple of years ago in relation to the house-building project. That project has seen been terminated and the money cannot be repurposed, meaning it will have to be returned.
- Section 106 – The majority of the balance of Section 106 funding is allocated to schemes within the capital programme. Several receipts totalling £523,000 have stipulations that they must be used for highways work and have been earmarked to be paid to LCC once the relevant works are completed. The unallocated balance is £359,000. There are three large value affordable housing schemes that will use all the affordable housing funding: Station Road Bamber Bridge, McKenzie Arms Bamber Bridge and an Extra Care facility. The other Section 106 funding is allocated mostly to parks and open spaces schemes within the programme.

Table 7: Capital Financing

Funding Stream	Opening Balance £'000	Receipts £'000	Release to Revenue £'000	Capital Financing £'000	Closing Balance £'000
Grants and Contributions					
City Deal capital funding	-	(50)	-	50	-
Community Infrastructure Levy (CIL)	(2,029)	-	-	125	(1,904)
Disabled Facilities Grant (DFG)	(314)	688	-	1,003	1,376
Land Release Fund	(362)	362	-	-	-
Lottery Funding (Hurst Grange Park)	-	(440)	-	440	-
Section 106 Affordable Housing	(5,044)	-	-	663	(4,381)
Section 106 Other	(2,498)	-	-	1,121	(1,377)
Other grants and contributions	(25)	-	-	-	(25)
	(10,165)	560	-	3,401	(6,203)

COMMENTS OF THE STATUTORY FINANCE OFFICER

53. The contents of the report outline the financial implications for the council.

COMMENTS OF THE MONITORING OFFICER

54. Clearly it is important that a council should report openly and transparently with regard to the monitoring of the budget. Residents need to know how the council is performing. From a legal perspective there are no concerns to report.

APPENDICES

Appendix A – Staffing Vacancies at 31st July 2020

Appendix B – Capital Programme

Appendix C – Reserves Planned Movements

Leadership Team Member's Name: James Thomson

Job Title: Deputy Director of Finance (and Section 151 Officer)

Report Author:	Date:
James McNulty (Senior Management Accountant)	28 th August 2020