

Report to	On
Cabinet	Wednesday, 24 March 2021

Title	Portfolio Holder	Report of
Budget Monitoring 2020/21 Quarter 3	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 this report confidential?	No

Purpose of the Report

1. This report explains the Council's overall financial position for quarter 3 of the financial year 2020-21.

Recommendations

2. Cabinet notes, reviews and comments on the contents of this report.
3. Cabinet approves the re-profiled budgets for the capital programme, which reflects forecasted underspend against the existing budgets, as detailed in Appendix C.

Reasons for recommendations

4. To allow Cabinet to consider the financial position of the council

Other options considered and rejected

5. None as this report is a requirement of the council's constitution

Executive Summary

6. The overall forecast for 2020/21 for the revenue budget is a net deficit of £9,000. 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. 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.

8. The total capital spend including commitments in 2020/21 is £5.380m, which is 62% of the current 2020/21 capital budget of £8.737m. Appendix C gives the details for individual schemes and the revised forecasts, both for 2020/21 and the following 3 years.

Corporate outcomes

9. The report relates to the following corporate priorities:

An exemplary council	✓	Thriving communities	✓
A fair local economy that works for everyone	✓	Good homes, green spaces, healthy places	✓

Revenue Budget and Forecast Summary

10. Table 1 below summarises by directorate the revenue budgets and forecasts.
11. The overall forecast is a deficit of £9,000 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 3 £'000	Forecast Variance £'000
Corporate	496	344	449	105
Neighbourhoods & Development	7,230	7,261	7,331	70
Planning & Property	701	738	972	234
Customer & Digital	2,394	2,420	2,451	31
Governance	1,757	1,697	1,703	6
Finance	754	717	701	(16)
Communications & Visitor Economy	203	278	268	(10)
Transformation & Partnerships	512	638	545	(93)
Pensions Deficit Contributions	25	25	(25)	(50)
Savings Targets	(305)	(187)	0	187
Net Cost of Services	13,766	13,932	14,395	464
Provision for repayment of debt	649	649	619	(30)
Interest payable / (receivable)	(170)	(170)	(79)	91
Parish Precepts	432	432	432	-
Funding Requirement	14,677	14,843	15,368	525
<u>Funding:</u>				
Council Tax	(8,596)	(8,596)	(8,596)	-
New Homes Bonus – City Deal	(601)	(601)	(601)	-
New Homes Bonus – SRBC	(59)	(59)	(59)	-
Retained Business Rates	(3,715)	(3,715)	(8,852)	(5,137)
Surplus business rates set aside for deficits in future years			5,137	5,137
Section 31 grants (mainly business rates)	(1,595)	(1,595)	(1,595)	-

Total Funding	(14,566)	(14,566)	(14,566)	-
Government covid support for income deficits			(386)	(386)
Covid new burdens business grants			(130)	(130)
Net Contribution (To) / From Reserves	111	277	286	9

Table 2: Revenue Forecasted Variations Within Directorates

Details	Forecasted Over / (Under-) Spend or Income Deficit / (Surplus) £'000
Corporate	
Staffing Costs	51
Fees regarding governance reviews	54
	105
Neighbourhoods & Development	
Staffing Costs	(96)
Repairs and maintenance of properties	13
Underspends funding replacement parking P&D machines	40
NNDR on empty investment properties	14
Vehicle repairs and hiring of temporary replacements	102
Waste contract refund re overcharge in previous years	(37)
Income (Surplus) / Deficit	34
	70
Planning & Property	
Staffing Costs	(74)
Planning professional fees	55
Homelessness temporary accommodation	(20)
Agency fee for Estates Surveyor	14
Income (Surplus) / Deficit	259
	234
Customer & Digital	
Staffing Costs	(197)
Court Summons income deficit	228
	31
Governance	
Staffing Costs	(123)
Legal fees	90
Income (Surplus) / Deficit	39

Details	Forecasted Over / (Under-) Spend or Income Deficit / (Surplus) £'000
	6
Finance	
Staffing Costs	(43)
External Audit Fees	27
	(16)
Communications & Visitor Economy	
Events budget underspend	(10)
Transformation & Partnerships	
Staffing Costs	(84)
Training	(9)
	(93)
Budgets Not In Directorates	
Pension Contributions	(50)
Provision for repayment of debt (MRP)	(30)
Interest on short-term investments	91
Savings Target	187
Subtotal	525
Government covid support for income deficits	(386)
Covid new burdens business grants	(130)
Overall (Surplus) / Deficit	9

Revenue Budget Requested Changes

12. There are currently no requests for changes to revenue budgets.

Staffing Costs

13. The table below lists the main variances within particular services areas. Appendix A shows the posts that were vacant at 31st December 2020.
14. Several posts, across various services, have become vacant during quarter 3 because staff have been redeployed to new roles created specifically to respond to the pandemic.

Table 3: Staffing Costs Main Variations

Service Area	Over / (Under-) spend £	Reasons and notes
Corporate		
Chief Executive	47,000	The costs of implementing a new shared Chief Executive on top of the cost already incurred for the previous Chief Executive who left in July have created an overspend.
Neighbourhoods & Development		
Street Cleansing	(19,000)	Once post has been vacant since May and another became vacant in September
Community Involvement	(63,000)	Several members of the team have been redeployed to work in Covid-specific roles.
Community Safety	17,000	A new post Early Intervention Coordinator has been created.
Youth Support	(54,000)	The newly created Youth Support Officer posts were not filled until quarter 3
Environmental Health	(43,000)	A new Housing Enforcement Officer post was created in the budget setting process but has not yet been filled.
Grounds Maintenance	14,000	Additional overtime costs
Engineers	(53,000)	Two posts have been vacant all year - a Graphic Designer and an Engineering Assistant.
Sports Coaching	87,000	Additional funding was secured, which has enable additional staff to be hired.
Museum	(31,000)	The curator post became vacant in May. The budget will be realigned in 21/22 to reflect revised structure for delivering this service.
Parking and Highways	(14,000)	An employee has reduced their hours to part time
Mechanics and Transport	17,000	The budget is set based on actual SCPs of the post-holders. A HR review resulted in several staff being increased to a higher SCP within their grade. There are also some additional overtime costs.
Waste Management	27,000	One-off funding was secured that enable two temporary roles to be created.
Senior Management	15,000	The cost of the shared Director of Commercial Services
Planning & Property		
Building Control	23,000	Upgrades to two staff following Job Evaluation reviews.
Senior Management	(38,000)	The Assistant Director of Housing and Property has been vacant all year.
Housing Services	(18,000)	One person is on maternity leave

Service Area	Over / (Under-) spend £	Reasons and notes
Development Control	(18,000)	One Enforcement post was vacant for part of the year. The other has been vacant since May. However, more complex work is being picked up via a retained specialist consultant on a case by case basis. There were severance cost for one person leaving, which reduce the overall underspend.
Planning Support	25,000	As part of a restructure, new roles were created which will be funded by CIL Admin funding.
Apprentices	(49,000)	Three posts are now vacant - one person was promoted to a new role in IT, another has been redeployed to a covid-specific role, and the third post has been vacant all year. The budget was created with the intention of recruiting additional support in Gateway but no suitable candidates were available.
Customer & Digital		
Gateway	(54,000)	Three posts were vacant for the first half of the year but are now filled. A further 3 people have recently been redeployed to covid-specific roles.
Senior Management	(6,000)	The budget is based on the structure before the new shared service arrangements. There saving from the previous Director leaving is offset by the costs of the new shared director.
IT	(51,000)	Two posts are currently vacant. Some posts were vacant earlier in the year but are now filled.
Revenues and Benefits	(87,000)	There are 3 vacancies. In addition two staff were on adoption or maternity leave.
Governance		
Democratic Services	(25,000)	Two posts were vacant earlier in the year but are now filled
Licensing	(59,000)	The Head of Licensing post has been vacant all year.
Assurance	(12,000)	The team has been restructured and new posts have been recruited to.
Corporate Admin	(14,000)	The Corporate Support Apprentice role is vacant because the post-holder was promoted to fill a vacancy.
Finance – Employed by Chorley Council		
Financial Services	(43,000)	Timing of significant vacant posts (now recruited to) offset by agency costs in year to create underspend.
Transformation & Partnerships – Employed by Chorley Council		
HR	14,000	Some one-off staffing payments in year.
Transformation & Partnerships	(98,000)	Following service reviews underspends have been created due to timing of recruitment to revised structure.

Non-Staffing Costs

15. There has been one-off expenditure of £54k in 2020/21 relating to a HR investigation.
16. Pay and display machines – underspends previously reported are being utilised to fund the purchase of new pay and display machines following the Review of Car Parking at 25 November 2020 Council.
17. There is a £102k overspend relating to vehicle repairs and hiring of temporary replacement vehicles. One vehicle was written off as a result of fire damage resulting in additional hire costs some of which was offset by insurance claim (£23k). There was also additional vehicle hire required over Christmas due to additional waste demands with people working from home. Vehicle maintenance costs are overspent due to major work on bin collection wagons as the purchase of new vehicles was delayed.
18. There is a forecast £55k overspend in planning relating to legal costs on challenges to developments within the Borough. It is not forecast that these costs will be recovered and the council will review its reserves at year-end with the view of creating a reserve to manage any future costs of planning appeals.
19. Homelessness temporary accommodation budgets are £20k underspent largely because while there has been significant increases in these costs they have been covered by various grant schemes and other funding opportunities.
20. External audit fees have increased by £27k as a result of the additional work required to be undertaken on the 18/19 and 19/20 audits. This additional work was both due to the impact that Covid-19 had on delaying the audits as well as the additional value for money work that was required to be undertaken. Both sets of accounts have now been signed off.
21. The Pension Contributions budget represents the difference between the actual pension contributions that have been incurred and the notional charges against individual services. The actual costs are £1.171m and were paid in a lump sum at the start of the year, this resulted in an underspend against the original budget of £50k.
22. There is a significant reduction of £91k in income received as interest on cash investments due to historically low interest rates. This is being addressed as part of the 21/22 budget setting process where the budget has been reduced by £100k in 21/22 onwards. Offsetting this shortfall in income in 20/21 is an underspend in the budgets for repayments of debt totalling £30k

Income from Fees and Charges

23. Income from fees and charges has been significantly impacted as a result of Covid-19. For some fees and charges the Council can access government support of 75% of losses against 95% of the original income budget. As a result, the Council is forecasting to receive £386k in Government Support.

24. The most significant reductions have been in car parking, investment property and Court Summons as detailed in table 4 below. These have all been as a direct result of Covid-19 with reduced usage, rental reliefs and the closure of courts meaning income cannot be recovered as normal.
25. There have been some increases in income in relation to Sports Coaching, Garden Waste and Planning applications. The Sports Coaching is due to a confirmation of grant funding of which there was some uncertainty previously whereas Garden Waste and Planning Applications are as a result of unbudgeted increases in demand for these services.

Table 4: Income from Fees and Charges

Service Area	Income 2019- 20 £'000	Budget £'000	Actual to 31/12 £'000	Forecast £'000	Forecast (Surplus) / Deficit £'000
Neighbourhoods & Development					
Car Parking charges and fines	(141)	(145)	(35)	(50)	95
Civic Centre banqueting suite income	(26)	(36)	-	-	36
Dog impounding, littering and dog fouling	(4)	(18)	(2)	(3)	15
Environmental Permits	(23)	(19)	(19)	(19)	0
Grounds Maintenance	(156)	(155)	(151)	(153)	2
Licensing - Piercings & Tattoos and Animals	(9)	(7)	(4)	(6)	1
Licensing - Street Traders	(23)	(25)	(18)	(17)	8
Open Spaces (sports pitches, fairs, etc)	(33)	(18)	(5)	(12)	5
Pest Control	(46)	(50)	(36)	(41)	9
Property rental - Civic Centre	(67)	(50)	(52)	(52)	(2)
Property rental - Market	(126)	(142)	(53)	(96)	45
Property rental - Moss Side Depot	(43)	(43)	(32)	(43)	-
Property rental - Worden Craft Centre	(11)	(15)	(14)	(14)	1
Sports Coaching	(279)	(120)	(273)	(237)	(118)
Waste Collection - Garden waste	(809)	(683)	(746)	(756)	(73)
Waste Collection - New bins	(56)	(45)	(101)	(64)	(19)
Waste Collection - Special collections	(40)	(40)	(36)	(50)	(10)
Waste Collection - Trade Waste	(445)	(481)	(441)	(442)	39
Vehicle Maintenance for FCC	(120)	(101)	-	(101)	(0)
	(2,456)	(2,189)	(2,018)	(2,155)	34
Planning & Property					
Building Control	(177)	(191)	(122)	(162)	28
Planning application fees	(436)	(505)	(568)	(600)	(95)
Planning pre-application fees	(31)	(40)	(17)	(25)	15
Investment property rental	(950)	(1,105)	(738)	(795)	311

Service Area	Income 2019- 20 £'000	Budget £'000	Actual to 31/12 £'000	Forecast £'000	Forecast (Surplus) / Deficit £'000
	(1,593)	(1,841)	(1,445)	(1,582)	259
Governance					
Land Charges	(90)	(80)	(58)	(65)	15
Legal fees recovered	(13)	(15)	(10)	(15)	-
Licensing - Alcohol	(78)	(76)	(61)	(63)	13
Licensing - Gambling	(10)	(12)	(8)	(12)	-
Licensing - Taxis	(84)	(90)	(69)	(79)	10
	(275)	(273)	(206)	(234)	39
Customer & Digital					
Court summons costs recovered	(219)	(228)	-	-	228
	(219)	(228)	-	-	228
Government Support				(386)	(386)
	(4,543)	(4,531)	(3,670)	(4,357)	174

Covid-19

26. 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

27. It has been well documented that the country has undergone a significant reduction in economic activity pushing the economy into temporary 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

28. 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 2020 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 £24.5m. The council and other preceptors will receive compensatory grant payments, known as S31 grants, in 20/21 for this extended relief.

29. 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 £m	May £m	Jun £m	Jul £m	Aug £m	Sep £m	Oct £m	Nov £m	Dec £m	Forecast Total 20/21 £m
Forecast	3.858	5.671	7.899	9.893	12.563	14.692	16.784	18.965	20.644	24.475
Actual	3.132	4.746	6.64	8.782	11.295	13.719	15.945	18.253	20.038	23.854
Deficit	0.726	0.925	1.259	1.111	1.268	0.973	0.839	0.712	0.606	0.621

30. Based on current collection rates it is estimated the gross shortfall of business rates income could be £0.621m. South Ribble's share of this deficit would be approximately £0.248m meaning the council would be £0.248m short of its budgeted business rates income in 20/21. This is a further reduction of £0.141m from reported at Quarter 2. Although this figure seems large it should be noted:

- The forecast deficit has improved significantly since August and 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 £248,000 may therefore only result in a £83,000 impact for the council per year.
- The council holds a business rates retention reserve of £3m 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.

31. The forecast business rates income has not been adjusted in Table 1 due to the uncertainty regarding the final shortfall in businesses rates income and that, due to the complexities of the business rates system, any shortfall is likely to be recognised in 2021/22 rather than this financial year. In addition, due to the 100% reliefs offered by the Government to the retail, hospitality and leisure industry the council will receive £5.1m additional business rates income in 2020/21. The shortfall in income from these reliefs won't be realised until 2021/22 onwards and so this £5.1m 'surplus' is moved into a reserve to offset against these future deficits.

Council Tax

	Cumulative Income									
	Apr £m	May £m	Jun £m	Jul £m	Aug £m	Sep £m	Oct £m	Nov £m	Dec £m	Forecast Total 20/21 £m
Forecast	7.384	13.927	20.499	27.178	33.748	40.136	46.723	53.296	59.744	68.02
Actual	7.083	13.403	19.869	26.401	32.942	39.465	46.025	52.599	59.06	67.322
Deficit	0.301	0.524	0.63	0.777	0.806	0.671	0.698	0.697	0.684	0.698

32. Based on current collection rates it is estimated that the gross shortfall of council tax income could be £0.698m in 20/21. South Ribble's share of this deficit would be approximately £84,000 meaning the council would be £84,000 short of its budgeted council tax income in. This is a

slight increase in deficit of £3k from Quarter 2 however still represents a good rate of council tax collection.

CV-19 Grant Funding Support

33. Further detail on individual grant schemes is provided in Appendix D to this report detailing the requirements of each funding stream. A summary of the grants is provided below:

Grant	Allocation 20/21	Allocation 21/22
Initial Covid Funding - General	1,481,167	504,532
New Burdens Funding - Business Grants	130,000	
New Burdens Funding - Business Grants	58,500	
New Burdens Funding - Business Grants	22,345	
Trace Support Payments - Admin	25,654	
LA Compliance & Enforcement Grant	45,740	
Unringfenced Grants Sub-Total	1,763,406	504,532
Trace Support Payments - Discretionary	22,884	
Trace Support Payments - Individuals (£500) - top up to 31/1/21	22,000	
Trace Support Payments - Discretionary - top up to 31/1/21	9,115	
Trace Support Payments - Individuals (£500)	38,000	
Health Protection Project (Part 1)- Test & Trace Staff	72,850	
Health Protection Project (Part 2) - Test & Trace Staff & Non Staff	45,989	
Health Protection Project (Part 3) - Food & Essential supplies	99,245	
Next Steps Accommodation Programme (NSAP)	30,000	
Containing Outbreak Management Fund (COMF)	1,218,668	
Sales Fees and Charges	386,000	
Clinically Extremely Vulnerable People (CEV)	57,000	
National Leisure Relief Funding	210,000	
Extending Council Tax Support	707,201	
Reopening High Streets - to be spent to June 21	97,965	
Ringfenced Grants Sub-total	3,016,917	0
Total	4,780,323	504,532

34. South Ribble's total unringfenced Covid-19 funding for 20/21 was £1.481m. No specific grant guidance has been provided regarding this funding and so it is assumed to be un-ringfenced. The budget announcement for 2021/22 also allocated an additional £500k of unringfenced Covid-19 funding to the council.
35. The council received £707k grant allocation to reduce the council tax liability of individuals in their area. As per Government expectations, the council allocated this hardship fund to provide residents, who are of working age and already receive council tax support, with up to £150 off their council tax bills over the 2020 to 2021 financial year. The council awarded this relief to 2,220 working age claimants totalling £468k and has since awarded a further £152k of reliefs to 778 additional claimants.

36. The council also received £98,000 '**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. The possibility of what may be eligible to be reclaimed is still being explored however nothing has been committed to date. This project has been extended to June 2021 so can be spent across financial years.
37. The council's **Test and Trace Support Payments** have already paid out in excess of £90k payments to individuals who are required to self-isolate. Any allocations above the initial awarded amount will be reclaimed from Government.
38. Through LCC, the council has received a grant allocation from Government that will be used to fund support for the Government's **Test & Trace** scheme. The council has utilised the fund to recruit additional staff who will chase up the contacts that the national scheme have been unable to contact.
39. The Local Authority **Emergency Assistance Grant for Food and Essential Supplies** is a one-off contribution to upper tier local authorities in England to use to support people who are struggling to afford food and other essentials due to COVID-19. The grant must be, and will be, spent within this financial year and South Ribble's allocation is £99,245.
40. The council will fully commit its **Next Steps Accommodation Programme** funding to provide short-term accommodation and immediate support to those that require it.
41. The council has received confirmation of its successful application to the DCMS for funding to support its **leisure services** provider during the Covid-19 pandemic. The council received £210k to provide support to its leisure provider during the second and third lockdown periods. The council has already approved up to £240k to provide support as a result of Covid-19.

Expenditure

42. The table below details the spend to date on Covid-19 related funding streams. It should be noted there is significant uncertainty around the **Containing Outbreak Management Funding** (COMF). The funding was incorrectly paid to Lower Tier authorities and we are uncertain as to whether some of this should be paid to Lancashire County Council. Should this funding remain with the Council it is anticipated much of these costs were via redeployment of existing Council resources so the funding may create an underspend of £1.2m in the General Fund. However, until there is certainty over this funding it is suggested the money should be held until further notice is given.

Spend Area	Spend to Date	Committed 20/21	Spend repurposed from Existing Budgets	Total 20/21 Spend	21/22 Spend Committed
Unringfenced Grant Spend Elements					
Staffing	67,601	111,592	762,941	942,135	301,743
Premises Improvements	12,453	2,692		15,144	
Transport Related Costs	1,824			1,824	
Community Hub Costs	33,284	1,799		35,083	
Information Technology	29,747	2,000		31,747	
Operation tools & equipment	27,862	1,576		29,438	
Postage	4,317			4,317	
Publicity & Promotion	554			554	
Temporary Accommodation	57,255	94,685		151,940	
Expenses Recovered	-5,574			-5,574	
Other Costs - inc Leisure	12,760	242,295		255,055	
Unringfenced Grants Spend Sub-Total	242,083	456,639	762,941	1,461,662	301,743
Ringfenced Grant Elements					
Track and Trace Payments	91,999			91,999	
Extending Council Tax Support	602,000	105,201		707,201	
Sales Fees and Charges	386,000			386,000	
National Leisure Relief Funding		210,000		210,000	
Containing Outbreak Management Funds			1,218,668	1,218,668	
Next Steps Accommodation Programme (NSAP)		30,000		30,000	
Health Protection Project (Part 1)- Test & Trace Staff		72,850		72,850	
Health Protection Project (Part 2) - Test & Trace Staff & Non Staff		45,989		45,989	
Health Protection Project (Part 3) - Food & Essential supplies	99,245			99,245	
Clinically Extremely Vulnerable People (CEV)			57,000	57,000	
Reopening High Streets				0	97,965
Ringfenced Grants Sub-total	1,179,244	464,040	1,275,668	2,918,952	97,965
Grand Total	1,421,327	920,679	2,038,609	4,380,614	399,708

43. With regard to unringfenced grants, it is forecast that the Council will spend and commit £1.461m on Covid-19 related expenditure in 20/21 and £0.301m in 21/22. Of this £0.762m relates to budgeted costs, such as staffing costs, that have been used to manage the various services that have supported Covid-19 recovery and Government initiatives.
44. All ringfenced grants are forecast to be fully committed in 2020/21 or 2021/22.
45. It is likely there may be some more commitments that are not currently on the financial system but at the moment it is forecast there is £0.819m of existing resources which have been redeployed on Covid-19 work creating a potential General Fund underspend in 2020/21 of £0.819m. In order to be prudent, we would suggest providing £0.300m of funding for any committed expenditure that is not yet showing on the financial system, this would be in addition to the £301k of commitments outlined in the table above. In addition to this, should the COMF also be available, there would be an additional £1.218m of funding available.

Business Grants

46. A summary of the business grants to be received and paid out to date is below. It is assumed all business grant allocations will be either spent or returned to government. There is significant expenditure in process as payments go out for the more recent 'lockdown' periods. As a result, spend can increase significantly from day to day.

Grant Name	Allocation	Spend to Date	Committed/To Be Repaid	Total
Business Grants - 1st Lockdown	20,888,000	20,192,470	695,530	20,888,000
Local Restrictions Support Grant (LRSg) - Open 1 - To 5/11/20	194,486	8,902	185,584	194,486
Local Restrictions Support Grant (LRSg) - Open 2 - 2/12/20 to 18/12/20	19,342		19,342	19,342
Local Restrictions Support Grant (LRSg) - Open 3 - 19/12/20 to 30/12/20	13,653		13,653	13,653
Local Restrictions Support Grant (LRSg) - Closed 1 - To 5/11/20	87,598	67,770	19,828	87,598
Local Restrictions Support Grant (LRSg) - Closed 2 - 2/12/20 to 18/12/20	126,962	126,962	0	126,962
Local Restrictions Support Grant (LRSg) - Closed 3 - 19/12/20 to 30/12/20	112,025	109,749	2,276	112,025
Local Restrictions Support Grant (LRSg) - Closed (Addendum) - 5/11/20 to 2/12/20	1,398,510	804,212	594,298	1,398,510
Local Restrictions Support Grant (Closed Addendum Tier 4) - 30/12/20 to 4/1/21	0	124,481	-124,481	0
Local Restrictions Support Grant (LRSg) - Closed (Addendum) - 5/1/21 to 15/2/21	2,097,765	1,048,374	1,049,391	2,097,765
Closed Businesses Lockdown Payment - 5/1/21 - 15/2/21	4,194,000	2,094,761	2,099,239	4,194,000
Additional Restrictions Grant (ARG) - share of Lancs £30m - to 31/3/21	2,215,760	7,779	2,207,981	2,215,760
Additional Restrictions Grant (ARG) - Top Up - to 31/3/21	984,136		984,136	984,136
Wet Pubs	38,400	46,000	-7,600	38,400
Total	32,370,638	24,631,460	7,739,177	32,370,638

47. The Council received an initial total funding allocation of £20.888m of which the following was allocated by the Government in May 2020:
- £19,896,000 maximum allocation for Small Business & Retail, Hospitality & Leisure grants
 - £992,500 maximum allocation for Discretionary Grants

The initial Government allocation was an estimate of the likely business need for grants however and, like many other councils, South Ribble were not able to fully commit the grant allocation. The council was proactive in extending application deadlines and contacting businesses that it believed to be still eligible however it was not possible to fully commit the funding and it is forecast that the £695k will be returned to the Government.

48. All other grants are assumed to be fully committed depending upon how long lock-down restrictions continue or are brought back in the future.

Summary

49. As a result of the commitments against unringfenced grants identified above, a reserve for £500k Covid-19 Recovery has been created from within the forecast budget underspends.
50. In addition, a Covid-19 reserve of £600k has been created from carried forward of Covid-19 grants to cover existing Covid-19 commitments which will only be incurred in 21/22.

Reserves

51. The total balance on reserves at the beginning of the financial year was £20.813m. Table 5 below shows the expected movements in the reserves for 2020-21.

Table 5: 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	(4,576)	-	-	170	-	(4,406)
Business Rates Retention	(3,309)	(4,987)	65	-	-	(8,231)
Capital Funding	(3,514)	-	24	2,074	-	(1,416)
CIL Admin	(248)	-	-	-	248	-
City Deal	(1,851)	-	-	-	-	(1,851)
Climate Change	(250)	-	-	-	-	(250)
Credit Union	(150)	-	1	-	-	(150)
Housing Needs Surveys	(100)	(20)	-	-	40	(80)
Local Plans	(255)	-	-	-	62	(193)
My Neighbourhoods	(67)	(46)	-	2	-	(111)
Performance Reward Grant	(27)	-	27	-	-	-
Repairs and Maintenance	(500)	-	-	-	-	(500)
Restructure Costs	(200)	-	-	-	-	(200)
Transformation Fund	(415)	-	-	269	-	(146)
Business Grants	-	-	-	-	(150)	(150)
Community Wealth Building	-	-	-	-	(150)	(150)
Mental Health for Young People	-	-	-	-	(50)	(50)
Covid Recovery Fund	-	(500)	-	-	-	(500)
Covid Commitments Reserve	-	(600)	-	-	-	(600)
Income Equalisation Reserve	-	(150)	-	-	-	(150)
Other Earmarked Reserves:						-
Ring-fenced grants	(488)	-	231	-	-	(257)
Sports Development income	(337)	-	220	-	-	(117)
Carried forward underspends	(126)	-	126	-	-	-
	(16,574)	(6,303)	694	2,514	-	(19,669)
General Reserve	(4,239)	(11)	96	-	-	(4,154)
Total	(20,813)	(6,314)	790	2,514	-	(23,823)

52. The details of the purposes of each earmarked reserve and the movements in the balances are as follows:

- Borough Council Elections – The original budget included 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 is to be used for the Worden Hall and Hoole Village Hall capital projects. £2m of the reserve has been potentially committed towards the Leyland Town Deal project.
- 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. There is a significant in-year increase in this reserve which will be repaid to government in future years and is not available to the Council for use.
- 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.
- As part of the budget setting for 2021/22 a number of new reserves have been created from released of existing reserves which can be released. These are reserves for Community Wealth Building, Business Grants, Mental Health for Young People.
- Two new reserves are being created as a result of the Covid funds described above for £500k and £600k.
- An Income Equalisation Reserve of £150k has been created from the to cover any potential temporary reliefs and losses on investment income over the recovery period from Covid 19.

- 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.

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

Capital Programme

54. Appendix C lists all the capital schemes within the programme and the detail regarding budgets, spending and forecasts.

55. Table 6 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 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.
- 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 so is now in the process of being repaid.
- 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. There are three large value affordable housing schemes that will use all the affordable housing funding: Tom Hanson House Bamber Bridge, McKenzie Arms Bamber Bridge, Sumpter Horse and an Extra Care facility. The other Section 106 funding is allocated mostly to parks and open spaces schemes within the programme.

Table 6: Capital Financing

Funding Stream	Opening Balance £'000	Receipts £'000	Release to Revenue £'000	Capital Financing £'000	Closing Balance £'000
Capital Grants and Contributions					
City Deal capital funding	-	-	-	-	-
Community Infrastructure Levy (CIL)	(2,029)	-	-	100	(1,929)
Disabled Facilities Grant (DFG)	(314)	(688)	-	750	(253)
External Contributions	-	(29)	-	29	-
Housing grants repaid	-	-	-	-	-
Land Release Fund	(362)	362	-	-	-
Lottery Funding (Hurst Grange Park)	-	(180)	-	180	-
Section 106 Affordable Housing	(5,044)	-	-	758	(4,285)
Section 106 Other	(2,391)	-	-	1,087	(1,304)
Town Deal Funding	-	(750)	-	750	-
Other grants and contributions	(25)	-	-	-	(25)
	(10,165)	(1,285)	-	3,654	(7,796)

Comments of the Statutory Finance Officer

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

Comments of the Monitoring Officer

57. There are no concerns with this report from a Monitoring Officer perspective.

Background documents

There are no background papers to this report

Appendices

Appendix A – Staffing Vacancies at 31st December 2020

Appendix B – Capital Programme

Appendix C – Reserves Planned Movements

Appendix D – Glossary of Covid Schemes

James Thomson

Deputy Director of Finance (and Section 151 Officer)

Report Author:	Email:		Date:
Neil Halton (Principal Management Accountant) / James McNulty (Senior Management Accountant)	Neil.halton@southribble.gov.uk James.McNulty@southribble.gov.uk		22 nd February 2021