

Report to	On
Cabinet	Thursday, 16 June 2021

Title	Portfolio Holder	Report of
Revenue and Capital Budget Monitoring 2020-2021 Outturn	Cabinet Member (Finance, Property and Assets)	Director of Finance

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 at the end 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 and use of S.106 funding for the capital programme, which reflects forecasted underspend against the existing budgets, as detailed in Appendix C – Capital Programme and in Appendix D – S.106 Summary of Usage of Receipts.

Reasons for Recommendations

4. To confirm the outturn position for the 20/21 financial year.

Executive Summary

5. The overall position is a surplus of £570k with a further £348k from Covid funds used to support existing Council costs.
6. It is proposed to use these funds to create a number of reserves:
 - a. £100k additional into the Local Plans reserve to provide sufficient funding up to 2023/24
 - b. The creation of a new £400k Asset Maintenance Reserve to pay for potential future maintenance costs and part fund future capital expenditure on short-life assets such as ICT and vehicles.

- c. Creation of a £250k Income Investment Reserve to cover costs of developing new income generation projects which may not be able to be capitalised.
- d. The remaining £168k to be added to the Covid Recovery Fund. The cost pressures of our continuing response to Covid, and of our progression through to recovery, will continue over the medium to longer term, and therefore some of the funding received over the course of 2020/21 will be required to carry forward into 2021/22 to meet the ongoing costs of Covid-19, and of any associated losses of income.

Corporate Outcomes

7. The report relates to the following corporate priorities: (tick all those applicable):

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

Revenue Budget Summary

8. Table 1 below summarises by directorate the revenue budget outturn position.
9. There is an overall surplus of £570k compared to 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	Outturn £'000	Outturn Variance £'000
Corporate	496	344	516	171
Neighbourhoods & Development	7,230	7,261	6,784	(477)
Planning & Property	701	738	539	(200)
Customer & Digital	2,394	2,420	2,399	(20)
Governance	1,757	1,697	1,647	(50)
Communications & Visitor Economy	203	278	303	26
Finance	754	717	871	154
Transformation & Partnerships	512	638	530	(108)
Pensions Deficit Contributions	25	25	1	(24)
Savings Targets	(305)	(187)	-	187
Net Cost of Services	13,766	13,931	13,590	(341)
Provision for repayment of debt	649	649	619	(31)
Interest payable / (receivable)	(170)	(170)	(66)	104
Parish Precepts	432	432	440	8
Funding Requirement	14,677	14,843	14,583	(260)
<u>Funding:</u>				
Council Tax	(8,596)	(8,596)	(8,598)	(2)
New Homes Bonus – City Deal	(601)	(601)	(601)	-
New Homes Bonus – SRBC	(59)	(59)	(59)	-
Retained Business Rates	(3,715)	(3,715)	(3,706)	8
Section 31 grants (mainly business rates)	(1,595)	(1,595)	(6,858)	(5,263)
Surplus business rates set aside for deficits in future years	-	-	5,257	5,257
Total Funding	(14,566)	(14,566)	(14,565)	0
Government covid support for income deficits			(310)	(310)
Net Contribution (To) / From Reserves	111	277	(293)	(570)

Table 2: Revenue budget variations within directorates

Service Area and main reasons for variances	Over / (Under-) Spend or Income Deficit / (Surplus) £'000
Corporate	
Additional staffing costs for the shared Chief Executive and Deputy Chief Executive	117
Fees regarding HR investigation	54
	171
Neighbourhoods & Development	
Street Cleansing - A post has been vacant since May	(18)
Community Involvement - staff seconded to Covid-19 roles	(73)
Community Safety - A new post Early Intervention Coordinator has been created	21
Youth Support - Delay in filling new post and no non-staffing costs incurred. This budget is fully funded by the Sport Development surplus income in reserves.	(71)
Environmental Health - staff seconded to Covid-19 roles	(53)
Grounds Maintenance - reduced supplies and services	(33)
Engineers - Two posts vacant all year	(57)
Market - reduced income	70
Sports Coaching - Budgeted £100k use of reserves not required as grant funding was confirmed.	(100)
Museum - Vacant Curator post. Used to fund a temporary resource charged to Comms & VE.	(32)
Car Parking - reduced income	95
Garden Waste - surplus income	(51)
Insurance receipt in relation to damaged refuse vehicle	(23)
Waste Contract - Refund re charges for new bins	(89)
Waste Management - surplus income for new bins and special collections	(31)
Other variances	(32)
	(477)
Planning & Property	
Senior Management - vacant assistant director	(38)
Housing Surveys - budgeted use of reserves not required	(40)
Housing - Vacant post and increased contribution in from DFG funding	(40)

Service Area and main reasons for variances	Over / (Under-) Spend or Income Deficit / (Surplus) £'000
Investment Property - reduced rental income	306
Planning Fees	(159)
Planning – Additional CIL Admin	(73)
Local Plans – underspend, £100k to be requested into reserves	(76)
Economic Development - underspend, of which £20k to be c/f	(23)
Apprentices - 2 staff moved to new roles, 1 vacancy all year	(71)
Other variances	14
	(200)
Customer & Digital	
Gateway - staffing underspend due to staff turnover	(70)
IT - Staffing underspend due to vacancies	(67)
Housing Benefits - recovery of overpayments lower than budgeted	72
Courts Summons - reduced income	220
One-off revenue and benefits grant funding	(62)
Revenues and Benefits - staffing underspend due to vacancies	(74)
Other variances	(39)
	(20)
Governance	
Democratic Service staffing	(26)
Licensing - Vacant Head of Service offset by reduced income	(33)
Electoral Registration - reduced canvassing costs	(24)
Legal fees relating to planning appeals	86
Corporate Admin staffing	(24)
Other variances	(29)
	(50)
Communications & Visitor Economy	
Astley Hall - temp post to manage South Ribble Museum charged here, funded by vacant Curator post in Neighbourhoods & Development	27
Other variances	(1)
	26
Finance	
Financial Services - staffing underspend	(48)
External Audit Fees	44
Increase in provision for bad debt	117
Other variances	41
	154
Transformation & Partnerships	
Staffing underspend	(44)

Service Area and main reasons for variances	Over / (Under-) Spend or Income Deficit / (Surplus) £'000
Training budget for the organisation underspent	(47)
Other variances	(17)
	(108)
Budgets Not In Directorates	
Parish Precepts	8
Pension Contributions	(24)
Provision for repayment of debt (MRP)	(31)
Interest on short-term investments	104
Savings Target	187
Subtotal	(260)
Government Covid-19 support for fees and charges income deficits	(310)
Overall (Surplus) / Deficit	(570)

Staffing Costs

10. The table below lists the main variances within particular service areas. Appendix A show the posts that were vacant as at 30th April 2021.

11. Several posts across various services became vacant during quarter 3 because staff were redeployed to new roles created specifically to respond to the pandemic.

Table 3: Staffing costs main variations

Service Area	Over / (Under-) spend £'000	Reasons and notes
Corporate		
Chief Executive	117	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	(25)	One post has been vacant since May and another became vacant in September
Parking and Highways	(14)	An employee has reduced their hours to part time
Grounds Maintenance	14	Additional overtime costs
Mechanics and Transport	14	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.
Neighbourhoods Team	(12)	Casuals budget not needed this year
Waste Management	27	One-off funding was secured that enable two temporary roles to be created.
Community Involvement	(63)	Several members of the team have been redeployed to work in Covid-19 specific roles.
Community Safety	17	A new post Early Intervention Coordinator has been created.
Engineers	(54)	Two posts have been vacant all year - a Graphic Designer and an Engineering Assistant.
Environmental Health	(48)	A new Housing Enforcement Officer post was created in the budget setting process but has not yet been filled.
Market Operations	10	Increased casuals costs
Sports Coaching	74	Additional funding was secured, which has enable additional staff to be hired.
Youth Support	(22)	The newly created posts were not filled until quarter 3
Museum	(31)	The curator post became vacant in May. The budget will be realigned in 21/22 to reflect revised structure for delivering this service.

Service Area	Over / (Under-) spend £'000	Reasons and notes
Senior Management	13	The cost of the shared Director of Commercial
Planning & Property		
Senior Management	(38)	The Assistant Director of Housing and Property has been vacant all year.
Building Control	23	Upgrades to two staff following Job Evaluation reviews.
Planning Support	24	As part of a restructure, new roles were created which will be funded by CIL Admin
Development Control	(21)	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.
Housing Services	(15)	One person is on maternity leave
Apprentices	(37)	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		
Senior Management	(6)	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.
Gateway	(69)	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-19 specific roles.
IT	(59)	Three posts are currently vacant. Some other posts were vacant earlier in the year but are now filled.
Revenues and Benefits	(74)	There are 5 vacancies. In addition, two staff were on adoption or maternity leave.
Governance		
Democratic Services	(26)	Two posts were vacant earlier in the year but are now filled
Legal Services	14	Additional costs due to maternity cover and some staff moving to higher SCPs in the restructure.
Licensing	(59)	The Head of Licensing post has been vacant all year.
Assurance	(38)	The team has been restructured and new posts have been recruited to. There is one vacancy to be filled.

Service Area	Over / (Under-) spend £'000	Reasons and notes
Corporate Admin	(24)	The Corporate Support Apprentice role is vacant because the post-holder was promoted to fill a vacancy. Also, another person has been on maternity leave.
Finance		
Financial Services	(43)	Timing of significant vacant posts (now recruited to) offset by agency costs in year to create underspend.
Transformation & Partnerships		
HR	49	Severance costs for an employee
Transformation & Partnerships	(94)	Following service reviews underspends have been created due to timing of recruitment to revised structure.

Non-Staffing Costs

12. There has been one-off expenditure of £54k in 2020/21 relating to a HR investigation.
13. Grounds maintenance expenditure on supplies was underspent by £33k due to some contractor costs not being incurred because of the pandemic.
14. There was a one-off insurance receipt of £23k in relation to a damage refuse vehicle.
15. There was a refund in the waste contract of £89k due to a back-dated recalculation of charges relating to new properties.
16. The budget included an expectation to spend £40k from the Housing Surveys reserve but no surveys were undertaken and the transfer from the reserve was not required.
17. The Planning service generated surplus fees of £200k but this was offset by increased costs for consultancy and advice in relation to planning appeals. In addition, £73k additional income was recognised in relation to CIL admin costs.
18. The Local Plans budget was underspent by £76k. The budget includes an expected contribution from reserves to fund any costs above £50k. The actual contribution required was £72k lower than the budget figure.
19. Economic Development was underspent by £23k because the majority of work carried out by the team has been in relation to Covid-19 and charged separately.
20. There was an overall deficit of £72k relating Housing Benefits, which was mainly caused by the value of overpayments recovered being lower than the assumed level in the budget.
21. Legal services fees are overspent by £86k, mainly due to additional costs in relation to planning appeals. Some fees were incurred directly against the planning service, as described above, but the majority of costs were incurred against legal services.

22. External audit fees have increased by £44k 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.
23. The provision for bad debt, which is budgeted against the Finance directorate, increased by £117k.
24. The corporate training budget, which is held against the HR service, was underspent by £47k because attendance on courses was significantly reduced due to the impact of Covid-19.
25. 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 budget of £24k.
26. There is a significant reduction of £104k in income received as interest on cash investments due to historically low interest rates. This was 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 £31k.

Income from Fees and Charges

27. 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 expected to receive £310k in Government Support.
28. The most significant reductions have been in car parking, rental income from investment property and the market 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.
29. There have been some increases in income in relation to Sports Coaching, Garden Waste, Vehicle Maintenance and Planning applications. The Sports Coaching is due to a confirmation of grant funding of which there was some uncertainty previously. The funding was used for additional staffing resources and the overall surplus in the service was only £10k. Garden Waste and Planning Applications surpluses are as a result of unbudgeted increases in demand for these services. The surplus vehicle maintenance income is due to increased maintenance costs being recharged back to FCC.

Table 4: Income from fees and charges

Service Area	Income 2019- 20 £'000	Budget £'000	Outturn £'000	(Surplus) / Deficit £'000
Neighbourhoods & Development				
Car Parking charges and fines	(141)	(145)	(50)	95
Civic Centre banqueting suite income	(26)	(36)	-	36
Dog impounding, littering and dog fouling	(4)	(18)	(2)	15
Environmental Permits	(23)	(19)	(19)	0
Grounds Maintenance	(156)	(155)	(154)	0
Licensing - Piercings & Tattoos and Animals	(9)	(7)	(6)	1
Licensing - Street Traders	(23)	(25)	(21)	4
Open Spaces (sports pitches, fairs, etc)	(33)	(18)	(13)	5
Pest Control	(46)	(50)	(37)	12
Property rental - Civic Centre	(67)	(50)	(67)	(17)
Property rental - Market	(126)	(142)	(71)	70
Property rental - Moss Side Depot	(43)	(43)	(36)	7
Property rental - Worden Craft Centre	(11)	(15)	(16)	(1)
Sports Coaching	(279)	(120)	(279)	(159)
Waste Collection - Garden waste	(809)	(683)	(734)	(51)
Waste Collection - New bins	(56)	(45)	(64)	(19)
Waste Collection - Special collections	(40)	(40)	(52)	(12)
Waste Collection - Trade Waste	(445)	(481)	(440)	41
Vehicle Maintenance for FCC	(181)	(162)	(237)	(74)
	(2,516)	(2,251)	(2,298)	(48)
Planning & Property				
Building Control	(177)	(191)	(195)	(5)
Planning application fees	(436)	(505)	(723)	(218)
Planning pre-application fees	(31)	(40)	(25)	15
Investment property rental	(950)	(1,105)	(799)	306
	(1,593)	(1,841)	(1,743)	98
Governance				
Land Charges	(90)	(80)	(81)	(1)
Legal fees recovered	(13)	(15)	(15)	(0)
Licensing - Alcohol	(78)	(76)	(69)	8
Licensing - Gambling	(10)	(12)	(9)	3
Licensing - Taxis	(84)	(90)	(65)	25
	(275)	(273)	(239)	34

Service Area	Income 2019- 20 £'000	Budget £'000	Outturn £'000	(Surplus) / Deficit £'000
Customer & Digital				
Court summons costs recovered	(219)	(228)	-	228
	(219)	(228)	-	228
Government Support			(310)	(310)
	(4,604)	(4,593)	(4,591)	2

Covid-19

- 30.** The impact of Covid-19 on the Council's budgets has been varied and included 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.
- 31.** As we emerge from the 3rd wave in the North West, and with a programme to vaccinate the whole adult population progressing at pace, we are hopeful that we will not have to revert to the same emergency measures, and incur the same level of costs, that we did in 2020/21; nonetheless the financial impact will be felt for some time to come, for example in restarting and regenerating our economy and town centres, particularly in retail, and in opening up our leisure and culture services over time to pre-pandemic customer numbers. The funding carried forward will undoubtedly be called upon to address this in the year ahead, and potentially beyond.

Income

- 32.** 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 has been vast, especially in the service industries. Two areas this significantly affected the council's finances is the impact on its business rates and council tax collection funds.

Business Rates

- 33.** 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 reduced the council's gross collectable to an estimated £24.5m. The council and other preceptors have received compensatory grant payments, known as S31 grants, in 20/21 for this extended relief.
- 34.** Based on current collection rates it is estimated the gross shortfall of business rates income is £0.863m. South Ribble's share of this deficit is approximately £0.345m meaning the council is £0.345m short of its budgeted business rates income in 20/21.
- The 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 £345,000 may therefore only result in a £115,000 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.
- 35.** The business rates income has not been adjusted in Table 1, 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 £5.2m 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 £5.2m 'surplus' is moved into a reserve to offset against these future deficits.

Council Tax

36. The gross shortfall of council tax income is £0.446m in 20/21. South Ribble's share of this deficit is approximately £54,000 meaning the council is £54,000 short of its budgeted council tax income. This will be deficit will be spread over 21/22, 22/23 and 23/24 meaning the budget impact is minimal.

CV-19 Grant Funding Support

37. 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	
New Burdens Funding - Business Grants	166,800	
Trace Support Payments - Admin	25,654	
Trace Support Payments - Admin - top up to 31/3/21	12,083	
Trace Support Payments - Admin - top up April 21		12,736
LA Compliance & Enforcement Grant	45,740	
Unringfenced Grants Total	1,942,289	517,268
Extending Council Tax Support	707,201	131,528
Reopening High Streets	97,965	
Welcome Back Fund	0	97,965
Trace Support Payments - Individuals (£500)	38,000	
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) - top up to 31/3/21	50,000	
Trace Support Payments - Discretionary - top up to 31/3/21	30,000	
Trace Support Payments - Individuals (£500) - top up April 21	0	14,500
Trace Support Payments - Discretionary - top up April 21	0	73,000
Health Protection Project (Part 1)- Test & Trace Staff	31,325	41,525
Health Protection Project (Part 2) - Test & Trace Staff & Non Staff	19,775	26,214
Health Protection Project (Part 3) - Food & Essential supplies	99,245	
Next Steps Accommodation Programme (NSAP)	30,000	
Containing Outbreak Management Fund (COMF)	0	1,348,870
Sales Fees and Charges	309,788	
Clinically Extremely Vulnerable People (CEV)	282,683	
National Leisure Relief Funding	211,542	14,418
Covid 19 Winter Fund from LCC	7,972	
Ringfenced Grants Total	1,969,495	2,278,024
Total	3,911,784	2,795,292

38. South Ribble's total unringfenced Covid-19 funding for 20/21 was £1.775m. 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 £517k of unringfenced Covid-19 funding to the council.

39. 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 working age claimants totalling £653k at 31st March and the remainder can still be retrospectively applied.
40. The council also was allocated £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 prohibitive. This project has been extended to 21/22 alongside an additional allocation expected to be of a similar amount as a '**Welcome Back Fund**'. Both these allocations can be spent in 2021/22.
41. The council's **Test and Trace Support Payments** have already paid out in excess of £116k payments to individuals who are required to self-isolate. Any allocations above the initial awarded amount will be reclaimed from Government.
42. 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 has been unable to contact.
43. 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 was spent within this financial year and South Ribble's allocation was £99,245.
44. The council has fully committed its **Next Steps Accommodation Programme** funding to provide short-term accommodation and immediate support to those that require it.
45. The council 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 £212k to provide support to its leisure provider during the second and third lockdown periods. In addition, a further allocation of £14k was awarded which can be spent in 2021/22. In addition a previous amount of £240k was approved for Leisure which has not yet been required so is proposed to be carried forward to support bringing the service in-house.

Expenditure

46. The table below details the spend on Covid-19 related funding streams. It should be noted there was significant uncertainty around the **Containing Outbreak Management Funding** (COMF). The initial allocation of the funding was paid to Lower Tier authorities and no spend has yet been directly allocated against this fund. The grant has been carried forward into 2021/22 to be applied against eligible spend.

Spend Area	Spend 20/21	Spend Existing Resources Redeployed	Total 20/21 Spend
Staffing	151,298	865,322	1,016,620
Premises Improvements	30,625		30,625
Transport Related Costs	3,351		3,351
Community Hub Costs	72,732		72,732
Information Technology	84,297		84,297
Operation tools & equipment	11,592		11,592
Waste	8,994		8,994
Temporary Accommodation	174,707		174,707
Expenses Recovered	-41,094		-41,094
Other Costs	60,262	520,204	580,466
Unringfenced Grant Spend Sub-Total	556,763	1,385,526	1,942,289
Track and Trace Payments	171,999		171,999
Extending Council Tax Support	707,201		707,201
Sales Fees and Charges	309,788		309,788
National Leisure Relief Funding	211,542		211,542
Containing Outbreak Management Funds	0		0
Next Steps Accommodation Programme (NSAP)	30,000		30,000
Health Protection Project (Part 1) - Test & Trace Staff	31,325		31,325
Health Protection Project (Part 2) - Test & Trace Staff & Non Staff	19,775		19,775
Health Protection Project (Part 3) - Food & Essential supplies	99,245		99,245
Clinically Extremely Vulnerable People (CEV)	0	282,683	282,683
Covid 19 Winter Fund from LCC	7,972		7,972
Reopening High Streets	0		0
Ringfenced Grants Spend Sub-Total	1,588,847	282,683	1,871,530
Total	2,145,609	1,668,209	3,813,819

47. With regard to unringfenced grant the Council has spent £1.942m. Of this £1.385m relates to budgeted costs, such as staffing costs and associated other Council resources, that have been used to manage the various services that have supported Covid-19 recovery and Government initiatives.

48. All ringfenced grants are fully spent in 2020/21 or carried forward where this is applicable. There is £56k of Track and Trace payments to be carried forward and the balance of the allocated amount for reopening High Streets.

Business Grants

49. A summary of the business grants to be received and paid out to 31st March is below. It is assumed all business grant allocations will be either spent or returned to government. Many schemes are now coming to a close but there were still grants being paid out for periods prior to 31st March at year end. As a result, spend will differ significantly by the end of the schemes. There will be no impact on the overall Council position as a result of this.

Grant Name	Allocation	Spend to 31st March	Committed/To Be Repaid	Total
Business Grants - 1st Lockdown	20,888,000	20,888,000	0	20,888,000
Local Restrictions Support Grant (LRSG) - Open 1 - To 5/11/20	194,486	29,482	165,004	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	64,818	22,780	87,598
Local Restrictions Support Grant (LRSG) - Closed 2 - 2/12/20 to 18/12/20	126,962		126,962	126,962
Local Restrictions Support Grant (LRSG) - Closed 3 - 19/12/20 to 30/12/20	411,470	264,716	146,754	411,470
Local Restrictions Support Grant (LRSG) - Closed (Addendum) - 5/11/20 to 2/12/20	1,398,510	898,724	499,786	1,398,510
Local Restrictions Support Grant (Closed Addendum Tier 4) - 30/12/20 to 4/1/21	0	149,594	-149,594	0
Local Restrictions Support Grant (LRSG) - Closed (Addendum) - 5/1/21 to 15/2/21	2,097,765	0	2,097,765	2,097,765
Local Restrictions Support Grant (LRSG) - Closed (Addendum) - 16/2/21 to 31/3/21	2,197,659	2,366,542	-168,883	2,197,659
Closed Businesses Lockdown Payment - 5/1/21 - 15/2/21	4,194,000	2,518,000	1,676,000	4,194,000
Additional Restrictions Grant (ARG) - share of Lancs £30m - to 31/3/21	2,215,760	432,388	1,783,372	2,215,760
Additional Restrictions Grant (ARG) - Top Up - to 31/3/21	984,136		984,136	984,136
Additional Restrictions Grant (ARG) - SECOND Top Up - to 31/3/22	706,699		706,699	706,699
Wet Pubs	38,400	49,000	-10,600	38,400
Total	35,574,440	27,661,264	7,913,176	35,574,440

50. 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 £751k was returned to the Government.

51. All business grants are assumed to be fully committed as they will be paid to businesses or refunded to government.

Summary

52. Of the £1.668m existing resourced funding by grants it was agreed at Quarter 3 to create reserves of £600k Covid Commitments and £500k Covid Recovery. In addition a previous amount of £240k was approved for Leisure which has not yet been required so is proposed to be carried forward to support bringing the service in-house. This leaves a further £348k to be allocated to reserves the reason for this largely being additional grant awards after quarter three around Clinically Extremely Vulnerable and New Burdens.

Reserves

53. The total balance on reserves at the beginning of the financial year was £20.813m. The table below shows the movement in reserves during 2020-21. Appendix B shows the planned movements in reserves over the next 3 years.

Table 5: Reserves summary

Reserve Name	Opening Balance £'000	Transfers In £'000	Transfers Out £'000	Capital Financing £'000	Movement Between Reserves £'000	Closing Balance £'000
Earmarked Reserves						
Borough Council Elections	(160)	-	-	-	-	(160)
Borough Investment Account	(4,576)	-	-	172	-	(4,404)
Business Rates Retention	(3,309)	-	15	-	150	(3,144)
Business rates temp surplus	-	(5,244)	-	-	-	(5,244)
Capital Funding	(3,514)	(45)	20	1,688	-	(1,851)
CIL Admin	(248)	-	-	-	248	-
City Deal	(1,851)	-	-	-	-	(1,851)
Climate Change	(250)	-	-	-	-	(250)
Community Hubs Reserve	(67)	(44)	0	1	-	(109)
Credit Union	(150)	-	1	-	-	(149)
Housing Needs Surveys	(100)	(20)	-	-	40	(80)
Local Plans	(255)	(100)	26	-	62	(267)
Performance Reward Grant	(27)	-	16	-	-	(11)
Repairs and Maintenance	(500)	-	-	-	-	(500)
Restructure Costs	(200)	-	-	-	-	(200)
S.106 Other Reserve	-	(242)	-	-	-	(242)
Transformation Fund	(415)	-	-	185	-	(230)
Business Grants	-	-	-	-	(150)	(150)
Community Wealth Building	-	-	-	-	(150)	(150)
Mental Health for Young People	-	-	-	-	(50)	(50)
Covid Recovery Fund	-	(675)	-	-	-	(675)
Covid Commitments Reserve	-	(654)	-	-	-	(654)
Asset Maintenance Reserve	-	(400)	-	-	-	(400)
Income Investment Reserve	-	(250)	-	-	-	(250)
Income Equalisation Reserve	-	-	-	-	(150)	(150)
Leisure Reserve	-	(546)	-	-	-	(546)
Other Earmarked Reserves:						
Ring-fenced grants	(488)	(50)	93	-	31	(415)
Sports Development income	(337)	(10)	49	-	-	(297)
Carried forward underspends	(126)	(501)	48	-	-	(579)
	(16,574)	(8,780)	269	2,047	31	(23,007)
General Reserve	(4,239)	(13)	142	-	(31)	(4,141)
Total	(20,813)	(8,793)	411	2,047	-	(27,149)

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

Reserves already in use at the start of 2020-21

- 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.
- Business Rates Temporary Surplus to be repaid - 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.
- Community Hubs – This is the balance of unspent funding for the My Neighbourhoods forums.
- 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.
- 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 exists 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.

New reserves created during 2020-21

- 55.** As part of the budget setting for 2021/22 a number of new reserves have been created from existing reserves which can be released. These are reserves for Community Wealth Building, Business Grants, Mental Health for Young People.
- 56.** Two new reserves are being created as a result of the Covid-19 funds described above for £500k and £600k. A further £168k is being transferred into the Covid Recovery Fund from the overall surplus.
- 57.** 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.
- 58.** An Asset Maintenance Reserve has been created for £400k to pay for potential future maintenance costs and part fund future capital expenditure on short-life assets such as ICT and vehicles.

Carry Forwards

- 59.** A total of £561k was transferred to the carry forward reserve in relation to budgets that where spending has been delayed but will still be required in 2021/22. The table below gives a breakdown.

Description	Amount £'000
Business support	44
Communications - new software and temporary resourcing	31
Economic development - Central Lancs Economic Strategy	20
Events temporary resource and new equipment	48
Extra Care - preparatory costs	50
Grounds maintenance equipment	7
Homelessness surplus grant funding	50
Internal audit work contracted out in 20/21 to be carried out in 21/22	14
IT supplies and services	124
Policy and Performance - support to Dementia Action Alliance	2
Property stock condition surveys	113
Shared services implementation costs	48
Sport coaching overall surplus	10
Total	561

Capital Programme

- 60.** Appendix C lists all the capital schemes within the programme and the detail regarding budgets, spending and forecasts.
- 61.** Table 6 below shows the movements in the balances of capital funding streams.
- 62.** 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.
- 63.** 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 has now been returned.

Section 106

- 64.** The majority of the balance of Section 106 funding is allocated to schemes within the capital programme. Several receipts totalling £993k 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.
- 65.** There are 4 large value affordable housing schemes that will use all the affordable housing funding: Tom Hanson House Bamber Bridge, McKenzie Arms Bamber Bridge, an Extra Care facility and Sumpter Horse.
- 66.** The 'Section 106 Other' funding is allocated mostly to parks and open spaces schemes within the programme. There is one large value receipt in relation to a development at Buckshaw Village which has been applied to several parks and open spaces schemes within the capital programme.
- 67.** Appendix D shows a breakdown of which schemes have been funded by Section 106.

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)	-	586	-	(1,444)
Decarbonisation grant	-	(145)	-	-	(145)
Disabled Facilities Grant (DFG)	(314)	(780)	-	507	(588)
External Contributions	-	(7)	-	7	-
Housing grants	(104)	-	-	6	(98)
Land Release Fund	(362)	279	-	-	(83)
Lottery Funding (Hurst Grange Park)	-	(189)	-	189	-
Section 106 Affordable Housing	(5,044)	(266)	37	482	(4,791)
Section 106 Other	(2,497)	(491)	11	765	(2,212)
Town Deal Funding	-	(750)	-	-	(750)
Other grants and contributions	(25)	(4)	-	14	(14)
	(10,376)	(2,353)	633	1,971	(10,125)
Capital Receipts	-	(27)	-	27	-
Total	(10,376)	(2,381)	633	1,998	(10,125)

Risk

68. Any risks are addressed in the body of the report.

Equality and Diversity

69. Not applicable.

Air Quality Implications

70. Any air quality implications are addressed in the body of the report.

Comments of the Statutory Finance Officer

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

Comments of the Monitoring Officer

72. 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 as at 30th April 2021
- Appendix B – Planned Movement in Reserves
- Appendix C – Capital Programme
- Appendix D – Section 106 Summary of Receipts Used

Louise Mattinson
Director of Finance

Report Author:	Email:	Telephone:	Date:
Neil Halton (Principal Management Accountant)	neil.halton@southribble.gov.uk	01772 62 5625	27/05/21
James McNulty (Senior Management Accountant)	james.mcnulty@southribble.gov.uk	01257 51 5988	