

Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance, Property and Assets))	Cabinet	15 th September 2021

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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2021/22 Corporate Revenue Budget Monitoring Report – position as at 31st July 2021

Purpose of the Report

1. This report sets out the revenue and reserves forecast for the Council as at 31st July 2021.

Recommendations to Cabinet

2. Note the forecast position for revenue and reserves as at 31st July 2021.
3. Note the virements to the revenue budget made during the period, as detailed in **Appendix 2** of the report.

Executive summary

4. There is a forecast break-even position against the budget at 31st July 2021 as detailed in **Appendix 1**.
5. The Council's Medium-Term Financial Strategy reported that working balances were to be maintained at existing levels due to the financial risks facing the Council. The balance at the last reporting period (2020/21 Outturn) was £4.141m. The forecast level of general fund balances as at 31st March 2022 remains at £4.141m.

Reasons for Recommendations

6. To ensure the Council's budgetary targets are achieved.

Alternative Options Considered and Rejected

7. None

Corporate priorities

8. 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

Background to the report

9. The net revenue budget for 2021/22 is £14.480m.

10. **Appendix 2** provides further information about the specific earmarked reserves and provisions available for use throughout 2021/22.

11. The Council's approved revenue budget for 2021/21 included target savings of £190k, comprising £150k in staffing turnover, and £40k from the expansion of shared services.

Section A: Current Forecast Position – Revenue

12. The forecast expenditure based on the position as at 31st July 2021 is £14.480m against the Council's budgets of £14.480m. Details of the forecast revenue outturn position are shown in **Appendix 1** and reserves are outlined in **Appendix 2**. The main variances, by directorate, are detailed below.

Variations from Budget

Directorate	Budget £'000	Forecast £'000	Variance (Under)/Over spend £'000
Commercial & Property	1,708	1,864	156
Communities	1,621	1,459	(162)
Customer & Digital	6,289	6,197	(92)
Governance	1,796	1,787	(9)
Planning & Development	620	588	(32)
Policy	1,882	1,860	(22)
Budgets Not In Directorates	564	929	365
Covid-19	-	(204)	(204)
Total Expenditure	14,480	14,480	0
Funding	Budget £'000	Forecast £'000	Variance £'000
Council Tax	(8,599)	(8,599)	-
Lower Tier Support Grant	(100)	(100)	-
New Homes Bonus	(363)	(363)	-
Reserves	(124)	(124)	-
Retained Business Rates	(3,829)	(3,829)	-
Section 31 Government Grants	(1,465)	(1,465)	-
Total Funding	(14,480)	(14,480)	0

13. Commercial and Property

- The forecast is based on a reduced income of £91k from investment properties, the market and the business and conference centre.
- Additional staffing costs of £47k have been included in the projections, in respect of support required in the facilities and estates teams.
- Leisure Services is forecast to be in line with budget based on performance in the first 4 months of the year.

14. Communities

- There are staffing underspends of £71k due to vacancies.
- Additional grant funding relating to Sports Coaching of £22k, and to Homelessness of £51k, is shown as a surplus because there are not yet definitive plans for spending.
- Details of the forecast position for the Community Hubs are shown in **Appendix 5**.

15. Customer and Digital

- Customer Services and Revenues and Benefits currently has a forecasted underspend of £150k on staffing costs due to vacant posts; a service review is in progress.
- Parks and Neighbourhoods is underspent on staffing by £47k due to vacancies
- This is offset by reduced income from court summonses of £95k and parking income of £93k.
- Garden waste income has a surplus of £87k but trade waste income is down by £21k.

16. Governance

- There are no significant variances to note at this point in the year.

17. Planning and Development

- There is an underspend on staffing in Planning of £39k due to vacancies. This is offset by additional staffing costs in building control of £7k.

18. Policy

- There is an underspend of £15k in the Events team due to the slight delay in recruiting to the new staffing structure; it had been assumed that this would be fully staffed from 1st April.

19. Budgets Not In Directorates

- Additional pension contributions of £386k will be required due to an understatement in the prepayment to the Lancashire Pension Fund in April 2020. The council prepaid 3 years of contributions, covering 20/21, 21/22 and 22/23. The amount paid was calculated on an assumed value of pensionable pay. Under the terms of the prepayment, the Council is required to pay any significant shortfalls that arise during the 3 year period rather than such shortfalls being accounted for in any revised contribution rate calculated at the next triennial actuarial valuation. The issue has arisen due to an understatement of pension costs during the budget setting process in 2020/21 which then fed through to 2021/22 – this is in relation to the pension prepayment as the employer pension contributions budget and costs have been accounted for based on the prepayment, which was based on estimated costs, rather than the actual costs incurred. This has resulted in an in-year overspend of £264k on pensions.
- The revenue budget includes a savings target of £150k for staffing turnover and £40k for expanding shared services. The full savings of £150k have already been achieved and these have been deducted from directorate staffing budgets; £75k to Communities and £75k to Customer and Digital. The £40k savings target in respect of shared services will be identified following reviews currently in progress.
- Parish precepts are £44k higher than budget due to the fact that their value was not available when the budget was set.
- Net Interest Receivable/Payable is forecast to be £18k overspent for 2021/22.

20. Covid-19

Additional income of £204k is anticipated, predominantly from the government's Covid-19 Fees and Charges Compensation Scheme to offset losses of income incurred in the first quarter of 2021/22.

21. **Funding** – No variations in funding are forecasted at this stage.

Section B: General Fund Resources and Balances

22. With regard to working balances, and as detailed in **Appendix 3** to the report, the Council holds a £4.1m General Fund balance to manage budget risks not covered by earmarked reserves or provisions. The forecast outturn for 2021/22 shows a projected General Fund closing balance of £4.141m as detailed below.

Summary of Movement in General Reserves	£m
General Fund Reserves as at 1 st April 2021	(4.141)
Forecast revenue budget (surplus) / deficit	0.000
Forecast General Reserve Closing Balance 2021/22	(4.141)

23. **Appendix 3** provides further information about the specific earmarked reserves and provisions available used throughout 2021/22.

24. Taking account of the adjustments highlighted in **Appendix 3**, the forecasted level of Earmarked reserves held for discretionary use by the Council at 31st March 2022 is £9.711m compared to a balance of £23.007m at 31st March 2021.

Summary of Movement in Earmarked Reserves	£m
Earmarked Reserves as at 1 st April 2021	(23.007)
Use of revenue reserves for capital financing	6.772
Release of S31 grant received in 2020/21 (and held in reserves) in respect of Business Rates reliefs stipulated by the government during – this offsets the resulting deficit brought forward on the Collection Fund	4.890
Forecast use of other earmarked reserves	1.634
Forecast Earmarked Reserves Closing Balance 2021/22	(9.711)

25. Amounts within the forecast use of other earmarked reserves include;

- £306k from the leisure reserve in relation to one-off costs involved in bringing leisure services in-house from 1st April 2021 and transferring to a local authority trading company later in the year.
- £242k from the Section 106 reserve relating to a specific section 106 agreement that requires the receipt to be paid over to City Deal.
- £236k not required from the business rates retention reserve to be moved for additional pension contributions required in relation to 2020/21.
- £177k to fund costs associated with the local plan.
- £150k from the business grants reserve to contribute to the wider programme of support to businesses, using Covid Additional Restrictions Grant funding.
- £113k of funding carried forward to be used for stock condition surveys for the Councils properties.
- The remainder of the movements are various, smaller adjustments related to revenue spending.

Climate change and air quality

26. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

27. None

Risk

28. Please summarise the key risks identified in any risk assessments.

Comments of the Statutory Finance Officer

29. The financial implications are contained within this report.

Comments of the Monitoring Officer

30. None

Background documents

31. There are no background papers to this report.

Appendices

Appendix 1 – Revenue 2021/22 - position as at 31st July 2021

Appendix 2 – Revenue Budget Movements as at 31st July 2021

Appendix 3 – 2021/22 Reserves Programme position as at 31st July 2021

Appendix 4 – Staffing Vacancies as at 31st July 2021

Appendix 5 – Community Hubs position as at 31st July 2021

Report Author:	Email:	Telephone:	Date:
Neil Halton (Principal Management Accountant), James McNulty (Senior Management Accountant)	neil.halton@southribble.gov.uk, james.mculty@southribble.gov.uk	01772 625625	20/08/21