

EXECUTIVE COMMITTEE

4th August 2020

Finance Monitoring Outturn 2019/20

Relevant Portfolio Holder	Councillor David Thain, Portfolio Holder for Corporate Management
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non Key Decision	

1. Purpose and summary

To report to Executive on the Council's financial position for Revenue and Capital for the financial year April 2019 – March 2020.

2. Recommendations

The Executive Committee is asked to resolve

- 2.1 The current financial position in relation to revenue and capital budgets for the year April 2019 – March 2020 as detailed in the report.

That Executive recommend to Council

- 2.2 Approval of the movement of £1,105k in existing reserves as included in Appendix 2.
- 2.3 Approval of the addition of new reserves of £1,380k as included in Appendix 2.
- 2.4 Approve the carry forward to the 2020/21 capital programme of £6,749k as detailed in 4 Appendix 4.
- 2.5 Approval of the inclusion of the Town Deals fund revenue grant of £173k in 2019/20 together with all associated costs (see 3.4).
- 2.6 Approval of increase to the revenue budget for 2020/21 due to receiving £40k SEP Grant (Strategic Economic Plan) (see 3.5)
- 2.7 Approval of a capital grant to Worcestershire County Council for improvement works at Holly Trees Children's Centre leased by Redditch Borough Council (Parenting Support) of £15k in 2019/20. (See 6.1)

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- 2.8 Approval of an increase in the 2020/21 Capital Programme of £839k for Disabled Facilities Grants. This is due to the budget allocations having now been announced by the Ministry of Housing, Communities and Local Government (MHCLG). (see 6.2)
- 2.9 Approval of the following additional new fees for Dial A Ride be introduced for 2020/21:
- Dial A Ride Medical journey £4 with concessionary bus pass
 - Dial A Ride Medical journey £5 without concessionary bus pass (see 3.6)
- 2.10 Approval to increase the management fee to Rubicon Leisure by £413k from other service savings in 2019/20. This is to offset the shortfalls in income that the company has faced in 2019/20.
- 2.11 Approval of an increase in the 2020/21 Capital Programme of £12k for the HMO (House in Multiple Occupation) Lifetime Loans Budget. This is due to the growing need for HMO type accommodation across the Borough to meet the need of single persons and those on low incomes. (see 6.3)
- 2.12 Approval of an increase in the 2020/21 Capital Programme of £119k for additional funds towards the already approved capital project for Environmental services new IT system (see 6.4 and appendix 6)

3. Revenue budgets

- 3.1 This report provides details of the financial outturn performance of the Council for 2019/20. The report reflects the finances across all of the Strategic Purposes to enable Members to be aware of the level of funding attributed to each area and how this compares to budget. The summary below shows the financial revenue position for the Council for 2019/20.
- 3.2 Financial reports are sent to budget holders on a monthly basis. As part of this process a detailed review is undertaken with support from the finance team to ensure that all issues are considered and significant savings or cost pressures are addressed. This report explains the key variances to budget for 2019/20.
- 3.3 The £9.804m original budget as included in the table below is made up of the budget approved in February 2019 of £9.543m, which is then adjusted to reflect the approved transfers from reserves of £262k held in Corporate Financing.

In addition the Latest Budget 2019/20 of £8,677m includes transfers from reserves of £1,303k (£1,027k of which is within Corporate Financing) which is shown in appendix 2 along with use of balances £27k and savings virements of £150k which is included within the corporate financing funding.

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**Revenue Budget Summary – Overall Council
Financial Year 2019/20**

Please note figures have been rounded

Strategic Purpose	Original Budget 2019/20 £'000	Revised Budget 2019/20 £'000	Actuals 2019/20 £'000	Variance 2019/20 £'000
Keep my place safe and looking good	4,044	3,788	3,649	-139
Help me run a successful business	560	132	619	486
Help me be financially independent	406	349	326	-22
Help me to live my life independently	134	58	42	-16
Help me find somewhere to live in my locality	859	656	582	-74
Provide Good things for me to see, do and visit	576	702	617	-85
Enable others to work/do what they need to do (to meet their purpose)	3,224	2,991	2,655	-336
Totals	9,804	8,677	8,490	-186
Corporate Financing	-9,804	-8,677	-8,893	-216
Grand Total	0	0	-403	-403

Financial Commentary:

There are a number of variances across the strategic purposes. The summary above shows the overall 2019/20 revenue position for the Council and the main variations are as a result of:

Keep my place safe and looking good (£139k saving)

These budgets include those relating mainly to Environmental Services, Planning, CCTV and other activities to deliver against the purpose to ensuring an area is a safe and attractive place for the community.

The variances to report are :

- Bereavement services have received less income than expected from burial fees in 2019/20, therefore showing a year end variance for the service of **£192k**.
- Building Control has received increased income due to successfully winning two large projects **£26k**.
- There has been savings on carparks/Civil enforcement parking due to lower maintenance send and increased income **£32k**.
- There is a saving within Community safety budgets due to salary vacancies which are being addressed in a service review. The saving, however, will be offset against the overhead recharge to the HRA (shown in enabling services) due to the service being 100% attributable to the HRA of **£64k**.
- There are some salary savings due to vacancies projected of **£197k** within Core Waste, Environmental Management, Place teams and Trees & woodland management mainly due to a pending services delivery review.

Help me run a successful business (£586k overspend)

The budgets within the strategic purpose include management fee to Rubicon Leisure, economic development, all licenses and costs associated with the town and other Properties within the Borough.

- **Rubicon Leisure**

When Rubicon Leisure was established it was anticipated that the costs associated with the delivery of associated services would reduce by £480k, which was approximately 40% less than the previous subsidy for Leisure services. Initial projections were that savings of £260k would be made due to new services taking longer than originally anticipated to be delivered. Both Pitcheroak and Arrow Valley centre were taken over by Rubicon during the financial year but due to works that were required at Pitcheroak an visitor footfall not as high as estimated the savings had not been delivered.

Unfortunately in early February a decline in attendance was seen at the centres and the theatre as the public became more aware of the Covid pandemic. Whilst the forced closure was not until the end of March the business had seen a significant fall in trade.

All saving and additional income that had been generated was lost during this period with a resulting saving of only £67k. Therefore the management fee had to increase by £413k to offset the shortfall. This will be reported to the Board and Shareholder Committee. Officers are currently working with Rubicon to ensure the services are opened where possible in a safe environment for customers at the end of July.

It is clear that with the closure of the facilities to the end of July will have a significant impact on the business and therefore on the Council. Whilst estimations have been made as to the potential financial impact of the closures these are to be reported to the Board and Shareholder Committee for consideration and action. The Council awaits any decision from Government around the funding that may be made available to support the Leisure services.

- There is an overspend showing with Business development – Business due to addition repairs and maintenance costs required at one of the community centres along with a loss of income due to another centre being vacant **£50k**.
- There are also overspends with Economic development due to additional electricity costs and maintenance costs on the markets along with Legal costs associated for settlement of the

Rubicon Centre **£34k**

- Some of these costs have been offset against additional income received on Licencing fees received in 2019/20 **£38k**.

Help me be financially independent (£22k saving)

The strategic purpose includes all costs relating to the support of benefits and the administration and delivery of Council Tax services in the Borough.

- There is an overall saving due to savings on salary vacancies and additional income which has been offset with a provision for bad debts on housing benefits overpayments. There was no budget for the provision or for the income in 2019/20 but we have now reflected in the base budgets for 2020/21.

Help me to live my life independently (£16k saving)

There are a number of budgets relating to the delivery of the strategic purpose including; Lifeline and Community Transport.

- There are some small savings due to temporary salary vacancies within Lifeline services **£17k**.

Help me find somewhere to live in my locality (£74k saving)

The costs associated with homeless prevention, housing strategy and land charges are all included in this strategic purpose. It is worth noting that these costs solely relate to those charged to the General Fund not the Housing Revenue Account

- The variance shown in this strategic purpose is due to some salary savings from reduced hours and temporary vacancies along with increased income from Houses in Multiple occupation following changes in regulations **£74k**.

Provide Good things for me to see, do and visit (£85k saving)

The majority of budgets within this purpose relate to Leisure and Culture services.

- There are further savings within Park & Events to do with temporary salary savings due to the change of service delivery and new staff structure implementation - these posts have now been filled going into the last quarter of 2019/20 **£65k**.
- Sports development have also realised savings due to staff vacancies but have also received some additional income in 2019/20 **£21k**.

Enable others to work/do what they need to do (to meet their purpose) (£336k saving)

All support services and corporate overheads are held within the enabling purpose. These include; IT, HR, Finance, Management team and other support costs.

- There is a underspend within Asset & Property Management which is due to staff vacancies within the Property team due to a service review following the transfer back from Place Partnership. There are also energy savings on gas and electricity and some small operational budgets **£128k**.
- There is a small overspend within central post opening due to increased postage costs which will be addressed going into the new financial year 2020/21 **£23k**.
- Corporate Services are projected an overspend for the year due to setting aside a reserve to fund potential service review costs **£70k**.
- Equalities and Policy have some savings on salaries and other general supplies and services **£22k**.
- Facilities Management have salary savings due to vacancies but will be addressed as part of a wider service review **£21k**.
- Human Resources are showing a saving due to salary vacancies to date of which some have now been recruited to. There is also a small saving on the corporate occupational health budget **£32k**.
- There are further salary savings in Corporate Management Team (CMT), Customer service support, Legal and Democratic services due to vacant posts. These are expected to be filled going into the new financial year **£177k**.
- ICT also have savings due to less than expected costs on Microsoft licences. There have also been some vacancies within ICT but are hoped to be recruited to by the year end **£52k**.

Corporate Financing (£216k saving)

- There is a variance in corporate financing due to additional provision for bad debts **£91k** due to a more prudence review of arrears outstanding on Sundry Debts. This is offset by additional income on treasury management due to an improved investment on returns **£59k** and additional rate income offset contribution to reserves **£250k**.

3.4 Town Deals Fund £173k

The approval of the inclusion of the Town deals fund grant at **2.5** is due to Redditch being selected as one of the 101 towns to benefit from the government's £3.6bn Towns Fund. The funding has to be secured through a Town Deal, which if approved, will bring up to £25m of investment to Redditch.

The purpose of the Town Fund is to drive the economic regeneration of towns to deliver long term economic and productivity growth through;

- Urban regeneration, planning and land use interventions

- Skills and enterprise infrastructure
- Connectivity

The Town Deal Board will be the vehicle through which the vision and the strategy for the town are defined. It will produce a Town Investment Plan and inform the Town Deal, including the amount of investment secured through the Towns Fund.

The role of the board is to:

- Develop and agree an evidenced base Town Investment Plan
- Develop a clear programme of interventions
- Coordinate resources and influence stakeholders

Councils have received capacity funding from government via a s31 grant to support the development of a Town Deal Board and Investment Plan, this funding was based on population size and Redditch has received £173k. We would anticipate the funding being used for;

- Convening a Town Deal Board
- Running Business and wider community engagement events
- Developing Town Investment Plans
- Providing technical expertise for business case development

3.5 SEP Funding £40k

The £40,000 grant from the Greater Birmingham and Solihull LEP (SEP Enabling Fund) will contribute towards the cost of preparing a Masterplan and Feasibility Study for Redditch Town Centre. The work will include a spatial plan for the town centre, site options appraisals, concept designs to RIBA stage 2, high level viability appraisals and soft market testing. The Masterplan and Feasibility Study will inform the Town Investment Plan that is being prepared as part of the process of accessing up to £25m grant from the Towns Fund.

3.6 Dial A Ride – Additional New Fees and Charges

A request has been made by the Dial A Ride service to introduce an additional new trial 'medical fee' for its services. This was not anticipated when the 20/21 fees and charges report was presented.

The request is to enable the service to introduce a separate charge for medical trips. These trips are more costly to provide as they involve the minibus undertaking a bespoke journey for 'one individual'. This is as opposed to 'group' booking where residents are picked up to attend a venue all at the same time eg a shopping trip, or trip to a group activity.

The fee was not originally included as it was anticipated that a voluntary sector community car scheme (Bluwave) would have the capacity to deliver these journeys, however, from January the demand cannot be met. It has therefore been agreed that Dial A Ride will transport medical customers who are in wheelchairs, have four wheel walkers or carry oxygen as Bluwave do

not have the facilities to carry these passengers. Dial A Ride will continue to signpost other medical customers to Bluwave, however if Bluwave are not able to meet the journey need they will inform Dial A Ride fulfil the journey. In the meantime, Bluwave will be promoting their service to try and recruit more Redditch volunteer drivers.

The proposed charges would be £4 per medical journey with a concessionary bus pass and £5 without a concessionary bus pass. This compares to the standard charge of £3 and £4 without a concessionary pass.

4. Savings Monitoring

- 4.1 The medium term financial plan included £1,127k of savings identified to be delivered during 2019/20 the breakdown of these savings is attached at appendix 3. All of these savings have been delivered.

5. Cash Management

5.1 Borrowing

As at the 30th Sept 2019 there are no short term borrowings and £103.929m in long term borrowing with associated costs in the quarter of £888k. All long term borrowing costs relate to the HRA.

An interest payable budget has been set of £158k for 2019/20 due to expenditure relating to current capital projects.

5.2 Investments

At 31st March 2020 we had placed £9.75m in investment accounts to generate an income for the Council.

6. Capital Budgets

**Capital Budget Summary – Overall Council
Financial Year 2019/20**

Please note figures have been rounded

Strategic Purpose	Original Budget 2019/20 £'000	Revised Budget 2019/20 £'000	Actuals 2019/20 £'000	Variance 2019/20 £'000
Keep my place safe and looking good	1,962	6,470	1,875	-4,595
Help me run a successful business	0	80	6	-74
Help me to live my life independently	860	1,623	736	-887
Provide Good things for me to see, do and visit	1,057	1,246	97	-1,149
Enable others to work/do what they need to do (to meet their purpose)	0	455	237	-218
Totals	3,879	9,874	2,951	-6,922

Financial Commentary:

Keep my place safe and looking good

The main variances for this strategic purpose relate to the following projects;

- One of the main projects within this strategic purpose is the capital budget for the Investment properties Project. Whilst the project has commenced towards the later end of the financial year it is not expected to spend any further funds until the beginning of the new financial year and therefore it is requested to reprofile the remaining budget into 2020/21.
- The capital budget for the removal of 5 weirs through Arrow Valley Park has been delayed and it is therefore expected this will not commence until the early part of 2020/21.
- There are number of small S106 schemes that are also unspent due to the delay in being able to appoint contractors therefore the schemes will now commence in 2020/21 and it is requested carry the budgets forward.

Help me run a successful business

- The project for Improvement to Business centres came under review within 2019/20 and therefore is requested to move the budget into 2020/22.

Help me to live my life independently

- The disabled facilities grant scheme is showing an underspend at the end of the financial year due to the uptake not being as much as expected. A new advertising campaign is taking place to promote this service and the underspend is therefore requested to be carried into the new financial year 2020/21.
- There is also a saving on the Energy & Efficiency Installation project and is projected this will be an ongoing project over the next three years.

Provide Good things for me to see, do and visit

- Majority of the projects, which are S106, have all been reviewed in the final quarter of the year and it is expected due to seasonal factors and consultations with stakeholders/contractors that the schemes are now likely to commence in early 2020.

Enable others to work/do what they need to do (to meet their purpose)

- The variance for this strategic purpose relates to the New Finance Enterprise System in Financial services which has now commenced. The project is expected to be completed by December 2020 and a request is made to re-profile some of the budget into the first quarter of 2020/21.

6.1 Capital Grant – Holly Trees Children’s Centre

The request for the approval of the capital grant payable to Worcestershire County Council at **2.3** is for Improvement works to the outside area of Holly Trees Children’s Centre to include removing and replacing damaged structures in order to improve the learning experience and make the area more accessible and usable for children at the Centre.

6.2 Disabled Facilities Grants

The request for approval of an increased budget £839k at **2.8** is due to confirmation of the Disabled Facilities Grant being not being distributed to all relevant authorities by the ministry of Housing, Communities and Local Government until 28th February 2020. At budget setting an amount was not factored in until confirmation of the grant was allocated and therefore the £839k is now required to match the grant determination £839k for Redditch Borough Council 2020/21.

6.3 HMO Lifetime Loans

The request for approval of an increased budget £12k at **2.12** is due to a growing need for HMO type accommodation across the Borough to meet the needs of single persons and those on low incomes. Redditch BC recognised this in 2006 and developed the House In Multiple Occupation Lifetime Loan as an interest-free form of financial assistance intended to both assist and encourage private landlords in the provision of new HMO accommodation by conversion, increasing the number of units within existing HMO’s or bringing existing HMO’s up to the current standards required in order to provide safe and healthy accommodation. The assistance covers a range of works such as fire detection and means of escape, electrical safety, cooking and hygiene facilities, etc and is based on 50% of the eligible work costs up to a maximum of £3,000 per unit of accommodation. The HMO Lifetime Loan is fully recoverable at any point the property is subsequently sold, transferred or otherwise disposed of on the principle that the funding is recycled.

6.4 Environmental Services new IT system

The request for approval of an increased budget £119k at 2.13 is to ensure that the Council's Environmental Services including Commercial Services are supported by a modern, fit for purpose technical system. The proposal is to replace the existing PDMS system that is no longer fit for purpose with a new system that would enable Environmental Services to be more proactive, manage and arrange work to our assets, allow our customers to be specific in their reporting of issues using a map based system and enable us to have a better understanding of the cost of maintaining our assets and enable us to plan for the future.

There is currently agreed funding of £78k split evenly between Bromsgrove and Redditch and revenue uplift of £46k. Following detailed investigation it has become apparent that this initial funding projection will not be sufficient to procure and manage a suitable replacement IT system.

It is therefore requested that members recommend:

- Option 2 within the business case
- An uplift in the capital and revenue budgets to fund the difference between the existing money already approved and the proposed as detailed within the business case.

7. Housing Revenue Account

Appendix 1 details the financial position for the Housing Revenue Account (HRA) for the period April 2019 – March 2020.

8. Earmarked Reserves

The position as at 30th March 2019/20 is shown in Appendix 2. This now includes reserves associated with potential service review costs.

9. General Fund Balances

The addition of the 2019/20 saving will increase the balances to £1.599m with the level of recommended retained balances of £750k

10. Legal Implications

No Legal implications have been identified.

11. Service/Operational Implications

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Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

12. Customer / Equalities and Diversity Implications

No direct implications as a result of this report.

13. Risk Management

The financial monitoring is included in the corporate risk register for the authority.

APPENDICES

- Appendix 1 - HRA Outturn April – March 2019/20
- Appendix 2 - Earmarked Reserves 2019/20
- Appendix 3 - Savings Monitoring 2019/20
- Appendix 4 - Capital carry forwards
- Appendix 5 - Capital Programme 2019/20
- Appendix 6 - Environmental services business case

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