

Finance Monitoring Quarter 1 2020/21

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 period April 2020 – June 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 period April 2020 – June 2020 as detailed in the report.

That Executive recommend to Council

- 2.2 Approval that the training budgets held within the service Human Resources Service are combined and therefore operating in a shared services environment meaning that any training provided to our staff is beneficial to both councils as we upskill our workforce. (See 3.4)

3. Revenue budgets

- 3.1 This report provides details of the financial performance of the Council. The report reflects the finances across all of the New 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 2020/21.
- 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 2020/21.

3.3 The £9.702m original budget as included in the table below is made up of the budget approved in February 2020.

In addition the Latest Budget 2020/21 of £10.127m includes transfers from reserves of £425k which is shown in appendix 2.

**Revenue Budget Summary – Overall Council
Financial Year 2020/21**

Please note figures have been rounded

Strategic Purpose	Original Budget 2020/21	Revised budget 2020/21	Budget to date 2020/21	Actuals to date 2020/21	Variance to date 2020/21
	£'000	£'000	£'000	£'000	£'000
Aspiration, work & Financial independence	663	672	406	449	43
Communities which are safe, well maintained and green	4,203	4,490	1,112	966	-146
Enabling the Authority	2,731	2,705	573	581	8
Finding somewhere to live	1,055	1,055	264	256	-7
Living independent, active & healthy lives	664	666	-137	-120	17
Run and grow a successful business	386	540	240	315	244
Totals	9,702	10,127	2,458	2,617	160
Corporate Financing	-9,702	-10,127	-4,542	-2,544	-2
Grand Total	0	0	-2,084	-1,927	158

Financial Commentary:

There are a number of variances across the strategic purposes. The summary above shows the 2020/21 revenue position for the Council for the first quarter and the main variations are as a result of:

Aspiration, work & Financial independence (£43k overspend)

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 have been some additional costs required within Benefits subsidy for Benefit payments on B&B's due to the Covid pandemic **£70k**.
- Revenues have some salary savings due to a pending service review **£21k**.

Communities which are safe, well maintained and green (£146k 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 :

- There is a saving within the Anti-Social behaviour team budgets due to salary vacancies which are being addressed in a service review. The underspend, 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 £24k.
- Core Environmental operations have an underspend in quarter 1 due the strategic routes teams having low vehicle costs as a result of restricted work due to Covid **£11k**.
- The place teams are also showing savings which is due to salary savings on temporary vacant posts and small underspends on supplies and services as a result of Covid **£22k**.
- There are some salary savings in the tree management team following a services delivery review **£37k**.

Enable others to work/do what they need to do (to meet their purpose) (£8k overspend)

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 an underspend within Asset & Property Management due to sites being closed as a result of Covid **£40k**.
- Corporate services are currently showing an overspend due to vacancy management and enabling savings targets held within this service. These will be dealt with going into quarter 2 as detailed in the savings monitoring see point 4 below **£80k**.
- Customer Services have savings on salaries and secondments and this is currently being reviewed **£38k**.
- Human resources also have underspends on salaries which will also reviewed going into the second quarter of 2020/21 **£21k**.

Finding somewhere to live (£7k 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

- There are no material individual variances in quarter 1 to report.

Living independent, active & healthy lives (£17k overspend)

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

- There is a shortfall in income within community transport/Dial-a-ride and shopmobility due to the impact of Covid **£43k**
- Parks and events have savings as events have not taken place also due to Covid along with also having some temporary salary savings **£29k**

Run and grow a successful business (£244k 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.

- Assets & Facilities management have a reduction in income in the first quarter and will review this going into quarter 2 **£19k**
- Business development have seen reduced income from their learning online services which is a due to the Impact of Covid **£29k**
- Licenses income has also seen reduced income stream in the first quarter of 2020/21 which they hope will increase going into the second and third quarter of the year **£15k**.
- There is currently a variance within the client payment to Rubicon Leisure of **£170k** to quarter 1. This is as a result of the net loss of income following the forced closure of the sites due to the Government legislation during the Covid pandemic. The Shareholder Committee receives financial and performance reports to enable the Council to understand the Company financial position.

Corporate Financing (£2k saving)

- There are no material individual variances in quarter 1 to report.

3.4 Training Budgets – Human Resources

The request that the training budgets are shared will ensure a smoother delivery of our current training programme.

Currently the training budgets are held separately at each authority requiring resources from both Finance and HR to administer and recharge every course undertaken by an employee based on a percentage split. As the head count is comparable at each authority and the training budgets are similar in size, it is proposed to move to a shared services arrangement for the training budget,

mirroring how employee salaries are managed. It is proposed that the training budgets are combined and held by Redditch as the HR service is hosted by Redditch.

The budget allocations currently are: (excluding the HRA and Worcestershire Regulatory Services)

BDC £133,412

RBC £106,720

It is proposed that each authority will have £106,000 in a shared training budget. The remaining £27k from BDCs allocation will be retained separately by BDC.

4. Savings Monitoring

The medium term financial plan included £467k of savings identified to be delivered during 2020/21 the breakdown of these savings is attached at appendix 3. £45k of these identified savings is in relation to reductions in enabling costs.

To quarter 1 £52k identified savings have been realised against the budgeted April to June savings of £117k

Officers are working through the vacancy savings targets and reductions in enabling costs to enable these to be shown from quarter 2 in addition to any further savings that can be delivered.

5. Cash Management

5.1 Borrowing

As at the 30th June 2020 there is no short term borrowing 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 £341k for 2020/21 due to expenditure relating to current capital projects.

5.2 Investments

At of the 30th June 2020 we had placed £5.5m in investment accounts to generate an income for the Council.

An interest receivable budget has been set of £209k for 2020/21 for any investments we make.

6. Capital Budgets

**Capital Budget Summary – Overall Council
Financial Year 2020/21**

Please note figures have been rounded

Strategic Purpose	Original Budget 2020/21 £'000	Revised budget 2020/21 £'000	Budget to date 2020/21 £'000	Actuals to date 2020/21 £'000	Variance to date 2020/21 £'000
Communities which are safe, well maintained and green	1,447	1,447	378	117	-261
Enabling the Authority	2,038	2,038	2,009	2,050	41
Living independent, active & healthy lives	40	40	10	16	6
Run and grow a successful business	250	250	62	65	2
Totals	3,775	3,775	2,460	2,249	-211

Financial Commentary:

- *Please note capital carry forwards from 2019/20 are not included in the above figures – please see appendix 4 – these budgets now approved will be loaded for quarter 2 monitoring.*

Communities which are safe, well maintained and green

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 Vehicle replacement. Whilst some spend has commenced there are final specifications with service areas for remaining vehicle orders to be placed by the end of September 2020.
- The capital budget for the Locality scheme whilst it has progressed they have now been temporarily delayed due to Covid issues.

Enabling the Authority

- 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 a request has made to re-profile some of the budget into the first quarter of 2020/21 from the last financial year.

Living independent, active & healthy lives

- The slight overspend relates to the upgrading of the hardwired lifeline schemes however the budget has been requested to be carry forward from last financial year.

Run and grow a successful business

- This capital budget is for the public buildings project which has commenced in the first quarter of 2020/21.

7. Housing Revenue Account

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

8. Earmarked Reserves

The position as at 30th June 2020/21 is shown in Appendix 2.

9. General Fund Balances

The General Fund Balance as at the 31st March 2020 is £1.599m. A balanced budget was approved in February 2020 to include identified savings which have been built into individual budget allocations. This also included a planned return to balances for 2020/21 of £82k. The current level of balances will therefore increase to £1.681m with recommended level of balances of £750k.

10. Legal Implications

No Legal implications have been identified.

11. Service/Operational Implications

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 2020/21

Appendix 2 - Earmarked Reserves 2020/21

Appendix 3 - Savings Monitoring 2020/21

Appendix 4 – Capital carry forwards 2019/20

Appendix 5 - Strategic Purpose detail (for PHB)

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