
Finance Monitoring Quarter 3 2020/21

Relevant Portfolio Holder	Councillor David Thain Portfolio Holder for Finance and Enabling Services
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester Head of Finance and Customer Services
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Wards Affected	none
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	All
Key Decision / Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Executive Committee to RESOLVE –

The current financial position in relation to revenue and capital budgets for the financial period April 2020 – December 2020.

The Executive Committee to RECOMMEND the: -

- 1.1 Approval of an increase to the Capital programme 2020/21 of match funding from PCC for digital upgrade of CCTV £21k **see 3.6.1**

- 1.2 Approval of the revised fees and Charges for Bereavement services be introduced for 2020/21 **see appendix 4.**

2. BACKGROUND

To report to Executive on the Council's financial position for Revenue and Capital for the financial period April 2020 – December 2020.

3. FINANCIAL IMPLICATIONS

- 3.1 This report provides details of the financial performance of the Council for 2020/21. The report reflects the finances across the new strategic purposes to enable Members to be aware of the level of income and expenditure attributed to each area and how this compares to budget. The summary below shows the financial revenue position for the Council for the period April to December 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 £10.267m includes transfers from reserves of £565k 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	Projected outturn 2020/21	Projected Variance 2020/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Aspiration, work & Financial independence	663	654	648	890	242	883	229
Communities which are safe, well maintained and green	4,203	4,559	3,391	3,267	-124	4,447	-112
Enabling the Authority	2,674	2,465	1,747	1,837	90	2,636	172
Finding somewhere to live	1,055	1,060	792	610	-182	866	-193
Living independent, active & healthy lives	664	716	440	352	-88	659	-57
Run and grow a successful business	444	814	649	742	93	903	89
Totals	9,702	10,267	7,667	7,698	31	10,394	127
Corporate Financing	-9,702	-10,267	-9,227	-9,107	119	-10,209	59
Grand Total	0	0	-1,559	-1,409	150	185	185

Financial Commentary:

It is important to note that the council has received £1,456k in COVID-19 grants in four tranches from central government to date of which £771k has been spent. This means that there is £626k remaining which can be used to mitigate some of the overspends/losses as shown above and explained in more detail below as appropriate. It has recently been announced that the Council will receive a fifth tranche of grant £496k which is still waiting to be received.

The Council has also filled in returns to central government with the expectation that a proportion of the losses the council has experienced detailed on the returns due to COVID-19 will be met by government which should reduce the deficit position detailed above. The Council has received the first quarter of this grant and has been factored into the above figures. The Council is still awaiting confirmation on the second quarter grant and if and when this will be received.

There are a number of variances across the strategic purposes. The summary above shows the 2020/21 revenue position for the Council to the end of quarter 3 and the main variations are as a result of the below.

Aspiration, work & Financial independence (£229k projected 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-19 pandemic. There also has not been any court recoveries taking place and none have been projected by the year end to take place. **£327k.**
- Benefits and Revenues have some salary savings due to a pending service review **£97k.**

Communities which are safe, well maintained and green (£112k projected 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 **£135k.**
- Bereavement services is forecast a projected overspend due to additional expenditure on works for the planning application for the potential new cemetery at Ipsley Church along with additional expenditure for the upkeep and extensive use of the equipment during the pandemic **£159k.**
- Core Environmental operations have an underspend in quarter 3 due to the strategic routes teams having low vehicle costs as a result of restricted work due to COVID-19 **£50k.**
- Development Control have received additional income against their budgeted income target. This is expected to continue for the remainder of the financial year showing a projected outturn of an additional **£59k** to be received.
- Strategic planning is expected to have underspend by the end of the year due to temporary salaries savings **£39k.**

Enable others to work/do what they need to do (to meet their purpose) (£172k projected 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 overspend within Accounts and Financial Management due to additional resources required due to the pressures of Covid on projects like the implementation of the new ERP system of conducting the council audits remotely. These require greater resources than would have been the case if officers were still on site. **£16k.**
- There is an underspend within Asset & Property Management due to sites being closed as a result of COVID-19 and therefore savings are materialising on utility budgets and small operational budgets **£131k**
- There is a variance in Corporate services which is mainly due to a vacancy management factor target to be met. This will be reallocated from other services by the end of the financial year. See savings monitoring at point 4 to this report **£116k.**
- Corporate services also have an overspend due to higher than originally budgeted for pension costs. Officers are currently looking into how this deficit can be mitigated **£313k.**
- Customer Services have savings on salaries and secondments, and this is currently being reviewed **£60k.**
- Human resources and ICT also have underspends on salaries which will be reviewed going into the final quarter of 2020/21 however some of the savings will be used to offset the corporate savings targets **£101k.**

Finding somewhere to live (£193k projected 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

- Within Homelessness Services there has been a review of the budget and grant received which has resulted in a projected saving that will also be factored into next years budgets **£190k.**

Living independent, active & healthy lives (£57k projected underspend)

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 shop mobility due to the impact of COVID-19 **£66k.**

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- Parks and events have savings as events have not taken place also due to COVID-19 along with some temporary salary savings **£117k**.

Run and grow a successful business (£89k projected overspend)

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

- Assets and Facilities management have some small underspends on general utilities and operational budgets **£35k**.
- Business development have seen reduced income from their learning online services and Civic suite hire which is a due to the Impact of COVID-19 **£50k**
- In Economic & Tourism development there is a projected overspend by year end due to some additional costs following the closure of the Rubicon Business centre. There is also a shortfall in income at the other business centres projected **£102k**.
- Whilst there is no variance showing please note there will be an additional client payment to Rubicon Leisure of **£112k** to quarter 3. 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-19 pandemic. The Shareholder Committee receives financial and performance reports to enable the Council to understand the Company financial position. Weekly reviews of the cash flow position are undertaken by Rubicon Leisure and the request from the Council is the most up to date and timely figure that can be assessed. The Company requires the funding to enable it to continue to pay its suppliers and employers and therefore ensure sufficient funds are available. It is furthermore projected that Redditch Borough Council will need to also make a final payment to the end of the financial year of **£288k**. This additional support required by Rubicon Leisure Ltd from the Council is to be met via the general COVID-19 grant received.

Corporate Financing (£59k projected overspend)

- It is expected that additional costs will be incurred for a Levy payment to the Worcestershire Pool due to the growth of Business Rates in the area from what we had predicted in the initial Government Return at the start of the year. Some of this will be re-distributed back to the Council which would not have been the case if we weren't part of a pooling arrangement.
- This has been netted off against savings on MRP and interest due the Capital programme having delays on certain projects.

3.4 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 3 £282k identified savings have been realised against the budgeted April to September savings of £350k.

In addition to the above officers have been required to find further savings throughout the financial year 2020/21 to meet the vacancy factor (£205k) and the enabling services (£45k) targets. At quarter 3 additional savings (above those identified) have been realised of £733k.

3.5 Cash Management

Borrowing

As of the 31st of December 2020, there was 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.

Investments

As at the 31st of December 2020, the council had placed £11m in investment accounts to generate an income for the Council. Within the quarter, the council received £1,791.67 in interest from their investments, and paid £201.70 in negative interest charges. It has been necessary to make some negative interest rate investments to spread the risk of the council's investment portfolio and adhere to the treasury management strategy's maximum investment limits. Negative interest deposits have only been made with the Government's Debt Management Office deposit facility when the maximum investment limit has been reached with the higher yielding Money Market Fund and when bank balances have been above the £2m risk level.

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

3.6 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	Projected outturn 2020/21 £'000	Projected Variance 2020/21 £'000
Communities which are safe, well maintained and green	3,430	8,779	6,585	3,484	-3,101	4,507	-4,273
Enabling the Authority	55	392	330	194	-136	218	-174
Living independent, active & healthy lives	40	1,837	1,378	371	-1,007	521	-1,315
Run and grow a successful business	250	500	375	156	-219	426	-73
Totals	3,775	11,508	8,667	4,205	-4,462	5,672	-5,835

Financial Commentary:

Communities which are safe, well maintained and green

These budgets include those relating mainly to Environmental services – Fleet replacement, Finance and Customer Services – Regeneration fund and Planning, Regeneration and Leisure Services to deliver against the purpose ensuring an area is both safe and attractive for the community.

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. It is planned for all vehicles to be replaced by March 2021 in line with the current vehicle replacement programme.

- The capital budget for the removal of 5 weirs through Arrow Valley Park has been delayed due to Covid-19 and it is therefore expected this will not commence until the early part of 2021/22.
- There are number of S106 schemes that are also unspent mainly due to the delay from the impact of Covid-19 along with not being able to appoint contractors. It is projected and hoped that these schemes will now commence in 2021/22 and it therefore requested to carry the budgets forward into the New financial year.
- The Regeneration project whilst an amount has been spent there is no further planned spend in this financial year due to unforeseen circumstances with the current pandemic. This project will therefore resume in the new financial year and a request for the budget to be carried forward into 2021/22 will be made.

Enabling the Authority

These budgets include those relating mainly to Environmental services – Computer Systems and Finance and Customer Services – New Enterprise systems to deliver robust and efficient enabling services.

- The variance for this quarter relates to the Fleet management computer system and the Environmental Services Computer system. Suitable systems are being finalised prior to procurement taking place via a Framework. This is likely to now take place the end of March and the beginning of the new financial year. It will therefore be requested to carry forward the budget into 2021/22.

Living independent, active & healthy lives

There are a number of budgets relating to the delivery of the strategic purpose including Funding for Disabled Facilities Grants, CCTV and Home repairs Assistance.

- The main underspend relates to the Disabled Facilities grant budget (DFG's) there has been little activity on this project in the first year of using a new agency and due to the COVID-19 pandemic. It will be requested to carry forward the balance remaining into the new financial year 2021/22.

Run and grow a successful business

The budgets within the strategic purpose include economic development and costs associated with the town and other Properties within the Borough.

- This capital budget is for the public buildings project which has commenced in this financial year 2020/21. The project is intended to be complete by the end of the year however there are building works which have been slightly

delayed due to the pandemic and buildings having limited openings. This will be monitored through the last quarter of the financial year.

3.6.1 CCTV infrastructure

As requested at **1.1** West Mercia PCC has made available a further £21k CCTV capital grant to support the current digital infrastructure upgrade to the North Worcestershire CCTV scheme.

This further funding is to join the already approved scheme which CCTV Community Services are currently co-ordinating. This will further enhance the CCTV infrastructure upgrade as opposed to the purchase of replacement analogue cameras and once implemented the digital infrastructure will reduce transmission costs from the revenue budget

Following the successful digitization of the CCTV infrastructure project at Redditch and Bromsgrove and other collaborative initiatives across West Mercia the PCC were keen to make further investment in CCTV across the region, enabling Councils to further enhance and improve the CCTV provision, of which the Police force is a primary beneficiary

3.7 Housing Revenue Account

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

3.8 Earmarked Reserves

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

3.9 General Fund Balances

The General Fund Balance as at the 31st of March 2020 was £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.

4. LEGAL IMPLICATIONS

4.1 No Legal implications have been identified.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

Climate Change Implications

5.2 The green thread runs through the Council plan. The Financial monitoring report has implications on climate change and these will be addressed and reviewed when relevant by climate change officers to ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 No direct implications as a result of this report.

Operational Implications

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

7. RISK MANAGEMENT

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

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 - HRA April – December 2020/21

Appendix 2 - Earmarked Reserves 2020/21

Executive Committee
2021

23rd March

Appendix 3 - Savings Monitoring 2020/21

Appendix 4 – Bereavement Services fees and charges 2021/22

Appendix 5 – Capital programme – slippage request to 2021/22

Executive Committee
2021

23rd March

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor David Thain Portfolio Holder for Finance and Enabling Services	various
Lead Director / Head of Service	Chris Forrester Head of Finance and Customer Services	various
Financial Services	Chris Forrester Head of Finance and Customer Services	various
Legal Services	Claire Felton Head of Legal, Democratic and Property services	various
Policy Team (if equalities implications apply)	n/a	
Climate Change Officer (if climate change implications apply)	n/a	