



PART A: MATTERS DEALT WITH UNDER DELEGATED POWERS

REPORT TO: COUNCIL

DATE: 10 SEPTEMBER 2020

**REPORT OF THE: CHIEF FINANCE OFFICER (s151)
ANTON HODGE**

**TITLE OF REPORT: REVENUE AND CAPITAL BUDGET MONITORING – Q1
2020/21**

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The revenue budget for 2020-21 was approved by Council on 20 February 2020. This report and associated appendices present the financial performance against the budget as at 30 June 2020.

2.0 RECOMMENDATION

2.1 It is recommended that Council

- i) Endorses the actions of officers and note the contents of the report.
- ii) Agrees that an amount from reserves will be required to offset the net additional costs arising from COVID.

3.0 REASON FOR RECOMMENDATION(S)

3.1 To ensure that budget exceptions are brought to the attention of the Council in order to approve remedial action where necessary.

3.2 To note the treatment of the surplus.

4.0 POLICY CONTEXT AND CONSULTATION

4.1 The financial position and performance against budget is fundamental to delivery of the Council's Plan, achieving value for money and ensuring financial stability.

5.0 REPORT DETAILS

5.1 Summary

General Fund (Appendix A)

The forecast year-end position estimates a deficit of £1.825m. Further details are set out below. Planned savings and efficiencies of £434k for the year, identified as part of the 2020/21 budget setting process were built into the base budgets and are reflected in the numbers below and appendix A. Most of the savings were identified following the review of budgets to ensure that they more realistically reflected current estimates, although £38k of efficiencies were identified as a target to reduce costs / maximise income.

Covid-19

Forecasts have been prepared using the latest information gathered for the Financial impacts monitoring returns to MHCLG. As the year progresses, our assumptions will be refined as the on-going impacts become clearer. Whilst there is potential for additional compensation from Central Government specifically for lost income (submissions to be made in early October), and for spreading the impact of Collection fund losses over more than one year, it is still envisaged there will be a requirement to fund in-year losses from earmarked reserves. A review of the Council's reserves and requirement to earmark funds for Covid-19 will be carried out as part of the 2021-22 budget preparation. At this stage, Council is asked to agree that a sufficient amount will be earmarked from reserves to cover the additional costs. This could include the additional funding of £108k which was allocated to reserves following the decision to increase Council Tax at the budget meeting in February.

Capital (Appendix B)

The current approved programme of £5.353m is forecast to overspend by around £2m as at the end of Q1 largely to an assumption that there will be no spending on the Public Services Hub in the current financial year/ This may of course change and will be kept under review. Elsewhere in the plan there are some higher than anticipated costs in Property condition works. As the remainder of the programme progresses, this position will be kept under review. In March 20, council approved in principal repair works to the old waste transfer site, although costs for this are not yet finalised, funding from within the programme will need to be identified.

5.2 Revenue

The table below sets out the summary position, with details of forecast variances included in **Appendix A**.

General Fund Account – Q1 2020/21	Budget	Forecast	Variance
	£000's	£000's	£000's
Net Revenue Budget	8,813	10,201	1,388
Settlement Funding RSG/NDR	(4,351)	(4,358)	(7)
Amount to be met from Council Tax	4,462	5,843	1,381
Council Tax	(4,429)	(3,985)	444
Collection Fund Deficit	(33)	(33)	0
Net Revenue Budget (Surplus) / Deficit	0	1,825	1,825

The main variances are:

Expenditure

- **All Employee-related costs (excluding consultants).** Based on latest estimates, the base establishment is forecast to be on track. The final agreed pay award will add costs of approximately £5k above budget, but these are likely to be offset by savings on travel and other costs that have occurred as part of lockdown. However, the additional costs relating measures that have been put in place around Covid-19 activities are estimated at £308k for the year
- **Supplies and Services** – The forecast deficit against supplies and services is predominantly in relation to Covid-19.
- **Vehicles and Transport** – Additional expenses due to Covid-19 measures are forecast at £35k.
- **Premises related** – A forecast overspend of £4k is expected against public conveniences due to Covid-19 requirements. In addition, extra costs of £30k relating to the old Waste Transfer station depot are expected due to delays in vacating the old premises.

Income

- **Fees and Charges** – A shortfall of £536k is estimated again, relating to Covid-19, most significantly being from Car Parking, along with Markets, Commercial rents and Planning
- **Housing Benefits** – Due to temporary hold on recovery, it is expected there will be an increase in irrecoverable Housing Benefit overpayments, £17k
- **Investment Income** – A shortfall in investment income of £50k is forecast as a result in a significant fall in the base rate following Covid-19 measures put in place by Central Government.
- **Waste Collection & Recycling** – £31k shortfall due to the combined impact of lost income, primarily in relation to commercial waste collections. This is partially offset by increases in green waste and recycling tonnages resulting from changes in activity during Covid lock-down and expected recovery.

5.3 Capital Programme

At the end of quarter 1, expenditure to date shows limited progress to date against the Capital Programme. The latest budget includes carry-forwards of £1.3m from 19/20 programme slippage and supplementary estimate for Railway Tavern £731K

Capital Programme – 2020/21	Budget	Forecast	Variance
	£000's	£000's	£000's
Asset Management	3,545	1,360	2,185
Housing	1,808	1,808	0
Total Programme	5,353	3,168	2,185

The original capital budget for the financial year 2020/21 totalled £3.321m. The initial plans have been revised to incorporate expenditure re-profiled from the previous year of £1.301m, and additional supplementary estimate of £731.4k giving a revised budget of £5.353m

The impact of Covid-19 has created some delays in progressing in year schemes as other priorities have come in to play.

Current forecast spend for the programme is £3.168m. This takes account of a significant underspend on the Public Service Hub but also a projected underspend of £50k relating to works at St Leonards wall where quotes received have come in at around £80k, the additional costs are primarily in relation to the scope of works required. A separate report is being prepared setting out details, and will require approval for additional funds and for the works order to be raised.

Further details can be found at Appendix B.

6.0 IMPLICATIONS

6.1 The following implications have been identified:

- a) Financial
Included in the body of the report
- b) Legal
There are no legal implications identified as part of this report
- c) Other
None to report, although in any report to Committee and Council, it will be noted that any proposals which may impact on Equalities, Staffing, Planning, Health & Safety, Climate Change, Environmental, Crime & Disorder will be assessed as part of the budget process.

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Background Papers:

None

Background Papers are available for inspection at:

N/A