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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>29 NOVEMBER 2021</b>
<b>REPORT OF THE:</b>	<b>CHIEF FINANCE OFFICER (s151) ANTON HODGE</b>
<b>TITLE OF REPORT:</b>	<b>REVENUE AND CAPITAL BUDGET MONITORING – Q2 2021/22</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 The revenue budget for 2021-22 was approved by Council on 18 February 2021. This report will present the financial performance against the budget as at 30 September 2021.

### **2.0 RECOMMENDATION**

2.1 It is recommended that the Committee:

- i) Notes the contents of the report.

### **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 and to inform the financial implications and impact on future years.

### **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

### General Fund (Appendix A) – Revenue Estimates

5.1 The table below sets out the summary Q2 position, with details of forecast variances included in **Appendix A**. The overall forecast is a net underspend of £11k

General Fund Account – Q2 2021/22	Budget	Forecast	Variance
	£000's	£000's	£000's
Net Revenue Budget	8,595	8,584	(11)
Settlement Funding RSG/NDR	(4,154)	(4,154)	0
<b>Amount to be met from Council Tax</b>	<b>4,441</b>	<b>4,430</b>	<b>(11)</b>
Council Tax	(4,483)	(4,483)	0
Collection Fund Deficit	42	42	0
<b>Net Revenue Budget (Surplus) / Deficit</b>	<b>0</b>	<b>(11)</b>	<b>(11)</b>

5.2 The main variances are:

#### **Expenditure**

- **All Employee-related costs.** There is a net overspend of £138k on salaries. The largest variance, as reported at Q1 is £194k on Streetscene relating to costs of bureau waste operatives. Work is currently underway to investigate the cost pressures within the service as part of a transformation project and this will also look at the overall operating model and performance. This and other budget pressures on legal staff costs are partially offset by underspends caused by various vacancies and the ending of some COVID support sooner than anticipated.

- **Premises-related.** Overall the predicted overspend is £45k. There is a £26k predicted overspend on repairs at Derwent Lodge and the Traveller site at Malton due to site conditions. There are also additional costs at the former waste Transfer Site, currently standing at £19k.

- **Vehicles and Transport.** There is a net overspend predicted of £31k. This is mainly due to increased costs of repair on ageing refuse vehicles, £42k, plus MOT costs (delayed from the previous year due to Covid lockdown) of £19k, partially offset by a reduction of £53k in lease costs, due to the leases on new vehicles being delayed.

- **Supplies and Services.** There have been additional costs for online meetings, plus venue hire for Council/Committee meetings which is forecast at an extra £14k for 2021/22.

#### **Income**

- **Fees and Charges.** Overall income is exceeding budget by £239k. Although car parking income still remains lower than pre-Covid levels, it is predicted to exceed the budget put in place for 2021/22 which was reduced by £155k to reflect the reduced income level anticipated from lockdown. This means that the budget gap for car parking

income has narrowed to £30k. There is a shortfall on Catering income of £15k. Recycling income is over-achieving and is likely to be around £129k up at the end of the year.

### **Covid-19 impact on Revenue Budget**

- 5.3 Forecasts have been prepared using the latest information gathered for the Financial impacts monitoring returns to MHCLG and the position reported here uses the estimates for the full financial year as at the end of September.
- 5.4 Council approved additional funding from reserves of £787k to cover COVID costs as set out in the table below.
- 5.5 Estimated gross costs for the year at this stage.

	Budget £000	Latest Estimate
Stand-by payments	25	13
Reduction in investment income	150	150
Additional Vehicle Hire (Streetscene)	23	45
Loss of car park income	155	30
Loss of catering income	10	25
Additional finance resources	50	50
Ryecare Income	8	8
Procurement savings not achieved	50	50
Streetscene (reduction of income, offset by reduction in diesel, etc)	73	92
Customer Services Staff	90	90
COVID Grant Revenue Officers	25	25
COVID Marshall	12	12
Online meetings	25	39
Covid-secure workplace adjustments including PPE	45	45
Support for Vol and Community sector incl additional grant allocation	25	25
COVID implementation and coordination arrangements	22	15
	<u>787</u>	<u>714</u>

- 5.6 The £714k is the estimated annual gross cost for costs to be funded this year. The only additional funding provided by government to date is Contain Outbreak Management Fund of £67k and this has been fully accounted for.
- 5.7 At this stage therefore it looks like funding agreed at budget will cover the COVID costs (assuming no further lockdowns over the winter months).

## Capital Programme

- 5.8 The current approved programme is £12.0m, which includes the original budget of £9.069m approved by Council plus £2.264 carried forward from last year and the inclusion of the Malton-to-Pickering Cycle Route as noted at Q1, the vast majority of which is externally funded.
- 5.9 Within the capital programme, the main headings are shown below (a detailed breakdown is shown in **Appendix B**).
- 5.10 At Q2 the forecast is that £5.8m will be spent in year and there will be slippage of £5.5m. The majority of the slippage is on three schemes:
- (i) Industrial Units development (£2.3m) all of which is likely to slip into 22/23,
  - (ii) Livestock Market development, of which consultants fees of £100k is anticipated in 21/22, with the remainder (£1.4m) slipping into future years.
  - (iii) Affordable Housing, with £1.6m likely to slip
- 5.11 £250k of the IT infrastructure budget was moved forward into 21/22 and although £191k is currently forecast to slip into 22/23, schemes are now underway, so as we monitor through the year there may be a need to bring some of this back into 21/22. With the need to refresh a number of core systems, this area is likely to continue to be under pressure.
- 5.12 Further pressures have been identified and will form part of the discussions on the Financial Strategy. For example, revised costs for the Livestock Market have been noted as part of the Council Plan prioritisation and suggest that an additional £1m may be required, funded equally between s106 developers' contributions and reserves. Trade Waste Equipment and Vehicle Replacement Programmes will be subject to changes in National Policy and business cases are being developed for projects on flooding defences and Malton and Norton Infrastructure which may require additional investment.
- 5.13 A summary of the Capital Programme as at Q2 is shown below and in Appendix B.

## CAPITAL PROGRAMME EXPENDITURE 2021-22:

CAPITAL SCHEME	BUDGET 2021/22	FORECAST Q2 2021/22	VARIANCE
	£'000	£'000	£'000
Vehicle Replacement Programme	1,788	1,416	-372
Trade Waste Equipment	33	4	-29
Replacement of Garage Inspection pit	50	160	110
Property Condition Survey	662	663	1
Car Park Action Plan	50	50	0
Industrial Units - New Development	2,290	8	-2,282
Milton Rooms	500	500	0
Ryedale House - COVID safe adjustments	55	55	-0
Livestock Market	1,500	100	-1,400
Community Facilities in Pickering	200	200	0
Malton and Norton Infrastructure	350	241	-109
Ryedale Hub	0	0	0
Malton to Pickering Cycle Route	670	670	0
IT Infrastructure Strategy	477	286	-191
Aff HSG Init	2,455	806	-1,639
Privates Sector Energy Efficiency Grants	40	40	0
Private Sector Renewal - Disabled Facility Grants	496	317	-180
Community Housing Fund	289	0	-289
Mortgage Rescue Scheme	21	0	-21
Flooding Contingency	100	300	200
<b>TOTAL</b>	<b>12,025</b>	<b>5,813</b>	<b>-6,212</b>

### Funded by:

External Funding	3,185	1,770	-1,415
Leases/Internal Borrowing	1,508	1,416	-92
Capital Receipts/Debtors	125	20	-105
Reserves	7,207	2,607	-4,600
<b>Total</b>	<b>12,025</b>	<b>5,813</b>	<b>-6,212</b>

### Impact on Reserves and the Financial Strategy

- 5.13 The reduced of capital funding in this year will have an impact on reserves and the projections for both revenue and capital are built into the Financial Strategy which forms a separate report to the Committee.

## **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