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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>3 FEBRUARY 2022</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 – Q3 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 31 December 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 Q3 position, with details of forecast variances included in **Appendix A**. The overall forecast is a net underspend of £5k

General Fund Account – Q2 2021/22	Budget	Forecast	Variance
	£000's	£000's	£000's
Net Revenue Budget	8,595	8,590	-5
Settlement Funding RSG/NDR	(4,154)	(4,154)	0
<b>Amount to be met from Council Tax</b>	<b>4,441</b>	<b>4,436</b>	<b>-5</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>-5</b>	<b>-5</b>

- 5.2 The main variances are:

#### **Expenditure**

**All Employee-related costs.** There is a net overspend of £105k on salaries which is a reduction since Quarter 2, largely down to an increased number of vacancies. An overspend remains, as previously reported in Streetscene and work continues on the transformation project which will also look at the overall operating model and performance. Another area of overspend, also as per Quarter 2, is due to budget pressures on legal staff costs

There have also been additional costs of cleaning at Ryedale House related to Covid safety measures, resulting in an overspend of £25k. There are additional costs on the legal services budget: £30k relates to the use of an agency solicitor for which there was no original budget and there is also a predicted overspend on the NYCC SLA of £45k.

The largest area of underspend is Business Transformation which is currently predicting a figure of £73k. This is due to staff vacancies.

Although predicted to overspend for the full financial year, salary costs are lower than might be expected at this stage. This largely due to the 2021/22 pay award not yet being agreed and implemented, and also other costs due to paid at the end of the year (such as to other organisations).

Many staff are currently taking part if work in preparation for Local Government Reorganisation (LGR) but at this stage, no impact is shown in the accounts. This may change if additional staff costs are recognised and/or offset by any funding set aside or received for this purpose.

**Premises-related.** Overall the predicted overspend is £46k. 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 £30k. 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. These are then partially offset by a reduction in lease costs (£53k), 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 £44k higher than the estimate for 2021/22.

## Income

**Fees and Charges.** Overall Income is exceeding budget by £240k. Car parking income is predicted to exceed the budget by £125k (however the budget was reduced by £150k in 2021/22 to reflect reduced income anticipated from lockdown, so income is still slightly down on the previous budget). There is a shortfall on Catering income of £15k from reduced sales (As the budget was reduced by £10k to reflect reduced income due to lockdown, the actual shortfall compared to previous year's budget is £25k). 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 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	69
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>744</u>

- 5.6 The £744k is the estimated annual gross cost for costs to be funded this year.
- 5.7 At this stage therefore it looks like funding agreed at budget will cover the COVID costs, although the impact of the Omicron restrictions may still feed through into the accounts. With the expected further ending of restrictions in the next few weeks, any impact on next financial year will be lower and will largely be a result of ongoing after-effects (such as economic impact), rather than costs incurred in dealing with the outbreak. However there remains the risk of further variants and further effects on society, the council and the budget.

### **Capital Programme**

- 5.8 The current approved programme is £12.0m, as reported at Q2.
- 5.9 Within the capital programme, the main headings are shown below (a detailed breakdown is shown in **Appendix B**).
- 5.10 At Q3 the forecast expenditure in year is £5.9m with expected slippages of £6.1m.
- 5.11 The majority of the slippage is on two 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 £1.4m 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.
- 5.13 Riverside View Play Area has now been included in the Forecast. A condition survey was carried out and all play equipment was condemned.

## CAPITAL PROGRAMME EXPENDITURE

CAPITAL SCHEME	BUDGET 2021/22	FORECAST Q3 2021/22	VARIANCE
	£'000	£'000	£'000
Vehicle Replacement Programme	1,788	1,433	-355
Trade Waste Equipment	33	4	-29
Replacement of Garage Inspection pit	50	160	110
Property Condition Survey: Investment Operation Assets	32	0	-32
Property Condition Survey: Leisure Facilities	-4	0	4
Property Condition Survey: Milton Rooms	216	200	-16
Property Condition Survey: Public Conveniences	0	26	26
Property Condition Survey: Car Parks	30	30	0
Property Condition Survey: Streetlights	201	186	-15
Property Condition Survey: St Leonard's Wall	80	80	0
Property Condition Survey: Former Transfer Waste Site	65	65	0
Property Condition Survey: Unallocated	42	70	28
Property Condition Survey: Riverside View Play Area		35	35
Car Park Action Plan	50	0	-50
Industrial Units - New Development	2,290	8	-2,282
Milton Rooms	500	321	-179
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	166	-184
Ryedale Hub	0	0	0
Malton to Pickering Cycle Route	670	609	61
IT Infrastructure Strategy	477	286	-191
Aff HSG Init: Exception Sites Land Purchases	100	0	-100
Aff HSG Init: Railway Tavern	724	366	-358
Aff HSG Init: Extended Programme Delivery	1,506	625	-881
Aff HSG Init: Property Improvement Loans	75	20	-55
Aff HSG Init: Landlord Improvement Loans/Grants	50	0	-50
Privates Sector Energy Efficiency Grants	40	40	0
Private Sector Renewal - Disabled Facility Grants	496	496	0
Community Housing Fund	289	0	-289
Mortgage Rescue Scheme	21	0	-21
Flooding Contingency	100	300	200
<b>TOTAL</b>	<b>12,026</b>	<b>5,881</b>	<b>-6,145</b>

**FUNDED BY:**

External Funding	3,227	2,136	-1,091
Leases/Internal Borrowing	1,508	1,433	-75
Capital Receipts/Debtors	125	20	-105
Reserves	7,166	2,292	-4,874
<b>Total</b>	<b>12,026</b>	<b>5,881</b>	<b>-6,145</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