

Report to: Cabinet



Date of Meeting 6 January 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Financial Monitoring Report 2020/21 – Month 8 November 2020

Report summary:

This report gives a summary of the Council's overall financial position for 2020/21 at the end of month eight (30 November 2020).

Current monitoring indicates that:

- The General Fund Balance is being maintained at or above the adopted level.

A significant overspend against budget is predicted from a combination of additional expenditure and reduced income as result of Covid-19. This overspend is being mitigated through additional Government Funding, including the recently announced income guarantee scheme, the healthy financial position of the General Fund Balance as a result of 2019/20 Outturn position and steps taken by services. The shortfall will be covered by use of the General Fund Balance as previously agreed which leave the balance within the adopted range.

- The Housing Revenue Account Balance is being maintained at or above the adopted level.

Recommendation:

The variances identified as part of the Revenue and Capital Monitoring process up to Month 8 be acknowledged.

Reason for recommendation:

The report updates Members on the overall financial position of the Authority at set periods and includes recommendations where corrective action is required for the remainder of the financial year.

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Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Coast, Country and Environment
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

Contained within the report.

Legal implications:

Any legal implications are identified in the report and no further comment is required.

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Report in full

1. Introduction

- 1.1 The purpose of this monitoring report is to update members of Cabinet on the overall financial position of the Authority following the end of month eight. The report considers expenditure to date and projections on year end spend to determine if the Council will maintain it's spending within budget and maintain the General Fund Balance and the Housing Revenue Account Balance within the adopted ranges.

2. General Fund Position as at Month 8 November 2020

- 2.1 The following table shows the original budget set for the year and any supplementary estimates approved to date affecting the General Fund position. In year variances have been identified which are likely to alter the outturn position for the year as detailed in the table below.

Members have been presented with financial updates during the financial year highlighting the significant implications of Covid-19 on the Council's finances. This highlighted the significant impact of additional spend because of various measures and implications of Covid-19 and a large reduction in income from fees and charges against the budget set. This is a changing position and is being carefully monitored. The latest position is reflected in the table below.

The Government have responded in direct funding of authorities, our allocation to date being £1.810m, they have also introduced a scheme to reimburse Councils for lost income from fees and charges (75% of lost income against the budget after the first 5% is deducted) in recognition that authorities rely on this income to pay for essential services. An initial assessment against the scheme of £1.7m was made, however further detail has resulted in the exclusion of some income lines and also since the initial assessment services have fortunately seen income streams return, for example Local Land Charges that is now predicted higher levels of income than budgeted.

The following variance analysis includes the LED additional subsidy sum which is at this stage is funded by the General Fund balance, however the Council is expecting to be able to make a claim against Government funding but we await the claim criteria.

General Fund Position	£000
Original Budget Requirement (set 26/02/20)	12,554
Month 8 predicted adverse (A) / favourable (F) spend at year end (detailed below)	1,386
Predicted Outturn Position 31/3/2021	13,940

A summary of the predicted over and under spends to the Year End is shown below:

Predicted over / (under) spends	Predicted Outturn Variation £000	Govt SFC* claim scheme £000	Predicted Net Variation £000
Car Parks – income loss due to CV19	661 (A)	514 (F)	147 (A)
Beach Huts & Chalets – income loss due to CV19	97 (A)	72 (F)	25 (A)
Local Land Charges – income loss due to CV19	34 (F)	0	34(F)
Manor Pavilion – income loss due to CV19	389 (A)	277 (F)	112 (A)
Licencing – income loss due to CV19	19 (A)	14 (F)	5 (A)
Green Waste Service – income loss due to CV19	2 (A)	0	2 (A)
Building Control – income loss due to CV19	58 (A)	41 (F)	17 (A)
Other fees & charges – income loss due to CV19	241 (A)	184 (F)	57 (A)
Net interest (after loans) – net loss due to CV19	337 (A)	-	337 (A)
Other Grants & Con't 3 rd party/donations loss due to CV19	178 (A)	-	178 (A)
Additional Government Grant received in year	1,810 (F)	-	1,810 (F)
Predicted Furlough Funding & other savings e.g. travel	121 (F)	-	121 (F)
LED additional subsidy – shall not exceed and we await claim criteria for Government funding	1,339 (A)	-	1,339 (A)
Non spend grounds maintenance agency staff budget	71(F)	-	71 (F)
Public Conveniences – additional costs on opening	80 (A)	-	80 (A)
COVID-19 additional costs – Homeless accommodation, mail outs, PPE, signage, overtime, community group grants	201 (A)	-	201 (A)
Strata savings – additional savings made to assist partners	100 (F)	-	100 (F)

Housing Benefit awarded – overpayments recovery expected to be lower by £600k	514 (A)		514 (A)
Business Rate court summons income down due to courts not opening until October	125 (A)	-	125 (A)
Refuse Collection & Recycling – Recycling income £468k (A), Cost Savings £85k (F)	383 (A)		383 (A)
Predicted Net Outturn Total Variations General Fund	2,488 (A)	1,102 (F)	1,386 (A)

*Sales Fees and Charges

2.2 These variations will have the following overall effect on the Council's General Fund Balance:

	£000
General Fund balance as at 1/4/2020	6,395 (F)
Use of General Fund to balance 2020/21 Budget	0
Net predicted overspend	1,386 (A)
Transfer to MTFP risk reserve	2,000 (A)
Predicted General Fund Balance 31/03/21	3,009 (F)

The Council has an adopted range for the General Fund Balance to be within £3m to £3.8m. The predicted balance is currently within this range and any required action can be taken at year end (based on approval of MTFP risk reserve transfer).

3. Housing Revenue Account Position – month 8

3.1 The following table shows the variation against the original budget which will affect the Housing Revenue Account year end position.

Predicted adverse (A) / favourable (F) spends	Predicted Outturn Variation £000
Income	492 (A)
Responsive Repairs	451 (A)
Programme Maintenance	337 (F)
Special Works	467 (F)
Supervision & Management	450 (F)
Other Expenditure	180 (F)
Major Repairs	683 (F)
Financing interest on Balances	33 (A)
Predicted Outturn Total Variations HRA	1,141 (F)

Notable items of budget variance are;

- Income lower but materially consistent with prior year

- COVID requirements and work restrictions have impacted significantly on the Council's ability to carry out certain types of work and therefore expenditure is under budget.

3.2 The following table shows the original budget surplus set for the year and the total variations as identified above, which are likely to affect the budget to give a revised budget deficit for the year.

HRA (Surplus)/Deficit	£000
Original Budget surplus (Council 26/2/20)	927 (F)
Month 8 predicted net (under)/overspend to year end	214 (F)
Predicted Budget (Surplus)/Deficit HRA	1,141 (F)

The original approved budget generates a surplus of £0.927m in 2020/21. This sum was to be used to help finance the purchase of properties, continuing with the £5m annual investment programme (£3.5m from reserves/surplus and £1.5m from RTB receipts).

3.3 The following table shows the effect on HRA Reserve:

	£000
HRA balance as at 1/4/2020	4,059 (F)
Predicted net over / (under) spend to year end	1,141 (F)
Predicted General Fund Balance 31/03/21	5,200 (F)

The HRA Balance is required to be maintained within the adopted range of £2.1m and £3.1m, it is currently being projected to be £5.2m at the end of 2020/21. Other reserves held by the HRA are contained in the most recent report to Housing Review Board.

4. Capital Programme Position up to Month 8

4.1 Below is the current position estimated for the capital programme which reflects a re-profiling of expenditure taking into account carried forward from the 2019/20 budget.

Capital Programme	£000
Net Capital Programme Budget (Council 26/02/20)	7,453
2019/20 outturn position, budget slippage into 2020/21	8,057
Revised 2020/21 budget	15,510
Capital Programme variations	0
Actual Capital Expenditure	2,958
Unpaid orders	1,533
Capital Budget Requirement for remainder of year in line with programme	11,019

4.2 Details of the annual capital programme financing is given below:

Capital Programme Financing	£000
Predicted Capital Budget Requirement Month 8	15,510
HRA Financing	(4,906)
New Homes Bonus	(2,054)
General Fund Capital Receipts	(100)
Contribution to/ (use of) Capital Reserve	(2,505)
Net Internal/External Borrowing	(5,945)

4.3 The Council currently does not hold a general capital reserve and all funding needs to be found. The cash required to fund the expenditure of £5.945m can be met from internal cash balances or through raising loans, this decision is made in line with Council's Treasury Management Strategy. The revenue implications of funding this position has been factored into the revenue monitoring position.