

Classification: NULBC **PROTECT** Organisational
Financial Position Quarter Four 2020/21

1. General Fund Revenue Budget

- 1.1 The Council approved a General Fund Revenue Budget of £15.690m on 19 February 2020. The actual position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.
- 1.2 It is forecast that adverse variances incurred will be offset in total by the emergency Coronavirus funding received from the Government and by the Government income compensation scheme and that this will enable a balanced outturn to be presented at the year end, any variance remaining will be paid into or from the general fund reserve. Close management of the financial position will continue and remains absolutely essential.
- 1.3 The pandemic continues to have a significant impact on the Council's financial position through a mix of lost income and additional costs. For 2020/21 Government funding of £2.328m has been secured (including £346k of new burdens funding to offset the costs of administering Coronavirus business support grant, hardship relief, and self-isolation grant schemes), which significantly reduced the pressure on additional spending and on the Council finances.
- 1.4 Further Government funding to assist with the Council's response to the Coronavirus has also been secured in relation to rough sleepers (£0.196m), outbreak control (£0.179m), enforcement (£0.061m) and the reopening of the high street (£0.115m).
- 1.5 The Council's revenue budget relies on service income from fees and charges of around £850k per month across a wide range of services, with a significant proportion coming from J2 and car parking. Taking account of the current restrictions it is forecast that income losses from fees and charges for the financial year will amount to £3.075m, net of furlough scheme assistance of £0.197m.
- 1.6 The Government announced that it will fund income losses, relating to irrecoverable fees and charges, above the first 5% at the rate of 75p in the pound in the current financial year will to a significant degree insulate the Council from income related financial risks. It is forecast that the Government's income compensation scheme will offset these income losses to the sum of £1.994m, the first instalment of this was received in November.
- 1.7 Additional expenditure pressures have inevitably been incurred as a result of the COVID-19 pandemic. It is forecast that by the close of the financial year these will amount to £1.865m (excluding the provision of services/activity for which specific funding has been received).
- 1.8 Expenditure has been reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this has helped to reduce the adverse variance on a service by service basis. It has been forecast, and it is absolutely imperative, that this situation continues throughout the remainder of the financial year.
- 1.9 Further consequences of the Coronavirus on the Council's financial position will depend significantly on the continued impact of the lockdown and on the scale and timing of further Government financial support. The Council is actively lobbying our local Members of Parliament and through national networks as part of the wider public sector family, to make the case for further Government support. Particular emphasis in our lobbying has been the impact on Business rate and Council tax collection.

2. Revenue Budget Position

2.1 As at the end of the fourth quarter, the general fund budget shows a balanced position. It is forecast that this position will be achieved as at the close of the financial year.

2.2 A number of variances from the budget are forecast, these include:

a. Income shortfalls from sales, fees and charges which are eligible for partial reclaim via the Income Losses Scheme, it is forecast that these losses will amount to £3.075m by the close of the financial year.

b. Additional expenditure pressures as a result of the COVID-19 pandemic are expected to be £1.865m (excluding £551k regarding the provision of services/activity for which specific funding has been received).

These include Waste and Recycling (estimated £798k disposal costs and hire of vehicles to allow social distancing) and a top up of the general fund reserve to its minimum level regarding the 2019/20 deficit of £0.207m.

c. Housing Benefits payments made by the Council which are not fully subsidised by the Department of Works and Pensions, mainly around the provision, often emergency, of accommodation for vulnerable and homeless people, it is estimated that the shortfall from this and the under recovery of overpayments will amount to £0.450m for 2020/21.

2.3 These adverse variances are forecast to be offset in full by the following favourable variances:

a. Government Funding to offset pressures that the Council has/will continue to face as a result of the COVID-19 pandemic, £3.076m has been received or is due for the financial year (£551k relates to the specific provision of services/activity and £196k relates to Furlough).

b. It is anticipated that the Council will be reimbursed £1.994m in relation to the Income Losses scheme for eligible sales, fees and charges income shortfalls for the year.

c. Expenditure has been reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this has helped to reduce the adverse variance on a service by service basis. It has been forecast, and it is absolutely imperative, that this situation continues throughout the remainder of the financial year.

2.4 Cabinet and the Executive Management Team will continue to be updated on the Council's financial position and actions taken in the forthcoming weeks and months. This will include a revised recommended level of reserves and the financial implications of this.

3. Collection Fund

3.1 Local tax income is collected by billing authorities and paid into local 'collection funds' (the Council is a billing authority). Where there is a shortfall in tax receipts (compared to expected levels), this leads to a deficit on the collection fund. Billing and major precepting authorities are usually required to meet their share of any deficit during the following financial year.

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- 3.2 In response to forecast shortfalls in tax receipts relating to COVID-19, the government has announced that repayments to meet collection fund deficits accrued in 2020- 21 will instead be phased over a three-year period (2021-22 to 2023-24) to ease immediate pressures on budgets. The phased amount will be the collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax and in the 2021-22 NNDR1 for business rates.
- 3.3 It was announced as part of the Local Government Finance Settlement that there would be an equitable sharing of irrecoverable local taxation collection losses between local authorities and the Treasury. The government intends to use a scheme similar to the income compensation and cover 75% of local government's collection fund deficits, with a small number of exclusions.
- 3.4 The current forecast shortfalls in tax receipts, and the forecast repayments under this scheme are shown below:

Tax	Total Deficit Forecast	Council's Share	Repayable 2021/22	Repayable 2022/23	Repayable 2023/24
Council Tax	£1.119m	£0.134m (11.8%)	£0.048m	£0.043m	£0.043m
Business Rates	£18.500m	£7.400m (40%)	£5.375m	£1.013m	£1.012m
Business Rates Section 31 Measures (above budgeted)	(£13.343m)	(£5.337m) 40%	(£5.337m)	-	-
Total	£6.276m	£2.197m	£0.086m	£1.056m	£1.055m
75% Income Compensation	N/A	(£1.394m)	(£0.086m)	(£1.056m)	(£0.252m)
Levy Saving (Pooling)	N/A	(£0.537m)	-	-	(£0.537m)
Remaining Repayment	N/A	£0.266m	-	-	£0.266m

4. Capital Programme

- 4.1 A Capital Programme totalling £12.454m was approved for 2020/21. Of this total £10.454m relates to the total cost of new schemes for 2020/21 together with £1.000m for schemes funded by external sources (Disabled Facilities Grants) and £1.000m contingency. In addition £3.025m was brought forward from the 2019/20 Capital Programme, resulting in a total Capital Programme of £15.479m for 2020/21.
- 4.2 Due to the COVID-19 pandemic and the financial impact this has placed on the Council, a review of the 2020/21 Capital Programme has been completed with the assistance of Budget Holders and members of the Capital, Assets and Commercial Investment Review Group. The rationale behind this review was to establish which of the capital projects approved in the programme were essential or health and safety related, were unable to be commenced due to the pandemic, could be deferred to the following year due to resources and services available during the crisis or were no longer required.
- 4.3 The revised 2020/21 Capital Programme now totals £7.303m which includes £1.000m for schemes funded by external sources (Disabled Facilities Grants) and £0.250m contingency to reflect the remainder of the year. A summary of these changes can be found in appendix A.

5. Capital Programme Position

5.1 The expected total capital receipts due to be received this year following the sale of assets amount to £3.780m. A summary of the expected income is shown in the table below.

Funding	Amount (£'000)
Proceeds from disposal of assets	2,830
Proceeds from Right to Buy sales	500
Proceeds from sale of old Waste Recycling Fleet	450
Total	3,780

5.2 The expenditure position at the end of the fourth quarter is expected to be as follows:-

	Amount (£'000)
Budget	7,303
Actual Expenditure	5,690
Committed orders and carry forwards for existing projects	1,399
Capital Contingency Reserve to be rolled forward	0,227
Variance	(0,013)

It should be noted that this is the position at period 12 and further work is being completed to inform the final outturn position for the year together with the impact of Covid-19.

6. 2020/21 Outturn Position

6.1 Work is currently being completed on the final outturn position in respect of both the revenue and capital budgets. This year end work has been impacted by the Covid-19 crisis, therefore full details on the outturn will be provided at the next meeting.

7. Treasury Management

7.1 External borrowing was not required during 2020/21 to fund the revised capital programme.

Appendix A

2020/21 Revised Capital Programme (Revised Programme shown in detail in second table)

CAPITAL PROGRAMME	Approved 2020/21 Programme	Revised 2020/21 Programme
	£	£
Service Area - Council Modernisation	380,000	254,653
Total	380,000	254,653
Service Area - Housing Improvements	1,070,000	1,071,000
Service Area - Managing Property & Assets	131,531	97,000
Total	1,201,531	1,168,000
Service Area - Environmental Health	10,000	10,000
Service Area – Street Scene and Bereavement Services	295,600	197,000
Service Area - Recycling and Fleet	3,766,000	3,503,703
Service Area - Leisure	3,682,000	1,135,000
Service Area - Museum	95,000	97,536
Service Area - Managing Property & Assets	55,547	20,000
Service Area - Engineering	165,873	232,873
Total	8,070,020	5,196,112
Service Area - Managing Property & Assets	1,702,553	333,866
Total	1,702,553	333,866
CONTINGENCY/FEASABILITY STUDIES	1,100,000	350,000
TOTAL	12,454,103	7,302,631

CAPITAL PROJECTS	Proposed Programme 2020/21 £
PRIORITY - Local Services that work for Local People	
<i>Service Area - Council Modernisation</i>	
Mobile Technology Roll Out	30,000
Desktop Technology Refresh	8,000
Microsoft LAR Uplifts	50,000
Digital Delivery Integration Costs	30,000
Replacement of Civica APP	30,000
Replacement of Civica Financials	30,000
Implementation of SharePoint	20,000
Mobile Telephony Refresh	10,000
Pilate Gauge Replacement	6,653
Packet Shaper refresh	20,000
E-payments replacement	20,000
Total (Service Area)	254,653
Total Priority	254,653
PRIORITY - Growing our People and Places	
<i>Service Area - Housing Improvements</i>	
Disabled Facilities Grants	1,000,000
Empty Homes Grants	6,000
Carbon Management	65,000
Total (Service Area)	1,071,000
<i>Service Area - Managing Property & Assets</i>	
Stock Condition Survey Works	97,000
Total (Service Area)	97,000
Total Priority	1,168,000
PRIORITY - A Healthy, Active and Safe Borough	
<i>Service Area – Environmental Health</i>	
CCTV/Body worn cameras	10,000
Total (Service Area)	10,000
<i>Service Area - Streetscene & Bereavement Services</i>	
Footpath Repairs	20,000
Play Area Refurbishment	30,000
Railings/Structures Repairs	15,000
Britain in Bloom	15,000
Traveller Encroachment	5,000
Memorial Survey	5,000
Crematorium Monthly Gardens	5,000
Pool Dam Marshes LNR	87,000
Grounds Maintenance Invest to Save Programme	15,000
Total (Service Area)	197,000
<i>Service Area - Recycling & Fleet</i>	

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Replacement Bins/Containers	50,000
Wheelie Bins – New Recycling Service	870,000
Paper Recycling Internal Bin Caddie	43,703
Twin Body RCV for New Recycling Service x 7	1,650,000
New Food Waste Collection Service Vehicles x 7	490,000
Corporate Fleet Replacement	300,000
Transfer Station Alterations (New Recycling Service)	100,000
Total (Service Area)	3,503,703
Service Area - Leisure	
Pilates Studio Refurbishment	75,000
Carbon Management	40,000
Jubilee 2 Pool Filters	20,000
Kidsgrove Sports Centre	1,000,000
Total (Service Area)	1,135,000
Service Area - Museum	
HLF Match Funding	75,000
CCTV Replacement/Upgrade	20,000
Museum Project	2,536
Total (Service Area)	97,536
Service Area - Managing Property & Assets	
Stock Condition Survey Works	20,000
Total (Service Area)	20,000
Service Area - Engineering	
Ryehills over Marian Platt walkway	45,000
Kidsgrove Loophline Bridge Over Walkway in Park	37,865
Road Bridge over former Railway, Audley	30,000
Car Park at Butchers Arms	20,000
St James Closed Churchyard, Newchapel	12,008
St James, Church Street, Audley	88,000
Total (Service Area)	232,873
Total Priority	5,196,112
PRIORITY - A Town Centre For All	
Service Area - Managing Property & Assets	
Stock Condition Survey Works	274,866
Midway Car Park, Newcastle	10,000
Markets	40,000
Bus Shelters	9,000
Total (Service Area)	333,866
Total Priority	333,866
CONTINGENCY	
	250,000
FEASIBILITY STUDIES	
	100,000
TOTAL	7,302,631