

Financial Position Quarter One 2021/22

1. General Fund Revenue Budget

- 1.1 The Council approved a General Fund Revenue Budget of £14.960m on 24 February 2021. The actual and forecast 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 again 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 Coronavirus pandemic continues to have an impact on the Council's financial position, primarily through lost income, although this is showing a marked improvement compared to the losses incurred during 2020/21. To date un-ringfenced Government funding of £0.842m has been secured (including £167k of new burdens funding to offset the costs of administering Coronavirus business support grants) in relation to 2021/22, which has reduced the immediate pressure on additional spending on the Council finances.
- 1.4 Further specific Government funding to assist with the Council's response to the Coronavirus during 2021/22 has also been secured in relation to elections (£0.035m), outbreak control (£0.174m) and the Welcome Back fund (£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 £1.001m (£0.442 for quarter 1).
- 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 for the quarter 1 of the current financial year, this will help to insulate the Council from income related financial risks for quarter 1 only. It is forecast that the Government's income compensation scheme will offset these income losses to the sum of £0.360m.
- 1.7 Additional expenditure pressures continue to be incurred as a result of the Coronavirus pandemic, albeit at a vastly reduced rate when compared to 2020/21 (excluding the provision of services/activity for which specific funding has been received).
- 1.8 Expenditure continues to be reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this helps to reduce the adverse variance on a service by service basis. It has been forecast 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 any future lockdown or restrictions being imposed and on any further Government financial support that may be received.
- 1.10 Careful monitoring of the financial position will be required over coming weeks and months leading to prompt corrective action where necessary to ensure the Council

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remains in a position of being able to deliver a balanced budget position in the current financial year and beyond.

2. Revenue Budget Position

2.1 As at the end of the first 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 £1.001m by the close of the financial year.

b. Income shortfalls from commercial property rents, it is forecast that these losses will amount to £0.105m by the close of the financial year. These losses are not eligible for any partial reclaim.

c. Income shortfalls from the recovery of housing benefits overpayments, it is forecast that these losses will amount to £0.126m by the close of the financial year. These losses are not eligible for any partial reclaim.

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

a. Un-ringfenced Government funding of £0.842m has been secured (including £167k of new burdens funding to offset the costs of administering Coronavirus business support grants) in relation to 2021/22.

b. It is anticipated that the Council will be reimbursed £0.360m in relation to the Income Losses scheme for eligible sales, fees and charges income shortfalls for the year.

c. Expenditure continues to be reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this helps to reduce the adverse variance on a service by service basis. It has been forecast 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.

3.2 In response to the continued impact of the Coronavirus pandemic on retail business, the government has continued its retail discount business rates relief scheme, for 2021/22. For the first quarter of 2021/22 eligible business will see a 100% reduction in the business rates liability, for the remainder of 2021/22 they will be awarded a 66% reduction (up to a total value of £2m per business).

- 3.3 This has the impact of a reduction in income that was expected to be received by the Council from business rates payers during 2021/22 which will generate a deficit on the collection fund. However, the government will award Section 31 grant to the Council to offset the losses incurred by this, this will be paid into the general fund and will be set aside to offset the deficit that will be incurred on the collection fund.
- 3.4 The Council has experienced an increase in the numbers of residents who have become eligible for Council Tax Support as a result of the COVID-19 pandemic, in 2020/21 this led to a deficit being incurred between the tax receipts initially expected and those that were received. For 2021/22 an increased amount of Council Tax Support was built into the tax base to allow for this, as such a small surplus is currently being forecast.
- 3.5 The current forecast of tax receipts and Section 31 grant are shown below:

Tax	Total Forecast (Surplus)/Deficit	Council's Share
Council Tax	£0.161m	£0.018m (10.9%)
Business Rates	£8.036m	£3.214m (40%)
Business Rates Section 31 Grant	(£7.875m)	(£3.150m) 40%
Total	£0.000m	£0.046m

4. Capital Programme

- 4.1 A Capital Programme totalling £12.923m was approved for 2021/22. Of this total £10.923m 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 £2.256m has been brought forward from the 2020/21 Capital Programme, resulting in a total Capital Programme of £15.179m for 2021/22 (as shown at Annex A).
- 4.2 At period 3 the profiled capital budget amounts to £1.566m, actual spend for this period totals £1.560m. There are no significant variances in expected spend at this point.

5. Capital Programme Funding Position

- 5.1 The expected total capital receipts due to be received this year following the sale of assets amount to £4.400m, £0.200m of this will be set aside for the flexible use of capital receipts during 2021/22. A summary of the expected income is shown in the table below.

Funding	Amount
Proceeds from disposal of assets	£3.900m
Proceeds from Right to Buy sales	£0.500m
Flexible use of capital receipts	(£0.200m)
Total	£4.200m

6. Supplementary Estimates

Revenue

- 6.1 The Council received a one off Lower Tier Services grant of £0.159m from the Government for 2021/22, the grant is un-ringfenced and has been paid into the Budget Support Fund.
- 6.2 At the Cabinet meeting on 21 July 2021, it was approved that following a review of the Financial Risk Assessment, £1m from the General Fund Reserve be set aside to meet the costs associated with taking formal Statutory Nuisance action at Walleys Quarry landfill site. It is recommended that the Lower Tier Services grant be utilised in the first instance within this financial year, with any additional costs to be covered as part of the £1m approved reserve. The reserve allocation will not exceed £1m and will only be applied as required. Further details of the allocation of reserves will be reported as part of the budget setting process for 2022/23.

Capital

- 6.3 Capital Assets and Commercial Investment Review Group authority was given to vire £0.030m from the purchase of poolside fitness equipment at Jubilee 2 to the replacement of gym equipment project. The existing poolside fitness equipment is considered to be fit for purpose and there is an increased need to improve the gym offer in order to attract new memberships.
- 6.4 The purchase of laptops to replace existing Wyse terminal devices at a cost of £0.092m has been vired from the server refresh project. The purchase of laptops has eliminated the requirement for the purchase of a Wyse terminal related server and will reduce maintenance costs in future periods.
- 6.5 Additional funding of £0.034m has been required for upgrades to Civica Financials and Legal casework, and Uniform software. This funding has been vired from the Capital E-Payments project.

7. Treasury Management

- 7.1 It is expected that borrowing will be required during 2021/22 to fund the revised capital programme however no borrowing arrangements have been made to date.
- 7.2 Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the PWLB. After the utilisation of capital receipts and internal borrowing, the Council will look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.

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Annex A – Capital Programme 2021/22

CAPITAL PROGRAMME	2020/21 Brought Forward	2021/22	TOTAL
	£	£	£
PRIORITY - Local Services that work for Local People			
Service Area – ICT and Digital	143,450	649,000	792,450
Total	143,450	649,000	792,450
PRIORITY - Growing our People and Places			
Service Area - Housing Improvements	283,806	1,080,000	1,363,806
Service Area - Managing Property & Assets	20,000	466,174	486,174
Total	303,806	1,546,174	1,849,980
PRIORITY - A Healthy, Active and Safe Borough			
Service Area - Environmental Health	10,000	0	10,000
Service Area - Streetscene and Bereavement Services	149,365	610,450	759,815
Service Area - Recycling and Fleet	19,000	971,500	990,500
Service Area - Leisure	607,821	5,671,000	6,278,821
Service Area - Museum	61,207	240,000	301,207
Service Area - Managing Property & Assets	20,400	275,957	296,357
Service Area - Engineering	111,160	383,000	494,160
Total	978,953	8,151,907	9,130,860
PRIORITY - A Town Centre for All			
Service Area - Managing Property & Assets	829,348	1,476,353	2,305,701
Total	829,348	1,476,353	2,305,701
CONTINGENCY			
	0	1,000,000	1,000,000
FEASABILITY STUDIES			
	0	100,000	100,000
TOTAL	2,255,557	12,923,434	15,178,991

FUNDING			
Capital Receipts	0	4,200,000	4,200,000
External Contributions	343,343	2,166,000	2,509,343
Borrowing/Leasing	1,912,214	6,557,434	8,469,648
TOTAL	2,255,557	12,923,434	15,178,991