



Policy, Finance and Development Committee	Tuesday, 15 September 2020	Matter for Information and Decision
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Report Title: **Financial Outturn Report (Q1 2020/21)**

Report Author(s): **Comie Campbell (Interim Financial Services Manager)**

Purpose of Report:	This report gives a summary of the overall Council position for the financial year 2020/21 at the end of the first quarter for both Revenue and Capital Expenditure.
Report Summary:	The Council has completed quarter one of the financial year 2020/21. There is a significant variation in the General Fund due to COVID-19 related additional expenditure and income losses. A full capital programme is at Appendix 1 which includes new schemes for 2020/21 and schemes from the 2019/20 programme which are still to complete.
Recommendation(s):	A. That the contents of the report and appendix be noted; B. That the additional capital expenditure (as set out at paragraph 3 of the report) be approved.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Stephen Hinds (Deputy Chief Executive) (0116) 257 2736 stephen.hinds@oadby-wigston.gov.uk Comie Campbell (Interim Financial Services Manager) (0116) 257 2713 comie.campbell@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out at paragraphs 1 to 4 of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	Senior Leadership Team and Heads of Service
Background Papers:	<ul style="list-style-type: none"> • Report entitled '2020/21 Budget & Medium-Term Financial Strategy (2021/22 – 2024/25)' to Full Council 20 February 2020
Appendices:	1. Capital Programme (2020/21)

1. Introduction

- 1.1. In February 2020, the Council approved a General Fund Budget for 2020/21 of £6.119m. This budget has been revised to £6.019m.

2. General Fund Position

- 2.1 On a departmental basis, the Council is currently forecasting an overspend variance of £514k which is 9% of the overall budget. This forecast overspend is mainly due to an estimated £1.2million COVID-19 related costs and income loss. Currently the COVID-19 forecast comprises of £267k expenditure relating to Salary, Agency staff costs and various supplies and services costs. The forecast COVID-19 related income loss of £955k relates primarily to realigned Selective Licensing Income to 2021/22, the reported loss of income through the leisure closures and contractual agreements. Minor losses of income relate to the loss of car parking income and income from the closure of our community buildings.
- 2.2 With respect to variances that are outside of the direct consequences and impacts of COVID-19 (although indirect impacts have been included in the following), there have been few significant variances. These variances include £35k additional costs for interim Finance Staffing, forecast additional homelessness costs of circa £40k, additional costs in ICT, HR and Procurement that were not included in the original budget of £85k (including Learning and Development, Procurement costs and additional hardware). The majority of these costs have been offset by savings in vacant posts and minor underspends across the council.
- 2.3 A summary of the overall General Fund Budget and Forecast Outturn is outlined in the **Table 1** at a service level. **Table 2** outlines a summary of the General Fund Budget and COVID-19 monitoring.

(Continued overleaf)

Table 1 – General Fund Budget Monitoring

Services	Original Budget 2020/21	Revised Budget 2020/21	Committed to 30 June	Forecast 2020/21	Variance
	£	£	£	£	£
Covid 19 Council Costs	0	0	0	(533,504)	(533,504)
Senior Leadership Team	473,400	473,400	95,596	407,493	(65,907)
SLT & Covid 19	473,400	473,400	95,596	(126,011)	(599,411)
Finance & Resources (Including Corporate Budgets)	2,218,468	2,218,468	1,750,317	2,486,517	268,049
Law & Governance	228,060	165,060	183,936	325,769	160,709
The Built Environment	793,974	757,584	231,905	963,138	205,554
Community & Wellbeing	1,521,466	1,521,466	91,755	1,861,331	339,865
Customer Service & Business Transformation	1,026,100	1,026,100	269,412	1,164,971	138,871
HRA Recharge	(1,195,600)	(1,195,600)	(298,900)	(1,195,600)	0
Capital Financing	1,053,000	1,053,000	263,250	1,053,000	0
Net Expenditure	6,118,868	6,019,478	2,587,271	6,533,115	513,637

Table 2 – Summary General Fund and COVID-19 Monitoring

General Fund Budget Monitoring 2020/21	COVID-19 Cost Centre
£'000	£'000
Supplies and Services	65
Salary and Agency Staff Costs	202
Loss of Income	955
Costs Related to Covid 19 Support	267
Grants Received	(800)
Net Covid 19 Costs	(533)
Net Forecast Cost Variance	91
Forecast Variance 2020/21	513
COVID-19 Cost Centre Forecast	(533)

3. Capital Programme

- 3.1 The 2020/21 Capital programme was set at Full Council on 20 February 2020, after year end schemes from 2019/20 which had not completed were added to the programme.
- 3.2 There has been the following additional scheme £20k for William Gunning Park Drainage. The Grand Union Canal footbridge scheme capital budget of £130K was reallocated and a credit of £90k budget is remaining. **Table 3** shows a summary of the 2020/21 capital programme and the full capital programme is shown in **Appendix 1**.

(Continued overleaf)

Table 3 - Fund	Original Budget 2020/21	c/f 2019/20	Additional Allocation/Re allocation	Total Capital	Spend to date	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	969	383	(90)	1,262	669	(593)
Housing Revenue Account	1,500	685		2,185	364	(1,821)
Total	2,469	1,068	(90)	3,447	1,033	(2,414)

3.3 Expenditure will be continually monitored and assessed to see if the current COVID-19 situation has a material impact on the capital 2020/21 expenditure outturn.

4. Housing Revenue Account (HRA)

4.1 The Housing Revenue Account ended the financial year 2019/20 with a balance on its main reserve of £1.083m. In 2020/21 the account had been budgeted to have a small surplus of around £27k. The Council has been able to do this despite government legislation to reduce rents over the last four years.

4.2 Some of this substantial balance has been earmarked to continue funding the capital schemes bought forward from previous years but this has still left the account in a reasonably stable position given the prospect of increasing rents gradually over the next five years. The position on the account at the end of quarter one is shown in Table 4 as follows:

Table 4 - HRA	Original Budget	Forecast
	2020/21	2020/21
	£'000	£'000
Net Cost of Services on the HRA	(602)	(591)
Capital Charges	575	575
Revenue Contributions to Capital		
Appropriations to Earmarked Reserves		
Deficit in Year	<u>(27)</u>	<u>(16)</u>
Actual Balance b/f HRA a/c	(1,083)	(1083)
Budget Deficit in the Year	<u>(27)</u>	<u>(16)</u>
Balance c/f HRA a/c	<u>(1,110)</u>	<u>(1,099)</u>