



Policy, Finance and Development Committee	Tuesday, 01 February 2022	Matter for Information and Decision
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Report Title: **Financial Outturn Report (Q3 2021/22)**

Report Author(s): **Comie Campbell (Head of Finance / Deputy Section 151 Officer)**
Rashpal Sohal (Finance Manager)

Purpose of Report:	This report gives a summary of the overall Council position for the financial year 2021/22, as at the end of the third Quarter for both Revenue and Capital Expenditure.
Report Summary:	The Council has completed Quarter three of the 2021/22 financial year. The Council's General Fund is currently forecast to be overspent by £159K
Recommendation(s):	1. That the contents of the report and appendix be noted; and 2. The Council Senior Leadership Team are to look at ways to continue to reduce the overspend.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Director / Section 151 Officer) tracy.bingham@oadby-wigston.gov.uk Comie Campbell (Head of Finance / Deputy Section 151 Officer) (0116) 257 2713 comie.campbell@oadby-wigston.gov.uk Rashpal Sohal (Finance Manager) (0116) 257 2705 rashpal.sohal@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 throughout the 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.
Background Papers:	None.
Appendices:	1. Capital Programme (Q3 2021/22)

1. Introduction

- 1.1 In February 2021, the Council approved a General Fund budget for 2021/22 of £7.081m.

2. General Fund Summary Position

- 2.1 Across the departments as a whole, the Council, as at Quarter 3 is expecting to report a net £159K overspend which represents 2% variance of the overall Council Revenue budget. This is a reduction of (£335k - £159k) £176k on the position reported to members at Quarter 2.
- 2.2 This reduction has been achieved by a combination of garden waste exceeding its budget by £119k, carpark income generation and the reduction in Covid related budget provision. Further reductions in the overspend may be possible dependent on the continued reduction of the budget provision for Covid related activities and additional income being generated by Car parking.

3. Actions

- 3.1 The Council will continue to look at ways to mitigate the forecast £159k overspend reported for Quarter 3.
- 3.2 One area flagged for further review is agency costs. Generally agency staff cover whilst recruiting to vacant posts especially where the Council has a statutory obligation to provide a certain service. Some job post although advertised, are very difficult to recruit to which has resulted in the extended stay of agency or staff on short term fixed term contracts.
- 3.3 In general, additional temporary staffing costs (either agency or on fixed term contracts) have been fully covered by specific Covid related grants. As previously mentioned, savings in the Senior Leadership team have offset some of these additional staffing costs.

4. Forecast for Each Service Area

- 4.1 **Senior Leadership Team (SLT) - Forecast Underspend (£225K).** The forecast underspend relates to two vacant Director Posts. The Director (S151 Officer) post is due to start at the end of January 2022. Recruitment for the other Director post is will take place in the first Quarter of 2022/23.
- 4.2 **COVID-19 – Forecast breakeven.** Since the Quarter 1 report qualifying expenditure has been recharged to the Covid 19 cost centre see **Table 2**. The forecast is to breakeven although it is still possible Covid 19 related expenditure exceeds the amount of grants receivable.

Table 1 - Summary General Fund and COVID 19 Monitoring

General Fund Budget Monitoring 2021/22	Covid 19 Forecast by 31.03.2022
	2
	£'000
Salaries and Agency Staff Costs	699
Supplies and Services	140
Costs Related to COVID-19 Support	839
Estimated Grants/Income to be Received	(839)
Net COVID-19 Costs	(0)

- 4.3 The Council receives various Covid related grants to meet the additional costs incurred due to the Covid 19 pandemic. The levels of funding has reduced in 2021/22 but there are still residual additional costs the Council has to meet to deliver its services and support. Grants received so far include COVID-19 Section 31 grant and containment funding.
- 4.4 The Council has also submitted a claim for the lost fees and charges for Quarter 1 (April to June 2021) of this financial year and this is included in the forecast position. This income claimed will not meet the full cost of lost income and is only up to the end of June 2021. Covid 19 restrictions in England ended on 19th July 2021 but currently there is no provision to claim from the end of June 2021 to the 19th July 2021. No further funding has been made available for the rest of the financial year.
- 4.5 The Council has continued to administer the payment of Government Covid 19 grants to local business throughout the year which has required additional staffing or existing staff being redirected from their main job role to assist with this process. Recently on the 17th January three Business grant support schemes were opened to local business. These are LLEP, ARG (Additional Restrictions Grant) and the Omicron retail and Leisure Services grant. Remaining ARG funding and top up ARG grants along with new Omicron grant will fund these Business grants.
- 4.6 **Finance and Resources – Forecast Underspend (£29K).** This forecast overspend is a net result of variances across the service. The most significant ones are set out in the table below.

Service	Variance £'000	Reason for variance
Corporate Management	(284)	A reduction in provision for Covid 19 expenditure.
Corporate Management Non-Financial	58	An increase in the Council pension lump sum contributions - £53K
Finance	(23)	Forecast saving in staff costs due to finance staff vacancies and staffing costs being funded from Covid grants.

Cemeteries	16	Forecast increase in staff costs due not yet achieved staff savings in the service due to the profiling of targeted savings.
Car Parks	160	Forecast non-achievement of income due to delayed implementation of the new Car parking charges system
Facilities Management	44	Forecast increase in staff costs due to salary increases and an additional post in the service
Total	(29)	

4.7 **Law & Democracy – Forecast Overspend £108K.** This forecast overspend mainly relates to significant reduction of £300K in the income expected from the Selective Licensing Scheme.

Service	Variance £'000	Reason for variance
Selective Property Licensing Scheme	282	Incorrect budget on selective property licencing of £550k, this has been addressed in budget gap work
Licensing Service	(21)	salaries savings to budget
Legal & Admin Service	(66)	Salary savings due to one salary part posted to Covid-19 expenditure.
Democratic Representation & Management	26	These are related to staff costs and they cross between staff coded here and in Legal & Admin Services (which is currently favourable to budget) offset these costs
Environmental Health Administration / Enforcement	(63)	vacant position saving
	(50)	Covid 19 Funding Reallocation
Total	108	

4.8 **The Built Environment – Forecast Overspend £238K.** The main factors contributing to the department's net overspend are set out in the table below.

Service	Variance £'000	Reason for variance
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Planning	140	Forecast increase in agency costs to cover two vacant hard-to-fill posts in the service. The decision to increase hired staff till March 22 is forecasted in to help with reduction of backlog. Two permanent officers post have now recently been filled.
Homelessness	102	Number of people in need of assistance has drastically increased because of the Covid-19 pandemic. HB are covering some of the increased spend. Looking at other ways to mitigate this.
Building Control	16	Forecast reduction in Building Control income
Economic Development	(27)	Additional staff capitalisation income due to officer time being charged to capital projects in the borough - specifically the move to new Council Offices
Belmont House Hostel	37	There was income in the budget that due to the current climate will not be achievable
	(28)	Covid 19 Funding Reallocation
Across all of the Built Environment Service Area	(2)	Minor overspends and underspends across the service area
Total	238	

4.9 **Community & Wellbeing – Forecast Underspend (£46K).** The forecast overspend in this department is mainly due to the items set out in the table below.

Service	Variance £'000	Reason for variance
Mechanics Workshop	34	Water Bill Backdated Oct19 - Aug21. Previously paying estimates till this year.
Garden Waste Collection	(119)	Increase in income in garden waste permits. This was due to demand being better than expected.
Domestic Refuse Collection	31	Forecast increase in staff costs relating to Agency cover for year
Swimming Pool and Leisure Centre	88	Forecast reduction in income expected from the leisure centre

Recreation & Leisure	(49)	Salary savings to forecast due to a position being externally funded
Community Development	(31)	Salary savings along with release of budgets due to no external events held this year
Total	(46)	

4.10 **Customer Services and Business Transformation – Forecast Overspend £77K.** This service area includes Customer Services, System Support and Transformation Services including the newly-created in-house IT team. The forecast overspend is due to the following items set out in the table below.

Service	Variance £'000	Reason for variance
Systems Administration	109	Forecast increase in staff costs £23k due to agency staff covering a vacancy and the reallocation of staff into the service without the appropriate budgets. Loss of legacy staff costs £83k capitalisation income as project is now complete
Customer Service Improvement	39	This variance relates to the cost of the Welland Procurement Service that was not budgeted for.
Customer Service Improvement	16	Variance is as a result of forecast additional staff costs in the service
Customer Service	30	Forecast increase due to additional personnel requirements without appropriate budgets, increase in additional laptops costs and software costs
Customer Services	(59)	Underspend is as a result of the closure of the Customer Service Centre
ICT	(23)	Some costs in ICT capitalised due to the recent project
Telephones	52	Forecast increase in telephone services costs
Customer Services staff cost increases to be recharged	(81)	Covid 19 Funding Reallocation
Total	77	

4.11 A summary of the overall General Fund Budget and Forecast Outturn at service level is set out in **Table 2**.

Table 2 - General Fund Budget Monitoring

Service	Revised Budget 2021/22	YTD	Forecast Outturn	Variance
	£	£	£	£
Senior Leadership Team	471,500	158,922	246,400	(225,100)
Covid 19 Funding	0	0	0	0
Finance & Resources (Including Corporate Budgets)	3,373,725	5,965,869	3,344,525	(29,200)
Law & Democracy	165,060	278,527	272,651	107,591
The Built Environment 1 & 2	966,600	573,097	1,204,233	237,633
Community & Wellbeing (inc Depot)	941,466	641,517	895,231	(46,235)
Customer Service & Business Transformation	1,343,300	1,220,231	1,420,000	76,700
HRA Recharge	(1,195,000)	(896,250)	(1,195,000)	0
Capital Financing	1,015,000	761,250	1,053,000	38,000
	7,081,651	8,703,161	7,241,040	159,389

5. Capital Programme

5.1 The 2021/22 Capital Programme was set at Full Council in February 2021 and amended in September 2021. **Table 3** shows a summary of the 2021/22 capital programme and the full capital programme is shown in **Appendix 1**.

Table 3 - Capital Programme Summary

Fund	Revised Budget 2021/22	Spend To Date	Variance to Budget
	£'000	£'000	£'000
General Fund	4,610	1,596	(3,014)
Housing Revenue Account	2,449	2,069	(380)
Total	7,059	3,665	(3,394)

The Modular Homes Development (£3.8M) and Oadby Pool (£6.415M) projects were removed from the programme due to concerns regarding their affordability. New schemes in-year include the New Council Offices (£1.8M), ICT Transition (£750K), and Housing Development (£500K), and Pay & Display (£95K).

Although the New Council Office and Housing Development schemes were added to the 21/22 capital programme, disruptions caused by the pandemic mean that both of these projects are likely to slip into 22/23. Extremely poor take-up of the Private Sports Grants scheme (£195K) has resulted in the decision to transfer the funding to the Sports Facility Improvement Programme, in order to fund an expanded programme of works. The Coombe Park Pavilion Extension project

(£170K) is on hold pending the receipt of the relevant S106 funding from the Cottage Farm development.

6. Housing Revenue Account (HRA)

- 6.1 The Housing Revenue Account opening balance as at 1st April 2021 on its main reserve was £1.339m. In 2021/22 the account has been forecast to have a budget deficit of £150K leaving an estimated HRA Reserve balance of £1.188m.
- 6.2 The position on the account as the end of Quarter 3 is set out in **Table 4** below.

Table 4 - HRA Position Qtr. 3

	Forecast Outturn 2021/22
	£'000
Net Cost of Services on the HRA	(415)
Capital Charges	565
Revenue Contributions to Capital Appropriations to Earmarked Reserves	0
	150

Actual Balance b/f HRA a/c (1,339)

Budget Deficit in the Year 150

Balance c/f HRA a/c (1,188)

HRA

Service	Variance £'000	Reason for variance
Housing Revenue Account	176	Depreciation £207k is based on the asset values and useful life from most recent annual accounts after allowing for an increase of 3% for an increase in asset base
Estate Management	(18)	Computer Software - the new Asset Management module of Orchard has not been purchased £16k along with a managed service for the system

Repairs & Maintenance	140	Outturn for this year is based on actual spend each month while taking into account commitments on Orchard. 2020/21 saw a backlog of work due to the pandemic. This is now being caught up resulting in an increase in expenditure which is funded by the increase in reserve from the 20/21 surplus
Capital Charges	(60)	Based on the capital programme and current borrowing requirement interest will not reach the levels budgeted for.
Appropriations	(91)	Not required.
	3	Other
Total	150	