

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Phillip Cowen, Executive Member Finance & Growth

To: Cabinet, 13 July 2020

Author: Alison Chubbock, Chief Accountant

Subject: 2019-20 Full Year Financial Performance

Purpose: This report provides information on the actual full year financial position of the Council as at 31 March 2020

Recommendation(s):

1) That the report and appendix be noted.

Recommend to FULL COUNCIL:

- 2) That capital budgets (& associated funding sources) of £2,194,668 be carried forward into 2020-21 to support projects in progress.
- 3) That the final capital out-turn and funding for 2019-20 as detailed in appendix B be approved.
- 4) That the revised capital budget and associated funding for the 2020-21 capital programme as detailed in appendix C be approved.
- 5) That the NNDR Pilot gain is utilised to cover the over spend and that £214,489 is contributed from the Organisational Development Reserve and a further contribution is made from the Revenues and Benefits Reserve to cover the remaining over spend.

1.0 BACKGROUND

1.1 Throughout the year quarterly monitoring reports have been completed forecasting the expected year end out-turn against the budgets. This report provides information on the actual full year financial performance for revenue, capital and treasury, with the detail being included in the attached appendix. The full statement of accounts has been circulated to Governance and Audit Committee in June via email.

1.2 Revenue

The final full year actual was an above budget spend of £224k after mitigation through lower contributions to reserves as detailed in paragraph 1.4. This variance is after the approval in quarter 2 to utilise £500k of funding for temporary accommodation, meaning our actual over spend was much higher, with around £690k relating to temporary accommodation and the associated housing benefit.

There are many smaller variances this quarter and these are detailed in the appendix, the higher value variances identified are:

- Housing Benefit subsidy costs £190k above budget, a result of the additional temporary accommodation demand increase and increased bad debt provision (this is after allowing for the additional £500k budget approved at quarter 2).
- Above budget NNDR levy payments of £167k relating to the NNDR Pilot (this value is still draft and will change).

- Below budget planning fee income, building control income and land charges income totalling £160k.
- Additional costs and lost income within Community Safety totalling £60k.
- Additional legal costs of £50k for work carried out in the year mainly relating to lease renewals and legal action work.
- Reduced interest income of £49k from 3rd party loans due to delays in timing of loans (the income will still be earned but in later years).
- Less income than the business case from EHC totalling £30k.

1.3 This is a significant over spend for the Council and is not a sustainable position. Before the Covid-19 situation, budget managers, the Corporate Improvement Team and Finance had started working together to ensure all out of budget spend was authorised prior to committing to allow choices and this needs to continue in future.

The forecast temporary accommodation and related Housing Benefit additional costs have been built into next years budget whilst the refurbishment project for our new property is underway. Whilst this project may be slightly delayed under current circumstances, it should still be completed mid 2021-22 meaning these additional costs will reduce to be within budget. However the Covid-19 pandemic has significantly increased costs in this area during 2020-21 and this will be reported on later in the year with the revised budget.

1.4 The original budget for 2019-20 planned to put the gain from the Norfolk NNDR Pilot of £559k into the Growth & Investment reserve and the General Fund (50/50 split). However due to the high overspend this has not been possible and this out-turn instead utilises the pilot income to cover the over-spend, but due to the values this is subject to Full Council approval as requested in this report.

1.5 The General Fund is already at its minimum balance of £2,500k. The 2020-21 budget includes provision to add £400k into the General fund from additional New Homes Bonus funding, however it also included an efficiency requirement of £332k to be identified and achieved and no work has yet started in this area. A full budget review is currently in progress and a report will follow later in the year with a revised budget and reserves forecast.

1.5 **Capital**

The actual out-turn shows spend of £4,579k (71%) against the budget. This report includes a recommendation to Full Council to carry forward £2,195k into future years, of which £967k is grant funding.

1.6 **Treasury**

The interest income received is lower than budget for the year, due to timing delays for third party loans as detailed in the appendix.

2.0 **OPTIONS**

2.1 That the report and appendices be noted and recommend to Full Council

- That capital budgets (& associated funding sources) of £2,194,668 be carried forward into 2020-21 to support projects in progress.
- That the final capital out-turn and funding for 2019-20 as detailed in appendix B be approved.

- That the revised capital budget and associated funding for the 2020-21 capital programme as detailed in appendix C be approved.
- That the NNDR Pilot gain is utilised to cover the over spend and that £214,489 is contributed from the Organisational Development Reserve and a further contribution is made from the Revenues and Benefits Reserve to cover the remaining over spend.

2.2 That the report and appendices be noted and changes are made to the recommendations to Full Council.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To provide timely information to Members on the overall financial position of the Council, enabling resource re-allocation to priorities where necessary and protecting the General fund balance.

3.2 To enable approved capital projects to continue to deliver in the new financial year.

4.0 EXPECTED BENEFITS

4.1 To ensure Members are updated regularly and in a timely fashion on the overall Council financial position.

4.2 To make the best use of the funding available to the Council and allow us to respond quickly to opportunities as they arise.

4.3 To protect the General fund minimum balance.

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.2 Corporate Priorities

5.2.1 The Council's budget and associated spend supports the Council's priorities.

5.3 Financial

5.2.1 The report and appendix are financial in nature and include the financial implications.

5.8 Risk Management

5.3.1 Risks are included within the report

5.9 Stakeholders / Consultation / Timescales

5.4.1 Budget holders have been consulted on their variances and the reasons for those variances.

5.10 Transformation Programme

5.5.1 The transformation programme is intrinsically linked to the Council's budget.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A

7.0 **ACRONYMS**

7.1 LIBID - London Inter-Bank Bid Rate.

7.2 NNDR – National Non-Domestic Rates

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

Lead Contact Officer

Name and Post: Alison Chubbock, Chief Accountant
Telephone Number: 01362 656865
Email: alison.chubbock@breckland.gov.uk

Key Decision: No

Exempt Decision: No

This report refers to Mandatory Service and Discretionary Services

Appendices attached to this report:

Appendix A Financial report for 2019-20 full year.
Appendix B Capital funding sources 2019-20.
Appendix C Revised 2020-21 Capital budgets and associated funding.