

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Phillip Cowen, Executive Member for Finance and Growth

To: Cabinet, 30 November 2020

Author: Alison Chubbock, Chief Accountant

Subject: Quarter 2 Financial Performance Report 2020-21

Purpose: This report provides information on the forecast full year financial position of the Council as of 30 September 2020

Recommendation(s):

- 1) That the report and appendix be noted
- 2) That £90,000 be released from the Inclusive Growth reserve to fund the 2 year fixed term climate role as detailed in paragraph 1.6.

1.0 BACKGROUND

1.1 Throughout the year quarterly monitoring reports are completed forecasting the expected year end out-turn against the budgets. This report provides information on the forecast full year financial performance as of 30 September 2020 for revenue, capital and treasury, with the detail being included in the attached Appendix. The report provides the variances against our new revised budget which was approved by the Council in September.

1.2 Revenue

The full year out-turn based on current projections is on budget spend, with a nil overall variance. Appendix A provides details of the large variances, with the main additional costs relating to the leisure PFI and lost interest income.

Our revised budget had an efficiency requirement to meet of £217k, some progress had already been made against this during quarter 2 reducing that requirement. An additional Government grant, to help support Councils with budget pressures resulting from the Covid pandemic, was announced on 22 October totalling £438k for Breckland. This means we can balance the budget for the current year and have a remaining contingency available of £139k.

It is still difficult to forecast accurately in the current circumstances and therefore this £139k will be set aside until the end of quarter 3 when more certainty over cost pressures will be available. Dependent on the position we will have options on whether the funding is used to cover new costs, or whether we choose to hold it in reserves to cover cost pressures next year, or it could be used to reduce the amount of reserves used in the current year. But this decision will not be made until we have more certainty over our financial forecasts.

1.3 Capital

The forecast out-turn shows spend of £14,4942k (99%) against the budget at this stage of the year, with our larger projects continuing well at this stage, despite the pandemic

pressures. The full below budget spend of £90k is requested to be carried forward as the projects will run into future years, these carry forward requests will be included in the budget setting report to Council in February 2021.

1.4 **Treasury**

The investment interest budget is forecasting below budget income of £51k as detailed in the appendix to this report. This partly relates to external loans to a 3rd party which are still expected to be made, but the timing is later than when budgeted. This means the income will be achieved, but will be lower in this year and higher in future years. Alongside the reduced interest rate environment we are currently operating in.

1.5 **Other Issues of Note**

Our Business Rates and Council Tax collection rates have held up well during the first 6 months of the year, although this has been supported by the various Government initiatives such as NNDR Retail and Nursery reliefs, Business grants and Council Tax support funding. There is a risk that these incomes will drop over the remainder of the year and significant risks on NNDR income next year if the Government reliefs do not continue.

1.6 **Climate Change role**

In September 2019 the Council declared a climate emergency and since then has been working toward the development of a Sustainability/Climate Action Strategy with an associated work programme. To date this has been done within existing resources, this has highlighted that for the Council to progress this agenda to deliver the outcomes it is seeking, it needs to commit additional resource. It is proposed that this is done in the form of a fixed term Environment and Climate Change Officer who will progress and support the delivery of the programme of work attached to the Council's emerging strategy.

A budget of up to £90,000 will be required to support the costs of this role, assuming a mid-grade 8 salary for 2 years and associated costs (such as equipment, mobile, etc). This can be funded from the Inclusive Growth Reserve which currently has £750k un-allocated from 2020-21 funds.

2.0 **OPTIONS**

2.1 That the report and appendix be noted.

2.2 Do nothing.

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.

4.0 **EXPECTED BENEFITS**

4.1 To ensure Members are updated regularly 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.

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; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 Carbon Footprint / Environmental Issues

5.1.1 The climate change role will support the delivery of the programme of work attached to the Council's emerging sustainability/climate action strategy.

5.2 Financial

5.2.1 The report and appendix are financial in nature and include the financial implications of activities planned or underway.

5.3 Risk Management

5.3.1 Financial risks are included within the report.

5.4 Stakeholders / Consultation / Timescales

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

6.0 WARDS/COMMUNITIES AFFECTED

6.1 N/A

7.0 ACRONYMS

7.1 DMADF – Debt Management Account Deposit Facility

7.2 LIBID - London Inter-Bank Bid Rate.

7.3 MHCLG – Ministry for Housing Communities and Local Government

7.4 NNDR – National Non-Domestic Rates

Background papers:-

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Key Decision: No

Exempt Decision: No

This report refers to Mandatory and Discretionary Services

Appendices attached to this report:

Appendix A Forecast financial report for 2020-21 full year.