

# Breckland Council

## Financial report for the year ended 31 March 2021

This report has three sections

- Section 1 – Revenue budget
- Section 2 – Capital budget
- Section 3 – Treasury update

*Figures in brackets denote either income, an under spend or above budget income. Positive figures denote either spend, an over spend or below budget income.*

### Section 1 - Revenue

**Table 1 – Forecast Revenue Outturn**

	Budget £'000	Forecast Out-turn £'000	Forecast Variance £'000
<b>Cost of Services</b>			
1) Strategy & Governance (S&G)	5,712	5,757	45
2) Growth & Commercialisation (G&C)	3,979	4,108	129
3) Place (PL)	7,715	7,999	284
4) Housing Benefits (HB)	623	623	-
5) Total Cost of Services before reserves	18,029	18,487	458
6) Contributions to/from reserves (RES)	(1,195)	(1,335)	(140)
<b>7) Total Cost of Services</b>	<b>16,834</b>	<b>17,152</b>	<b>318</b>
<b>Funding &amp; Appropriations</b>			
8) Appropriations (APP)	1,333	1,334	1
9) Government grants (GRA)	(7,963)	(8,421)	(458)
10) Council Tax (CT)	(4,238)	(4,238)	-
11) Retained Business Rates (NDR)	(5,966)	(5,966)	-
<b>12) Total Funding</b>	<b>(16,834)</b>	<b>(17,291)</b>	<b>(457)</b>
13) Covid contingency grant funding	-	139	139
<b>Contribution (to)/from the General Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>

Significant variances are detailed over the page.

#### Salaries

The budgeted vacancy factor for 2020-21 is 4% for Breckland staff and 2.5% for Anglia Revenues Partnership (ARP) staff.

The achieved vacancy factor for this year is slightly above the 4% for Breckland staff and around 3% for Anglia Revenues Partnership (ARP) staff. Whilst these values are the forecast, there is a possibility that as the year progresses staff turnover in the current pandemic situation could reduce.

**Table 2 - Significant Variances**

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
<b>1) High/Ongoing Impact</b>				
1a) Interest Income	G&C	(159,071)	81,483	Reduced interest from finance lease income from property tenants with agreed rent arrangements. Interest rates achievable are even less than predicted in the revised budget, alongside temporary delays in Breckland Bridge extension which has changed timing of loans leading to less income this year although this is anticipated to be received in future years.
1b) BTS	S&G	21,297	51,390	Training service has been paused during the pandemic until at least 31 March 2021 to focus resource in other priority areas of the Council.
1c) Legal Services	S&G	173,077	42,907	Higher than budgeted external legal fees, due to higher demand for legal advice during the pandemic as well as advice on specifics such as property leases and planning enforcement.
<b>2) High Opportunity</b>				
<b>3) One Offs</b>				
3a) Leisure PFI	PL	690,225	170,000	Lost income totalling £94k (after claiming the maximum possible through the Government compensation scheme) and potential additional payments through qualifying change in law resulting from Covid situation.
3b) Waste Services	PL	1,424,912	79,353	Increased contamination and smoothing costs, partly offset by an increase in recycling credits for garden waste and sharing salary costs.
3c) Government grants	G&C	(5,000,903)	(458,942)	MHCLG provided a tranche 4 of funding (notified October). This will be reviewed at the end of quarter 3 to determine the best use of any remaining funding once the outcome of emerging new cost pressures are understood.
3d) Land charges	PL	24,503	(23,073)	Higher demand in quarter 2 has resulted in higher income.
3e) Salaries	All	1,624,507	(59,857)	Vacancies which contribute to the overall Council's vacancy factor.
3f) Covid contingency	All	-	139,754	Remainder of grant funding, this will be reviewed at the end of quarter 3 to determine the best use once the outcome of emerging new cost pressures are understood.
<b>4) Low Impact</b>				
4a) Other	All	1,201,453	(23,015)	Other small value variances.
<b>5) TOTAL</b>				
		-	-	

## **Collection Funds**

### **Council Tax**

The Council Tax collection fund account had a residual deficit of £152k overall at the end of 2019-20, with Breckland's share being £16k. The forecast for 2020-21 is a deficit of £309k with Breckland's share being £31k, however this value is likely to be impacted by any increases in Localised Council Tax Support (LCTRS) over the remaining 6 months of the year.

### **Retained Business Rates**

The retained Business Rates (NNDR) collection fund account had a residual deficit of £60k overall at the end of 2019-20, with Breckland's share being £26k. The forecast for 2020-21 is a deficit of £1,223k with Breckland's share being £489k. This deficit is due to the impact of the pandemic on business rates income in 2020-21. This impact is likely to continue into next year but is difficult to forecast until the extent of future Government rate reliefs are known.

## Section 2 - Capital

**Table 1 - Progress against 20-21 approved capital programme**

	Budget £	Forecast Out-turn £	Forecast (under)/overspend £
<b>Commercialisation</b>			
Property (Land & Buildings)	159,983	159,983	-
ICT and Vehicles & Equipment	38,550	38,550	-
Capital grants	3,024,473	3,024,473	-
Capital loans	386,222	386,222	-
Not yet released	1,959,323	2,005,860	46,537
<b>Total Commercialisation</b>	<b>5,568,551</b>	<b>5,615,088</b>	<b>46,537</b>
<b>Strategy &amp; Governance</b>			
Not yet released	305,136	192,500	(112,636)
<b>Total Strategy &amp; Governance</b>	<b>305,136</b>	<b>192,500</b>	<b>(112,636)</b>
<b>Place</b>			
Property (Land & Buildings)	67,200	67,200	-
ICT and Vehicles & Equipment	5,047,281	5,047,281	-
Grants	3,023,339	2,999,347	(23,992)
Not yet released	573,311	573,311	-
<b>Total Place</b>	<b>8,711,131</b>	<b>8,687,139</b>	<b>(23,992)</b>
<b>TOTAL</b>	<b>14,584,818</b>	<b>14,494,727</b>	<b>(90,091)</b>

Forecast outturn £14,494,727 or 99%

**Table 2 - The variance is shown below:**

Project	(under)/ over spend £	Carry over to Future £	
<b>Commercialisation</b>			
Public Lighting	-	101,537	Programme of works brought forward, so above budget spend will be deducted from 2021-22 budget.
Air conditioning	-	(20,000)	Await outcome of Worksmart 2020 before committing.
Bridge works	-	(35,000)	Budget is for 2 bridges, works to one bridge will take place next financial year
<b>Strategy &amp; Governance</b>			
ICT	-	(112,636)	Delays to project spend time line.
<b>Place</b>			
Decent Homes grants	-	(23,992)	Project profile updated
<b>Total</b>	<b>-</b>	<b>(£90,091)</b>	<b>= (£90,091) Total</b>

## Section 3 – Treasury

### Security

The low actual risk for the Council’s portfolio of investments reflects its cautious approach to counterparty selection which in turn is reflected in lower investment returns.

	Maximum risk level	Actual risk level	Variance
Investments maturing in < 1 year	0.060%	0.004%	0.056%
Investments maturing between 1 - 2 years	0.060%	n/a	-
Investments maturing between 2 - 3 years	0.080%	n/a	-

### Liquidity

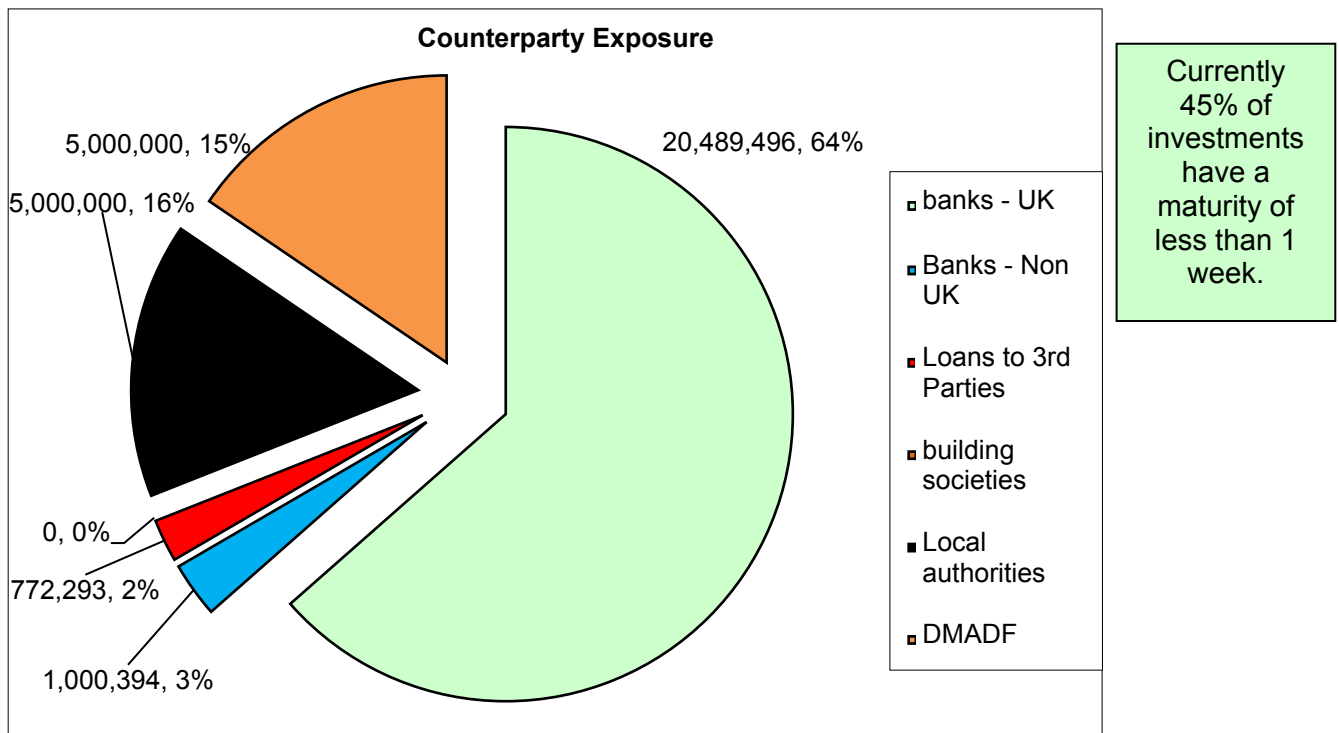
The Council had an average of £21m instant access cash available during the reporting period, as at 30 September the balance was £14m. This was exceptionally higher than our usual requirement of £5m due to additional Government grants received held short term to pay out grants in earlier months, combined with a lack of available resource to make investments due to other priorities and low interest rates making investment deals more difficult. The DMADF introduced negative interest rates for short term investments (0-3 weeks) so alternatives have been found for shorter dated deposits and where possible we are placing funds for periods of between one week to one month. The council did not use its overdraft facility in this reporting period. The weighted average life (WAL) of investments was 26 days.

### Yield

	Budget	Forecast	Variance
Interest receivable 2020-21	£254,227	£203,052	£51,175
Yield (3 month LIBID <sup>1</sup> )	0.096%	0.641%	(0.545%)

The below budget income relates to expected loans to 3<sup>rd</sup> parties at market rates which will not be made this year due to timing delays.

Our exposure to different counterparties is shown in the graph below.



<sup>1</sup> LIBID – London Inter-bank Bid Rate