

Breckland Council

Financial report for the year ended 31 March 2022

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
Cost of Services			
1) Place and Delivery (P&D)	6,343	6,433	90
2) Strategy and Resources (S&R)	10,833	11,153	320
3) Housing Benefits (HB)	34	173	139
4) Total Cost of Services before reserves	17,210	17,759	549
5) Contributions to/from reserves (RES)	(3,544)	(3,543)	1
6) Total Cost of Services	13,666	14,216	550
Funding & Appropriations			
7) Appropriations (APP)	1,801	1,833	32
8) Government grants (GRA)	(5,778)	(5,741)	37
9) Council Tax (CT)	(4,429)	(4,429)	-
10) Retained Business Rates (NDR)	(5,117)	(5,117)	-
11) Total Funding	(13,523)	(13,454)	69
12) Un-allocated Covid-19 funding	-	(231)	(231)
13) Net Cost of Services	143	531	388
14) Efficiencies to be achieved	(296)	-	296
15) Remove General Fund contribution	153	-	(153)
Contribution (to)/from the General Fund	-	531	531

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.

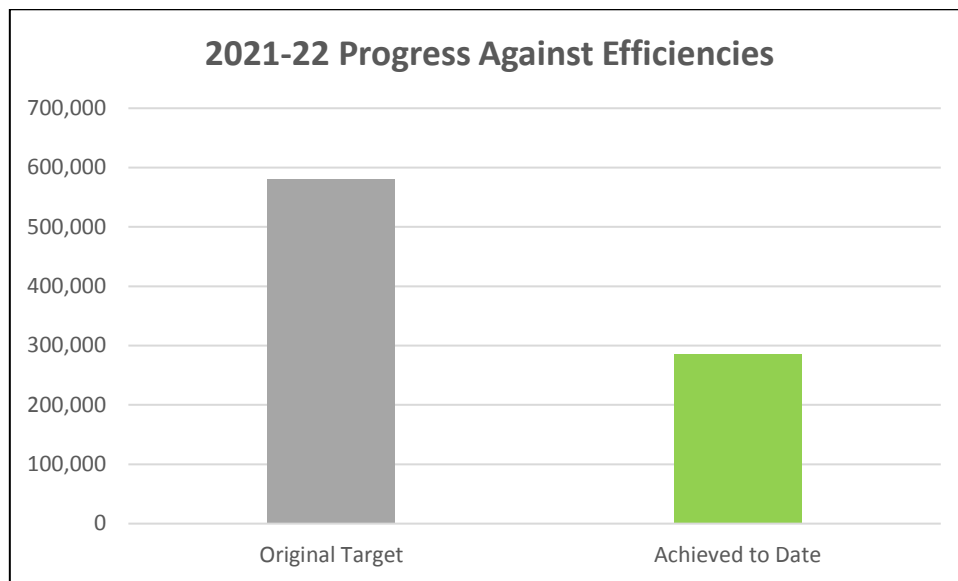
The achieved vacancy factor for this year is currently on target for both Breckland and for Anglia Revenues Partnership (ARP) staff.

Table 2 - Significant Variances

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
1) Efficiencies	All	(295,745)	295,745	This is the remaining efficiency to be achieved throughout the year, with £285k (49%) achieved to date (see detail below)
2) Housing Benefit Claims	HB	34,457	138,935	Covid-19 impact: Increased demand in temporary accommodation through national initiatives such as 'Everybody In' combined with increased costs of that accommodation.
3) Corporate Finance	S&R	305,608	138,362	Loans made to Breckland Bridge have been delayed, however the schemes requiring loans are still part of the approved 5 year business plan so the forecasted loan income is still achievable albeit later than originally budgeted.
4) BTS	S&R	(53,869)	136,727	One off in year costs as a result of the decision already made regarding ceasing BTS, future years are cost neutral.
5) Commercial Property	P&D	(2,202,967)	94,326	Covid 19 Impact: Shortfall in rental income is mostly due to the continued economic situation relating to the impact of Covid and maintaining the pre-Covid income target of 98%. The long term strategy is to support businesses by offering deferred rental support where requested to ensure longevity of business survival.
6) New Homes Bonus (NHB)	GRA	(1,629,911)	42,572	Government policy change on the distribution of returned NHB compared to previous years.
7) Appropriations	APP	1,801,166	31,977	Prior year shortfall on Renewable Energy NNDR income.
8) Elizabeth House	P&D	189,019	23,380	Covid-19 impact: Conference centre letting income shortfall due to remaining Covid restrictions and efficiency target which is programmed to be achieved through a service review currently in progress.
9) Legal Services	S&R	175,368	22,817	Increased levels of work combined with below budget income generation due to lack of resource available. The service will be undertaking a review of its external Legal costs alongside internal casework demand, to identify areas where spend could be reduced: either by using our internal resource differently, or by reviewing how external work is commissioned.
10) Land Management	P&D	121,845	19,258	Shortfall in income due to lower receipts from sales than budgeted. A new programme of disposals has been established with a new approach to achieve the required income.
11) ICT	S&R	1,049,936	18,415	PSN Network penetration costs are above budget, combined with increased data use on mobiles as a result of Covid-19 restrictions which has increased virtual meetings.
12) Enabling	S&R	220,538	(20,609)	Salary savings due to current vacancy, which contributes to the Council's vacancy factor.
13) Housing Option	S&R	347,963	(27,330)	Salary savings due to current vacancy, which contributes to the Council's vacancy factor.
14) Other Miscellaneous	All	(216,195)	(202)	
15) Covid-19 funding		-	(230,869)	Remaining balance of the Government general Covid grant of £731k, which is covering the additional Covid-19 related costs detailed in the other variances in this table.
16) Contrib'n to General Fund		-	(152,786)	The contribution to the General Fund will not be made until all efficiencies are achieved
TOTAL		(152,787)	530,718	

Table 3 – Progress Against Efficiency Targets

The original efficiency target for the year was £581k and to date £285k has been achieved (49%).



Collection Funds

Council Tax

The Council Tax collection fund account had a residual deficit of £400k overall at the end of 2020-21, with Breckland's share being £45k. The forecast for 2021-22 is a small surplus currently, however this value could be impacted by any increases in Localised Council Tax Support (LCTS) over the remaining few months of the year.

Retained Business Rates

The retained Business Rates (NNDR) collection fund account had a residual deficit of £16,073k overall at the end of 2020-21, with Breckland's share being £6,431k. This balance was unusually high due to the Covid retail and hospitality reliefs and the Government have provided grants to offset this cost to the Council.

The forecast deficit for 2021-22 will be calculated later in the year once the Government have provided further information on the new reliefs expected in the autumn for businesses impacted by Covid-19.

Section 2 - Capital

Table 1 - Progress against 21-22 approved capital programme

	Budget £	Forecast Out-turn £	Forecast (under)/overspend £
Place and Delivery			
Property (Land & Buildings)	1,114,485	1,188,070	73,585
ICT and Vehicles & Equipment	2,075,149	2,075,149	-
Capital grants	15,837,918	8,737,918	(7,100,000)
Not yet released	2,058,500	83,000	(1,975,500)
Total Place and Delivery	21,086,052	12,084,137	(9,001,915)
Strategy and Resources			
Property (Land & Buildings)	1,283,038	1,441,038	158,000
ICT and Vehicles & Equipment	87,000	87,000	-
Capital grants	2,232,662	2,232,662	-
Not yet released	203,438	203,438	-
Total Strategy and Resources	3,806,138	3,964,138	158,000
Capital Loans	157,188	157,188	-
TOTAL	25,049,379	16,205,464	(8,843,915)

Forecast outturn £16,205,464 or 65%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to Future £	
Place and Delivery			
Snetterton Power	-	(1,100,000)	Fully funded project. Start on site expected around October 2021.
Thetford HIF	-	(6,000,000)	Fully funded project. Contract and land agreement work is in progress. Start on site not expected before Q3.
Public lighting	73,585	-	Programme of work has been brought forward, a report to validate the budget provision will be later in the year.
Property re-investment	-	(1,975,500)	Re-investment of capital receipts deferred until next financial year.
S106 affordable housing	158,000	-	Additional S106 funding to be allocated to the Elm Road project
Strategy and Resources			
Total	£231,585	(£9,075,500)	= (£8,843,915) Total

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%	0.007%	0.053%

Liquidity

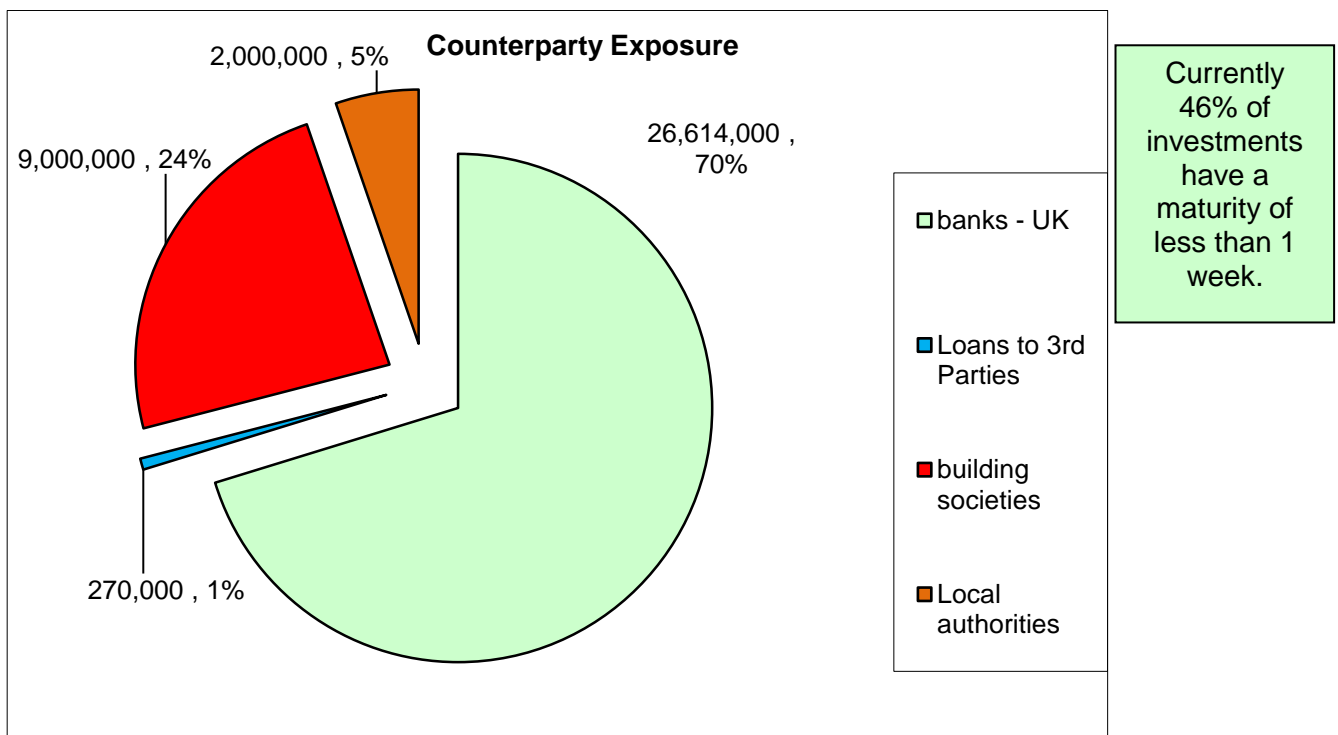
The Council had an average of £7.6m instant access cash available during the reporting period. This was slightly higher than our usual requirement of £5m due to large cash outflows expected but they did not take place. The council did not use its overdraft facility in this reporting period. The weighted average life (WAL) of investments was 38 days.

Yield

	Budget	Forecast	Variance
Interest receivable 2021-22	£235,666	£93,885	£141,781
Yield (3 month LIBID ¹)	0.042%	0.286%	(0.244%)

The below budget income relates to expected loans to 3rd 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.



¹ LIBID – London Inter-bank Bid Rate