

# Breckland Council

## Financial report for the year ended 31 March 2020

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)	5,720	5,804	84
2) Growth & Commercialisation (G&C)	1,642	1,783	141
3) Place (PL)	5,128	5,210	82
4) Housing Benefits (HB)	(51)	42	93
5) Total Cost of Services before reserves	12,439	12,839	400
6) Contributions to/from reserves (RES)	897	897	-
<b>7) Total Cost of Services</b>	<b>13,336</b>	<b>13,736</b>	<b>400</b>
<b>Funding &amp; Appropriations</b>			
8) Appropriations (APP)	1,232	1,232	-
9) Government grants (GRA)	(4,523)	(4,486)	37
10) Council Tax (CT)	(4,011)	(4,011)	-
11) Retained Business Rates (NDR)	(6,034)	(6,034)	-
<b>12) Total Funding</b>	<b>(13,336)</b>	<b>(13,299)</b>	<b>37</b>
<b>Contribution (to)/from the General Fund</b>	<b>-</b>	<b>437</b>	<b>437</b>

Significant variances are detailed over the page.

#### Salaries

The budgeted vacancy factor for 2019-20 is 4% for Breckland staff and 2.5% for Anglia Revenues Partnership (ARP) staff.

The achieved vacancy factor for 2019-20 is 2.8% for Breckland staff and 2% for Anglia Revenues Partnership (ARP) staff. The vacancy factor usually increases as the year progresses, so we are still expecting to meet the vacancy factor by the end of the year.

**Table 2 - Significant Variances**

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
<b>1) High/Ongoing Impact</b>				
1a) Efficiencies Achieved		(156,593)	156,593	Efficiencies achieved to date are slightly below budget at this early stage of the year. Work has started on the majority of projects to deliver the savings, however any areas of concern are raised at the Finance Board to ensure we keep on track for the overall savings targets.
1b) Housing Benefit Grants	HB	(51,120)	92,700	Lost subsidy on temporary and B&B accommodation due to higher demand within housing (see note on Housing variance). The £93k is the variance to the end of June, if this pressure continues to the end of the year the variance would be £371k.
1c) Housing Option	PL	356,064	56,459	This variance includes the cost of additional staffing to meet current demands in Housing needs and also the additional costs of temporary and emergency accommodation due to the high demand levels. The £56k is the variance to the end of June, if this pressure continues to the end of the year the variance would be £225k.
1d) Community Safety	PL	311,535	48,282	Additional costs of £21k relating to ageing CCTV equipment and below budget income introduced as part of the service review, this income is expected to increase from additional enforcement activity later in the year.
1e) BTS	S&G	(81,096)	26,944	The reduction in anticipated income is due to an LGA challenge event being cancelled, BTS are working with the region to look to re-run the course on their behalf. Members should also be aware that the internal supply of training services within the Council to a value of £9.5k has also been provided by BTS in addition to the other income this service generates.
1f) Local Elections	S&G	234,160	18,135	A combination of increases to polling station costs, national living wage and postage costs has resulted in this above budget spend.
1g) Legal Services	S&G	133,644	16,315	The above budget spend relates to a high volume of external costs for planning enforcement cases (currently 26 cases this year).
<b>2) High Opportunity</b>				
2a) Development Control	PL	(422,647)	(104,827)	Additional income from planning fees compared to budget to date.
<b>3) One Offs</b>				
3a) Corporate Finance	G&C	(303,189)	58,873	This variance relates to lost interest from 3 <sup>rd</sup> party loans where the start date has been delayed. Overall the interest will be achieved, but some will be received in later years.
3b) Government Grants	GRA	(2,268,195)	36,453	An MHCLG formula error amended the grants receivable by Councils after the budget had been approved. We have lodged a claim for this value with MHCLG and are awaiting the outcome.
3c) PFI	PL	278,199	29,465	RPI is higher compared to the estimates used by Finance when setting the budgets.
3d) Commercial Property	G&C	(2,159,353)	(31,327)	Additional income which (once confirmed) will achieve transformation targets.

<b>Cost Centre</b>		<b>Total Budget £</b>	<b>Total Variance £</b>	<b>Comments</b>
<b>4) Low Impact</b>				
4a) Miscellaneous		4,128,591	32,909	Net effect of other smaller value variances
<b>5) TOTAL</b>		<b>-</b>	<b>436,974</b>	

## **Collection Funds**

### **Council Tax**

The Council Tax collection fund account had a residual surplus of £49k overall at the end of 2018-19, with Breckland's share being £4k. The forecast for 2019-20 taking account of the budget, the year end balance and the current year is a forecast deficit of £425k, with Breckland's share being £43k. This will be reviewed as the year progresses and included in the budget.

### **Retained Business Rates**

The retained Business Rates (NNDR) collection fund account had a residual deficit of £2,817k overall at the end of 2018-19, with Breckland's share being £342k, due to the high level of appeals. The forecast for 2019-20 taking account of the budget, the year end balance and the current year is a forecast deficit of £442k, with Breckland's share being £175k. This will be reviewed as the year progresses and included in the budget.

The 75% Business Rates Retention Norfolk Pilot is budgeted to provide an additional £559k to the Council for 2019-20 only. Norfolk authorities are providing forecasts on a quarterly basis and the current forecasts show £529k, which is below budget by £30k. This variance will reduce the amount set aside in the Growth & Investment Reserve and the General Fund, but the value is not final until April 2020 once the full years income is known.

### **Virement Decisions Required**

There are no virement decisions required.

### **Other Risks**

The following areas are financial risks which the Council is facing, but the actual financial implications have not yet been fully quantified:

- From 2019 clinical waste will no longer be collected by doctors surgeries, but will need to be collected by District Councils instead.

Full risk registers are held within the corporate improvement team.

### **Actions/Decisions**

- None

## Section 2 - Capital

**Table 1 - Progress against 19-20 approved capital programme**

	Budget £	Forecast Out-turn £	Forecast (under)/overspend £
<b>Commercialisation</b>			
Property (Land & Buildings)	426,334	426,334	-
Capital grants	2,425,755	2,425,755	-
Capital loans	584,481	584,481	-
Not yet released	61,588	61,588	-
<b>Total Commercialisation</b>	<b>3,498,158</b>	<b>3,498,158</b>	<b>-</b>
<b>Strategy &amp; Governance</b>			
ICT & Organisational Change	1,314,801	1,314,801	-
Not yet released	-	-	-
<b>Total Strategy &amp; Governance</b>	<b>1,314,801</b>	<b>1,314,801</b>	<b>-</b>
<b>Place</b>			
Property (Land & Buildings)	262,106	262,106	-
ICT & Organisational Change	239,656	239,656	-
Grants	1,440,341	1,440,341	-
Not yet released	1,735,036	1,735,036	-
<b>Total Place</b>	<b>3,677,139</b>	<b>3,677,139</b>	<b>-</b>
<b>TOTAL</b>	<b>8,490,098</b>	<b>8,490,098</b>	<b>-</b>

Forecast outturn £8,490,098 or 100%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to Future £	
<b>Commercialisation</b>			
<b>Strategy &amp; Governance</b>			
<b>Place</b>			
<b>Total</b>	<b>-</b>	<b>-</b>	<b>= £- Total</b>

At this stage of the year the full capital budget is expected to be spent. Although there is still £1.8m of budget not yet released, there are projects in progress to spend the majority of this with release of funds imminent. Once released the projects will be dependent on contractor availability to complete the works by the end of the year, therefore as the year progresses we will update forecasts accordingly.

### Actions/Decisions

- None.

## 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%	0.018%	0.042%
Investments maturing between 1 - 2 years	0.060%	n/a	-
Investments maturing between 2 - 3 years	0.080%	n/a	-

### Liquidity

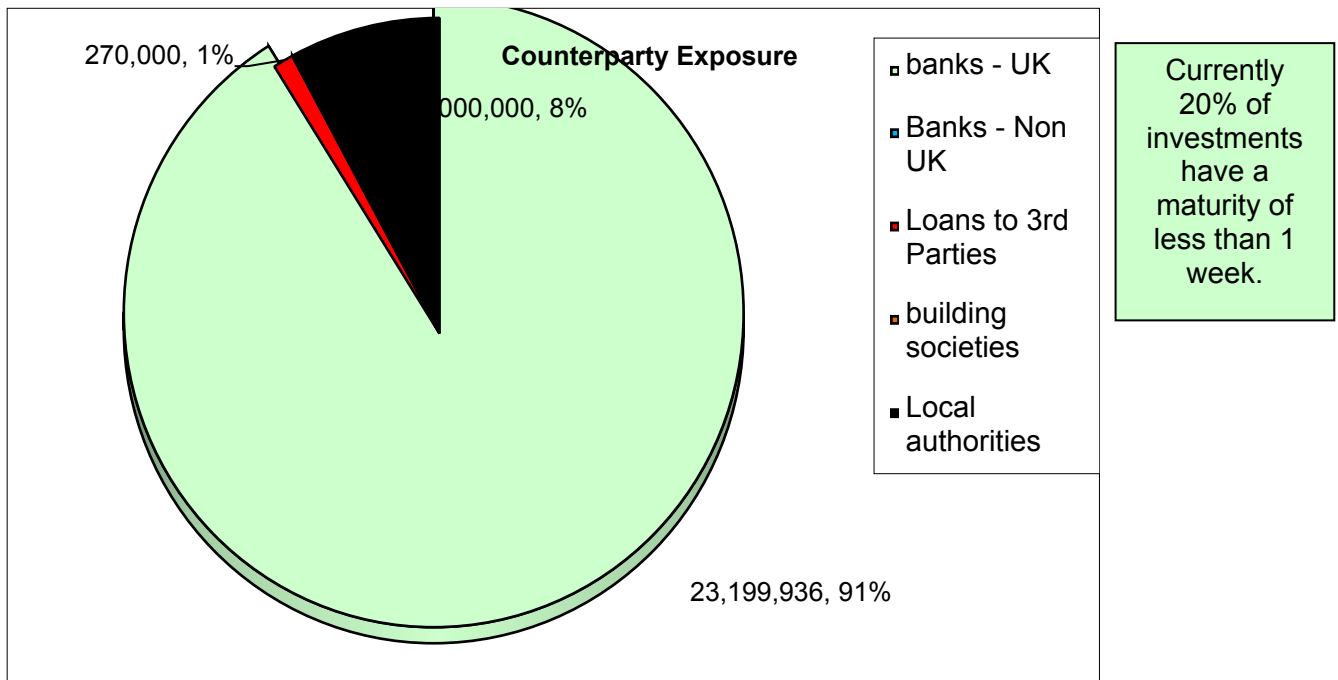
The Council had an average of £6.1m instant access cash available during the reporting period and £5.2m 30 June 2019. This is in line with our requirement of £5m. The council did not use its overdraft facility in this reporting period. The weighted average life (WAL) of investments was 100 days.

### Yield

	Budget	Forecast	Variance
Interest receivable 2019-20	£368,166	£290,129	£78,037
Yield (3 month LIBID <sup>1</sup> )	0.679%	0.837%	(0.158%)

The below budget income relates to expected loans to 3<sup>rd</sup> parties at market rates which have not yet been made, the variance gives the expected effect on the full year if loans are made as expected later this financial year.

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



### Actions/Decisions required

None

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