

## BRECKLAND DISTRICT COUNCIL

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

**To:** Cabinet, 7 September 2020

**Author:** Alison Chubbock, Chief Accountant

**Subject:** Quarter 1 Financial Performance Report 2020-21

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

### **Recommendation(s):**

- 1) That the report and appendix be noted

### **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 at 30 June 2020 for revenue, capital and treasury, with the detail being included in the attached Appendix.

The report shows the significant impact that the Covid-19 pandemic has had on the finances of the Council and this report is made in conjunction with another report to Cabinet and Full Council to set a revised budget for 2020-21. Once approved, the revised budget will be used to report financial performance against in future quarters.

### **1.2 Revenue**

The full year out-turn based on current projections, assumptions and mitigations is a forecast above budget spend of £217k.

The additional cost pressures resulting from the pandemic total £3,536k, with additional Government grants forecast of £2,465k leaving a total cost pressure of £1,071k (7.4%). Further mitigations through use of reserves is proposed in the revised budget report to Full Council which would bring our forecast overspend down to a more manageable £217k.

It is extremely difficult to forecast accurately in the current circumstances and therefore these numbers will change over the coming months and will continue to be reported to Cabinet each quarter. It is anticipated that we will make savings over the remainder of the year to offset the £217k above budget spend to bring our out-turn in line with the revised budget.

There are many variances this quarter and these are detailed in the appendix and result from the Covid-19 pandemic and the Councils responses.

### **1.3 Capital**

The forecast out-turn shows spend of £14,232k (71%) against the budget at this stage of the year. The full below budget spend of £5,843k is requested to be carried forward as

the projects will run into future years, these carry forward requests have been included in the revised budget report to Full Council.

#### 1.4 **Treasury**

The interest budget is forecasting below budget income of £258k as detailed in the appendix to this report. This partly relates to external loans to a 3<sup>rd</sup> 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**

It has been confirmed that changes to government funding planned for 2021-22 (such as the Fair Funding Review) will be delayed by at least one year. Our budget setting later this year will reflect these changes and will provide a revised budget gap position for us to work towards.

The Fair Funding Review includes an assumption that all Councils collect a 'notional council tax' based on the national average, which means Breckland will almost certainly be worse off under this new scheme due to our low council tax levels. The volatility of the Retained NNDR scheme is significant, the differences in values between a full reset of growth (i.e. none retained by Breckland) compared to partial resets ranges from around £250k to £1,000k. This all leads to high levels of uncertainty continuing for budget setting in future years.

#### 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; 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**

5.1.1 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 of activities planned or underway.

### 5.8 Risk Management

5.3.1 Financial 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 and any variance against targets is included in the Appendix.

## 6.0 WARDS/COMMUNITIES AFFECTED

6.1 N/A.

## 7.0 ACRONYMS

7.1 DMADF – Debt Management Account Deposit Facility

7.2 DWP – Department for Work & Pensions

7.3 LIBID - London Inter-Bank Bid Rate.

7.4 MHCLG – Ministry for Housing Communities and Local Government

7.5 NNDR – National Non-Domestic Rates

7.6 PFI – Private Finance Initiative

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

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### Lead Contact Officer

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

**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.