

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
Cost of Services			
1) Strategy & Governance (S&G)	5,386	5,364	(22)
2) Growth & Commercialisation (G&C)	3,698	3,770	72
3) Place (PL)	7,708	7,874	166
4) Housing Benefits (HB)	606	575	(31)
5) Total Cost of Services before reserves	17,398	17,583	185
6) Contributions to/from reserves (RES)	(689)	(514)	175
7) Total Cost of Services	16,709	17,069	360
Funding & Appropriations			
8) Appropriations (APP)	1,517	1,518	1
9) Government grants (GRA)	(8,022)	(8,484)	(462)
10) Council Tax (CT)	(4,238)	(4,238)	-
11) Retained Business Rates (NDR)	(5,966)	(5,966)	-
12) Total Funding	(16,709)	(17,170)	(461)
13) Covid contingency grant funding	-	101	101
Contribution (to)/from the General Fund	-	-	-

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 4% for Anglia Revenues Partnership (ARP) staff, which leads to below budget salary costs.

Table 2 - Significant Variances

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
1) High/Ongoing Impact				
1a) Interest Income	G&C	(159,071)	79,303	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) Legal Services	S&G	172,702	37,021	Higher than budgeted external legal fees, due to higher demand for legal advice during the pandemic as well as advice on specifics such as significant property leases and planning enforcement.
2) High Opportunity				
2a) Customer contact	S&G	839,419	(24,329)	Full year forecast salaries reduced due to vacancies held ready for start of waste contract changes from April
3) One Offs				
3a) Reserve contributions	RES	(689,237)	175,112	The revised budget approved use of reserves to cover some costs, since this time the additional Covid tranche 4 funding has been received and this will be utilised before our reserves.
3b) Leisure PFI	PL	690,225	100,000	Lost income from contractor after claiming the maximum possible through the Government compensation scheme and additional contractor payments through qualifying change in law resulting from Covid situation.
3c) Waste Services	PL	1,424,912	20,458	Increased contamination and smoothing costs, partly offset by an increase in recycling credits for garden waste and sharing salary costs.
3d) Government grants	GRA	(5,000,903)	(462,340)	MHCLG provided a tranche 4 of funding in October after the revised budget was set. This will be used for any emerging new cost pressures.
3e) Covid contingency	All	-	101,000	Remainder of grant funding, this will be reviewed at the end of the year once final costs are known and if available will be held in the general fund to help cover future Covid cost pressures.
4) Low Impact				
4a) Other	All	2,721,953	(26,225)	Other small value variances.
5) TOTAL		-	-	

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 £299k with Breckland's share being £30k, 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 £60k overall at the end of 2019-20, with Breckland's share being £26k. The forecast deficit for 2020-21 is still in progress, awaiting figures relating to appeals, however it could be in the region of £2,900k with Breckland's share being £1,160k. This deficit is due to the impact of the pandemic on business rates income in 2020-21. The Government has created a compensation scheme to pay 75% of irrecoverable NNDR and this income would partly offset the deficit. This impact is likely to continue into next year and has been included in the budget setting.

Due to accounting rules the actual deficit on the NNDR collection fund will be around £14 million, however this is due to expanded retail and nursery reliefs announced after the budget was set. The Council has been fully funded for this element from Government grants in the current financial year and these grants are available to carry into future years via reserves to offset the accounting deficit.

Section 2 - Capital

Table 1 - Progress against 20-21 approved capital programme

	Budget £	Forecast Out-turn £	Forecast (under)/overspend £
Commercialisation			
Property (Land & Buildings)	600,336	537,632	(62,704)
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	1,438,094	756,455	(681,639)
Total Commercialisation	5,487,675	4,743,332	(744,343)
Strategy & Governance			
Not yet released	305,136	37,000	(268,136)
Total Strategy & Governance	305,136	37,000	(268,136)
Place			
Property (Land & Buildings)	640,511	640,511	-
ICT and Vehicles & Equipment	5,067,387	5,067,387	-
Grants	3,181,133	3,157,141	(23,992)
Not yet released	-	-	-
Total Place	8,889,031	8,865,039	(23,992)
TOTAL	14,681,842	13,645,371	(1,036,471)

Forecast outturn £13,645,371 or 93%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to Future £	
Commercialisation			
Public Lighting	-	155,186	Programme of works brought forward, so above budget spend will be deducted from 2021-22 budget.
Air conditioning	-	(20,000)	Project will link to office transformation
Rolling programme	-	(167,890)	Works rescheduled to start after tenant vacates 19/03/2021, to enable relet of premises
Land @ Swaffham	(100,000)	-	Project no longer progressing & therefore removed
E House Car Park	(135,000)	-	Project removed due to extension of existing surface
Riverside Thetford	(132,639)	-	Residual balance of funding not needed for current requirement to secure tenant
Extension Dereham unit	(344,000)	-	Project removed at this time, will bring back business case in future if tenant wishes to progress extension
Strategy & Governance			
ICT	-	(268,136)	Delays to project spend time line.
Place			
Decent Homes grants	-	(23,992)	Project profile updated
Total	(£711,639)	(£324,832)	= (£1,036,471) 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%	0.003%	0.057%
Investments maturing between 1 - 2 years	0.060%	n/a	-
Investments maturing between 2 - 3 years	0.080%	n/a	-

Liquidity

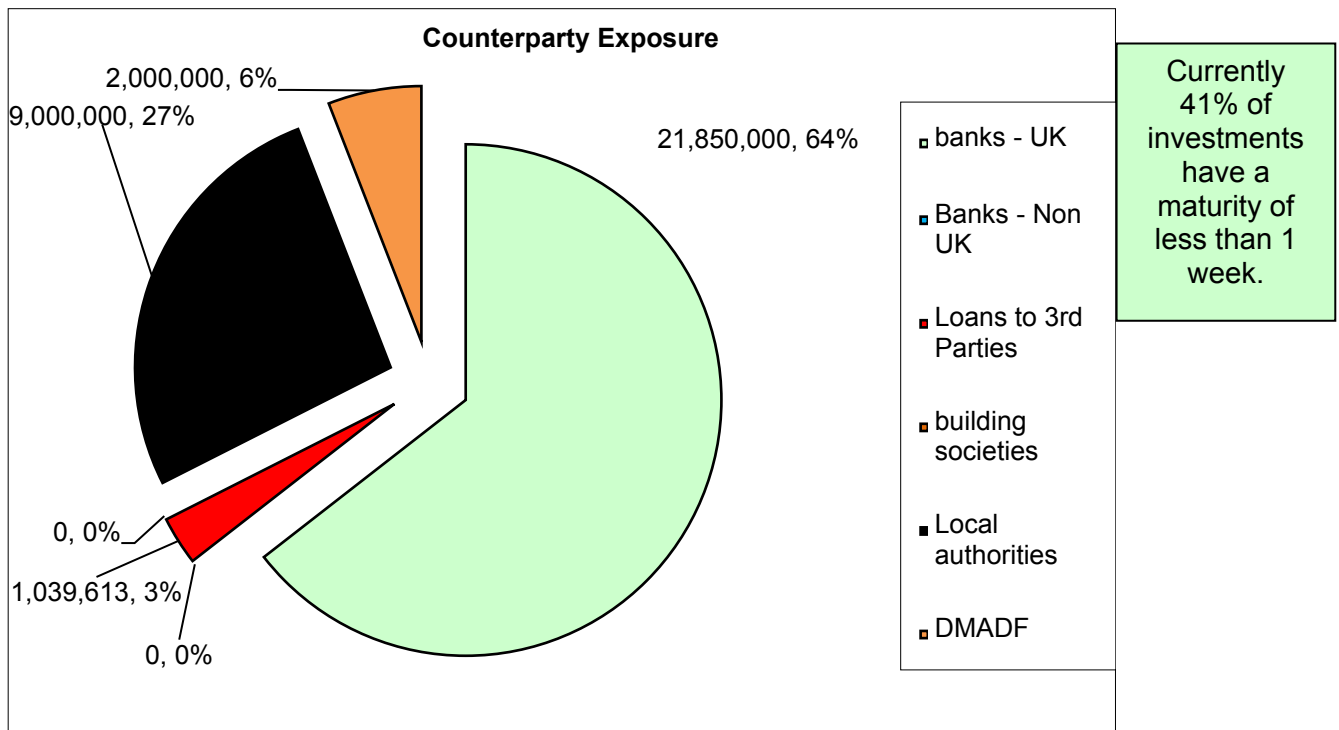
The Council had an average of £17.6m instant access cash available during the reporting period, as at 31 December the balance was £8.5m. This was exceptionally higher than our usual requirement of £5m due to additional Government grants received held short term to pay out grants to businesses, combined with a lack of available resource to make investments due to other priorities and low interest rates making investment deals more difficult. The council did not use its overdraft facility in this reporting period. The weighted average life (WAL) of investments was 21 days.

Yield

	Budget	Forecast	Variance
Interest receivable 2020-21	£254,227	£209,890	£44,337
Yield (3 month LIBID ¹)	0.039%	0.521%	(0.482%)

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