

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Phillip Cowen, Executive Member for Finance Revenues and Benefits

To: Cabinet, 21 June 2021

Author: Alison Chubbock, Assistant Director Finance

Subject: 2020-21 Full Year Financial Performance

Purpose: This report provides information on the actual full year financial position of the Council at 31 March 2021

Recommendation(s):

- 1) That the report and appendix be noted.

Recommend to FULL COUNCIL:

- 2) That capital budgets (& associated funding sources) of £7,247,467 be carried forward into 2021-22 to support projects in progress.
- 3) That the final capital out-turn and funding for 2020-21 as detailed in appendix B be approved.
- 4) That the revised capital budget and associated funding for the 2021-22 capital programme as detailed in appendix C be approved.
- 5) That the additional COMF funding totalling £464k be added to the budget to be spent in areas which comply with the funding guidelines (as detailed in paragraph 1.6)

1.0 BACKGROUND

- 1.1 Throughout the year quarterly monitoring reports have been completed forecasting the expected year end out-turn against the budgets. This report provides information on the actual full year financial performance for revenue, capital and treasury, with the detail being included in the attached appendix. The full statement of accounts will be presented to Governance and Audit Committee in July with final values.
- 1.2 In February 2020 a budget was approved which required £332k of savings to be identified and achieved in year but also allowed for a top up of £400k back into the General Fund if the savings were achieved. The General Fund is currently at its minimum balance of £2,500k following two years of above budget spends.
- 1.3 As a result of the Covid pandemic a new budget was approved in September 2020. The budget allowed for grant income known at the time, reduced income estimates and additional cost pressures, but still required a large draw on reserves to balance. The headlines of the revised budget were:
 - Use of Government Covid grant funding of £1,636k
 - Use of the Government sales fees & charges (SFC) compensation scheme estimated at £642k
 - Remove the £400k contribution to the General Fund
 - Further reserve use of £508k (Buffer fund, Growth & Investment & MTI)

- Residual savings still to be found of £217k

Subsequently additional COMF funding came forward allowing us to spend further in areas such as the Covid support officers without drawing on our own reserves.

1.4 Revenue

The final full year actual against the revised budget is a below budget spend of £349k. The Income losses were not as substantial as expected, particularly planning income which rebounded to far higher levels than anticipated in the last quarter and additional garden waste subscribers. Alongside under spends in various areas, particularly within salaries.

A further tranche of Government Covid grant funding of £439k was received (bringing our total general Covid funding to £2,075k). Income received from the Government SFC scheme totalled £916k. Other funding such as COMF and Surge funding totalled £620k and this is utilised for new spend.

As a result the actual out-turn was a below budget spend of £776k if we had used all reserves as planned in the revised budget, so we have reduced our draw on reserves by £267k due to our higher actual income. We also took the opportunity to utilise some under spends into reserve to cover known cost pressures in the system:

NCC Grasscutting challenge	£50k
Legal appeals	£50k
Customer service review shortfall in 2021-22	£20k
Local Plan	£20k
External audit fees	£20k
TOTAL	£160k

All this resulted in a residual under spend of £349k which is close to the original budget of £400k into the General Fund.

Full details of variances are shown in appendix A.

- 1.5 The General Fund is already at its minimum balance of £2,500k. The original budget included provision to add £400k into the General fund and this actual out-turn of £349k into the General Fund is close to the original planned, despite all the uncertainty and changes this financial year, but recognising that we have used £241k from our reserves to cover some of our additional costs.
- 1.6 In April 2021 we were notified of further COMF funding directly from Government of £189k and from NCC of a further £275k. This funding is specific and has to be spent on work which supports the control of Covid outbreak and management of the outbreak, such as Covid support officers, business support & training. It is currently unclear if the funding has to be spent in full by 31 March 2022 or if it can be utilised in future years and this is being investigated.

We have undertaken a review of where this funding would be best spent and have identified the following areas which meet the funding guidance and support the Council's work over the coming year:

- Extension of 2 Covid compliance officers, 3 Covid support officers and the lead Covid support officer to continue their work in supporting our high streets and providing training
- An allocated amount for further hardship payments for our residents
- Administrative support for the Covid support officers and hardship team
- Business support officer to offer continued support and training to our businesses

- Short term internal capacity for additional recruitment work
- Surge capacity for Covid support at large events
- Testing resource and track & trace capability

1.7 **Capital**

The actual out-turn shows spend of £7,245k (50%) against the budget and appendix A details the main variances. This report includes a recommendation to Full Council to carry forward £7,248k into future years, of which £4,257k is grant funding and £2,075k relates to vehicles and equipment for our new waste contract.

1.8 **Treasury**

The interest income received is lower than budget for the year. This partly relates to external loans to a 3rd party which are still expected to be made, but the timing is later than when budgeted. Alongside the reduced interest rate environment we are currently operating in.

2.0 **OPTIONS**

2.1 That the report and appendices be noted and recommend to Full Council

- That capital budgets (& associated funding sources) of £7,247,467 be carried forward into 2021-22 to support projects in progress.
- That the final capital out-turn and funding for 2020-21 as detailed in appendix B be approved.
- That the revised capital budget and associated funding for the 2021-22 capital programme as detailed in appendix C be approved.
- That the additional COMF funding totalling £464k be added to the budget to be spent in areas which comply with the funding guidelines (as detailed in paragraph 1.6)

2.2 That the report and appendices be noted and changes are made to the recommendations to Full Council.

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 and protecting the General fund balance.

3.2 To enable approved capital projects to continue to deliver in the new financial year.

4.0 **EXPECTED BENEFITS**

4.1 To ensure Members are updated regularly and in a timely fashion on the overall Council financial position.

4.2 To make the best use of the funding available to the Council and to protect the General fund minimum balance and create a small capacity to weather future financial pressures over the coming year.

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.

5.1 Corporate Priorities

5.1.1 The Council's budget and associated spend supports the Council's priorities.

5.2 Financial

5.2.1 The report and appendix are financial in nature and include the financial implications.

5.3 Risk Management

5.3.1 Financial risks are included within the report.

5.4 Stakeholders / Consultation / Timescales

5.4.1 Budget holders have been consulted on their variances and the reasons for those variances.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 N/A

7.0 ACRONYMS

7.1 BRP – Business Rates Pool

7.2 DFG – Disabled Facilities Grant

7.3 LEP – Local Enterprise Partnership

7.4 LIBID - London Inter-Bank Bid Rate.

7.5 MHCLG – Ministry for Housing Communities and Local Government

7.6 MTI – Market Town Initiative

7.7 NNDR – National Non-Domestic Rates

7.8 COMF – Control Outbreak Management Funding

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

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Key Decision: No

Exempt Decision: No

This report refers to Mandatory Service and Discretionary Services

Appendices attached to this report:

Appendix A Financial report for 2020-21 full year.

Appendix B Capital funding sources 2020-21.

Appendix C Revised 2021-22 Capital budgets and associated funding.