

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 – Actual Revenue Outturn

	Budget £'000	Actual Out-turn £'000	Actual Variance £'000
Cost of Services			
1) Strategy & Governance (S&G)	5,218	5,197	(21)
2) Growth & Commercialisation (G&C)	2,036	2,047	11
3) Place (PL)	4,784	4,495	(289)
4) Housing Benefits (HB)	536	545	9
5) Total Cost of Services before reserves	12,574	12,284	(290)
6) Contributions to/from reserves (RES)	10,272	10,538	266
7) Total Cost of Services	22,846	22,822	(24)
Funding & Appropriations			
8) Appropriations (APP)	(5,846)	(5,906)	(60)
9) Government grants (GRA)	(13,176)	(13,505)	(329)
10) Council Tax (CT)	(4,213)	(4,213)	-
11) Retained Business Rates (NDR)	389	453	64
12) Total Funding	(22,846)	(23,171)	(325)
Contribution (to)/from the General Fund	-	(349)	(349)

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 6% for Breckland staff and around 4% for Anglia Revenues Partnership (ARP) staff, which leads to below budget salary costs, however this has not been a typical year for vacancy levels and should not be viewed as a sign of future levels.

Table 2 - Significant Variances

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
1) High/Ongoing Impact				
1a) Legal Services	S&G	172,702	55,390	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				
3) One Offs				
3a) Reserve contributions	RES	10,272,100	265,655	The revised budget approved use of reserves to cover some costs, since this time additional Covid funding has been received and we have other increased income and this has been utilised before our reserves.
3b) Leisure PFI	PL	465,807	147,177	Lost income after claiming the maximum possible through the Government compensation scheme.
3c) Pension	S&G	1,291,652	45,034	Additional one off costs relating to a redundancy approved in previous year.
3d) Community Development	PL	169,509	36,996	Additional one off costs relating to a redundancy approved in previous year.
3e) Strategic Policy	S&G	83,553	(30,031)	Salary savings resulting from vacant graduate trainee role in year
3f) Land Charges	PL	24,353	(39,245)	Additional income compared to revised budget estimates resulting from housing market improvement
3g) Street Cleansing & Parks, Open Spaces	PL	1,929,223	(51,131)	Lower than forecast costs relating to the contract and maintenance costs.
3h) HB Admin	G&C	(327,647)	(51,387)	Additional Government grants relating to the administration of the self isolation grant (costs are included in the ARP spend)
3i) Waste Services	PL	(1,688,117)	(55,927)	Increased recycling credits and garden waste subscribers partly offset by increased contamination and smoothing costs as a result of higher recycling tonnages.
3j) Government grants	GRA	(11,133,939)	(329,185)	MHCLG provided a tranche 4 of general Covid funding in October after the revised budget was set.
3k) Development Control	PL	(88,859)	(322,820)	Planning income picked up significantly in quarter 4 above revised budget expectations.
4) Low Impact				
4a) Other	All	(1,170,337)	(19,587)	Other small value variances.
5) TOTAL		-	(349,061)	

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 2020-21 out-turn is a deficit of £248k with Breckland's share being £25k, which is slightly improved compared to the budget set for 2021-22.

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 deficit for 2020-21 is £16,073k with Breckland's share being £6,431k.

Due to accounting rules the actual deficit on the NNDR collection fund includes the effects of the expanded retail and nursery reliefs announced after the budget was set and we have been compensated by Government in full for these values and the grants are held in reserve to offset the costs of the deficit in future years. The 'true' deficit excluding the effects of Covid reliefs is £1,704k with Breckland's share being £683k which is slightly improved compared to the budget set for 2021-22.

Section 2 - Capital

Table 1 - Progress against 20-21 approved capital programme

	Budget £	Actual Out-turn £	Actual (under)/overspend £
Commercialisation			
Property (Land & Buildings)	1,418,387	561,792	(856,595)
Capital grants	3,024,473	607,594	(2,416,879)
Capital loans	386,222	362,992	(23,230)
Total Commercialisation	4,829,082	1,532,378	(3,296,704)
Strategy & Governance			
ICT & Organisational Change	66,507	68,319	1,812
Not yet released	37,000	-	(37,000)
Total Strategy & Governance	103,507	68,319	(35,188)
Place			
Property (Land & Buildings)	1,268,363	844,151	(424,212)
ICT and Vehicles & Equipment	5,067,387	2,990,443	(2,076,944)
Grants	3,247,634	1,810,420	(1,437,214)
Not yet released	-	-	-
Total Place	9,583,384	5,645,014	(3,938,370)
TOTAL	14,515,973	7,245,711	(7,270,262)

Actual outturn £7,245,711 or 50%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to Future £	
Commercialisation			
Snetterton power	-	(2,159,092)	Balance of grant funding to complete substation
Worksmart & Office	-	(653,570)	Project in progress due to complete June 2021
Shipdham Land	-	(257,787)	Balance of grant funding to complete road changes at housing site
Car parks	-	(120,967)	Works will now be in 2021-22
Riverside Thetford	-	(80,000)	Works to unit 4 committed, will take place in 21-22
Swaffham Bridge works	-	(63,785)	Works in progress, will complete in 2021-22
Capital loans	-	(23,230)	Remainder of loan not drawn down until next year
Commercial Property	-	(19,959)	Balance of rolling maintenance programme
Public lighting	-	81,686	Spend ahead of profile, will reduce future budget
Strategy & Governance			
ICT	-	(35,188)	Remaining balance for spend in progress
Place			
Waste vehicles	-	(2,075,149)	Purchase of assets for new contract in progress, continuing into Q1
Disabled Facilities Grants (DFG)	-	(871,026)	Grant funding to be carried into 2021-22, additional staff in place to catch up with backlog
Thetford Power	-	(551,698)	Grant funded project in progress, delay due to finalising legal documentation
Elm Road Thetford	-	(424,212)	Construction works in progress, due to complete in 2021
Public protection software	(22,795)	-	Capital budget no longer required, remaining costs funded from revenue
Watton teen area	-	(14,490)	S106 funding released March, to be paid early 2021
Locata system	-	21,000	Bring forward of budget from next year
Total	(£22,795)	(£7,247,467)	= (£7,270,262) 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

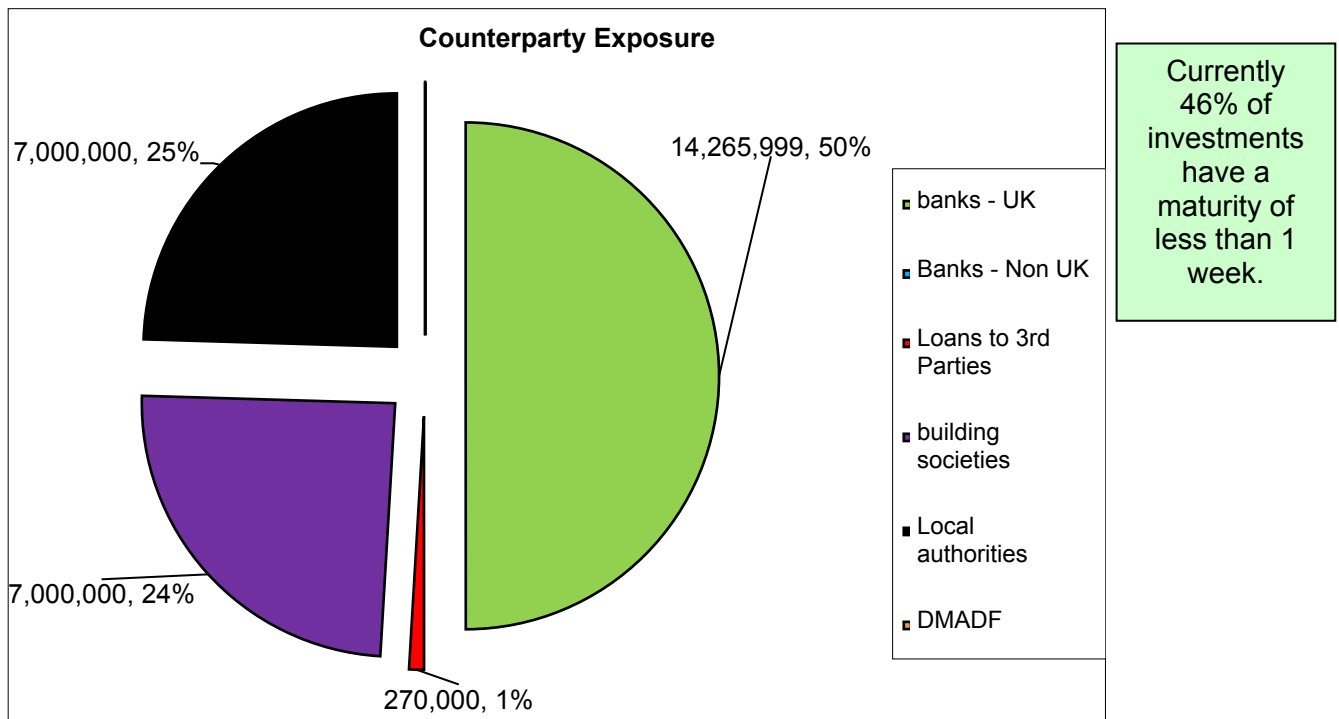
The Council had an average of £15.0m instant access cash available during the reporting period, as at 31 March the balance was £7.4m. This was exceptionally higher than our usual requirement of £5m due to additional Government grants received held short term to pay out grants, combined with a lack of 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	Actual	Variance
Interest receivable 2020-21	£254,227	£231,109	£23,118
Yield (3 month LIBID ¹)	0.015%	0.473%	(0.458%)

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 and lower interest rates than anticipated in the revised budget.

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



¹ LIBID – London Inter-bank Bid Rate