

Breckland Council

Financial report for the year ended 31 March 2022

This report has four sections

- Section 1 – Revenue budget
- Section 2 – Capital budget
- Section 3 – Treasury update
- Section 4 – Balance Sheet Management

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) Place and Delivery (P&D)	6,018	5,401	(617)
2) Strategy and Resources (S&R)	9,614	9,820	206
3) Housing Benefits (HB)	434	987	553
4) Covid-19 grant	-	(231)	(231)
5) Total Cost of Services before reserves	16,066	15,977	(89)
6) Contributions to/from reserves (RES)	(6,642)	(6,663)	(21)
7) Total Cost of Services	9,424	9,314	(110)
Funding & Appropriations			
8) Appropriations (APP)	7,203	7,229	26
9) Government grants (GRA)	(8,436)	(8,465)	(29)
10) Council Tax (CT)	(4,543)	(4,542)	1
11) Retained Business Rates (NDR)	(3,537)	(3,511)	26
12) Total Funding	(9,313)	(9,289)	24
13) Net Cost of Services	111	25	(86)
14) Efficiencies to be achieved	(264)	-	264
15) Remove General Fund contribution	153	-	(153)
Contribution (to)/from the General Fund	-	25	25

Significant variances are detailed over the page.

Salaries

The budgeted vacancy factor for 2021-22 is 4% for Breckland staff and 2.5% for Anglia Revenues Partnership (ARP) staff.

The achieved vacancy factor for this year is above target for both Breckland and for Anglia Revenues Partnership (ARP) staff.

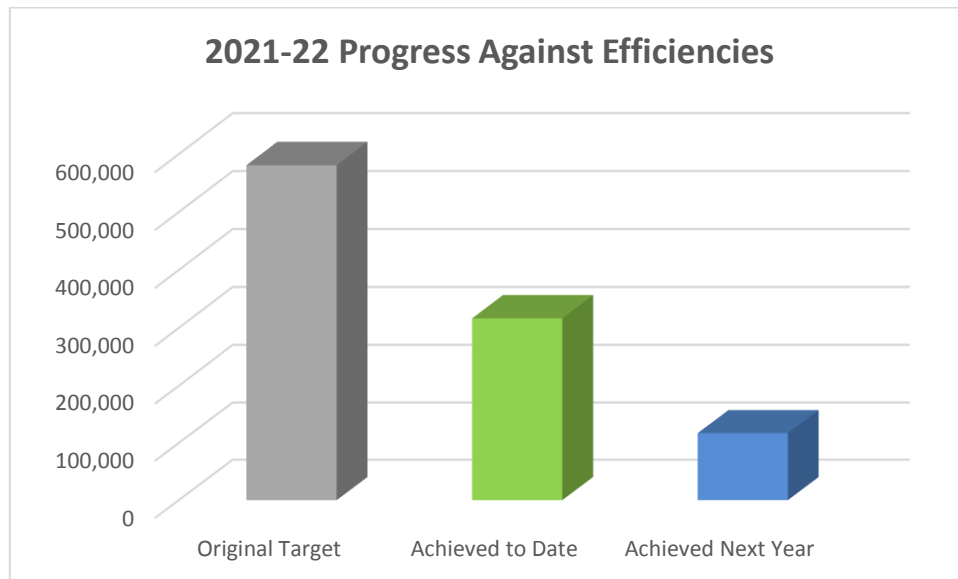
Table 2 - Significant Variances

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
1) Housing Benefit Claims	HB	434,457	552,439	Covid-19 impact: Increased demand in temporary accommodation through national initiatives such as 'Everybody In' combined with significantly increased costs of that accommodation and construction delays to the new facility in Thetford (which is now operational).
2) Efficiencies	All	(264,533)	264,533	This is the remaining efficiency planned to be achieved throughout the year, with £316k (54%) achieved to 31.03.22. £147k of the remainder will not be achieved due to some key savings which are no longer valid (shared role) and some which are delayed until next year (£75k travel allowances). The proposed budget rebases the efficiency requirement and sets a new plan from 1 April 2022 for new projects and efficiencies.
3) BTS	S&R	(83,012)	111,750	One off in year costs as a result of the decision already made regarding ceasing BTS, future years are cost neutral.
4) Corporate Finance	S&R	(77,443)	81,322	Loans made to Breckland Bridge have been delayed, however the schemes requiring loans are still part of the approved 5 year business plan so the forecasted loan income is still achievable albeit later than originally budgeted. Partly offset by increased interest rates on general deposits
5) ICT	S&R	1,046,519	62,211	Set up of <i>micollab</i> (telephony services), PSN penetration testing costs alongside increased postage costs as a result of home workers & external printing/postage costs.
6) Land Charges	P&D	(61,390)	49,902	Shortfall in income due to reduced demand (despite increase during stamp duty holiday)
7) Legal Services	S&R	171,789	44,505	Higher use of external resources for more complex and unpredictable cases compared to budget. A detailed piece of work on demand analysis, volume vs resources and choice of suppliers used for external works is in progress to resolve this spend for future years.
8) Food Safety	P&D	206,662	34,629	Covid-19 impact: Third party inspection costs in order to reduce backlog of inspections as a result of Covid-19 previously hampering visits
9) Appropriations	APP	7,203,382	25,886	Prior year shortfall on Renewable Energy NNDR income.
10) Retained NNDR	NDR	(3,537,436)	25,822	Additional levy payment on growth compared to budget.
11) Marketing & Communications	S&R	196,100	20,297	Additional version of Transforming Breckland
12) Contributions from reserves	RES	(6,640,972)	(22,213)	Small value variance offset by variances within services
13) Government grants & NHB	GRA	(8,435,846)	(29,048)	Additional grant for NNDR tax income compensation scheme offset by reduced New Home Bonus (NHB) as a result of Government policy change on the distribution of returned NHB compared to previous years.
14) Roads & Footpaths	P&D	89,630	(30,510)	Primarily due to lower repairs as a result of the mild winter months.
15) Footway lighting	P&D	81,279	(34,528)	Significantly reduced repairs costs as a result of wide replacement programme combined with energy savings through new LED bulbs
16) Building Control	P&D	25,375	(57,635)	Increased fees income

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
17) Commercial Property & Business centres	P&D	(2,575,560)	(66,586)	Additional rental income as a result of increased lettings compared to budget
18) Enabling	S&R	169,809	(79,465)	Salary savings due to vacancies, which contributes to the Council's vacancy factor.
19) Salary savings	All	572,787	(90,214)	Salary savings due to vacancies in Customer Corporate management and Community Development, which contributes to the Council's vacancy factor.
20) Waste collection & Recycling	P&D	2,251,308	(95,363)	Additional income from bin purchases and bulky waste, combined with reduced contract costs
21) Development Control	P&D	29,258	(100,744)	Increased applications has increased income.
22) Revenues & Benefits	S&R	(611,548)	(108,636)	Additional Government grant to offset costs of administering grant schemes
23) Garden Waste	P&D	(1,052,287)	(124,722)	Retained increased demand for service, which also increases costs of delivering the service
24) Covid-19 grant funding		-	(230,869)	Remaining balance of the Government general Covid grant of £231k
25) Other Miscellaneous	All	10,556,098	(24,549)	Combination of other small value variances
26) Contrib'n to General Fund		-	(152,787)	The contribution to the General Fund will not be made
TOTAL		-	25,427	

Table 3 – Progress Against Efficiency Targets

The original efficiency target for the year was £581k and £316k has been achieved (54%) against these old targets in the current year. A further £118k from this target have been achieved in 2022-23 (75% in total) and the budgets have already been adjusted to reflect these. The remaining £147k relate to targets which are no longer applicable.



The budget approved in February 2022 rebases and resets with new projects and a new efficiency plan from April 2022 to ensure targets remain applicable and achievable. These will be reported on through 2022-23 in the Cabinet reports.

Collection Funds

Council Tax

The Council Tax collection fund account has a residual surplus of £713k overall at the end of 2021-22, with Breckland's share being £73k and this will be included in next years budget. The forecast for 2022-23 was a surplus of £20k and has been built into the proposed budget.

Retained Business Rates

The retained Business Rates (NNDR) collection fund account had a residual deficit of £4,556k overall at the end of 2021-22, with Breckland's share being £1,822k. This balance was unusually high due to the Covid retail and hospitality reliefs and Covid Additional Relief Fund and the Government have provided grants to offset this cost to the Council. The deficit shown in the budget for 2022-23 and the actual deficit are fully funded by the grants provided by Government in the current year.

Section 2 - Capital

Table 1 - Progress against 21-22 approved capital programme

	Budget £	Actual Out-turn £	Actual (under)/overspend £
Place and Delivery			
Property (Land & Buildings)	1,377,820	1,305,848	(71,972)
ICT and Vehicles & Equipment	2,075,149	1,437,926	(637,223)
Capital grants	1,073,280	1,109,008	35,728
Not yet released	-	-	-
Total Place and Delivery	4,526,249	3,852,781	(673,467)
Strategy and Resources			
Property (Land & Buildings)	1,372,538	1,246,063	(126,475)
ICT and Vehicles & Equipment	176,246	116,497	(59,749)
Capital grants	2,266,466	1,314,792	(951,674)
Not yet released	123,438	-	(123,438)
Total Strategy and Resources	3,938,688	2,677,351	(1,261,337)
Capital Loans	157,188	83,324	(73,864)
TOTAL	8,622,125	6,613,457	(2,008,668)

Actual outturn £6,613,457 or 77%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to Future £	
Place and Delivery			
Capital grants	119,089	119,089	Snetterton Power project, Shipdham Land Release project and S106 projects. All of these are fully externally funded and the overspend is funded by bringing forward funding from future.
Thetford Housing Infrastructure Fund project	(83,682)	-	The remaining funding has been moved to revenue to fund the revenue costs of the project as agreed with Homes England.
Waste vehicles and equipment	(637,223)	(637,223)	Balance of budget to be carried forward for future spend on remaining vehicles and equipment throughout the life of the contract as required.
Commercial Property Rolling Maintenance	(53,212)	(60,281)	Below budget spend on current programme (partially offset by £7k overspend in other areas). Balance of budget to be carried forward for remaining planned works in Lodge Way
Other miscellaneous	(18,760)	(18,760)	Other small value variances on projects
Strategy and Resources			
Better Care Fund – DFG's and associated projects	(951,674)	(951,674)	These works are fully funded by Government grant. The £952k is fully allocated for projects which will take place during 2022-23
Elm House	(126,475)	(126,475)	Balance of budget to be carried forward for remaining works in progress and retention payments once due
ICT projects and refresh	(136,188)	(136,188)	Balance of budget to be carried forward for PC refresh for Officers and Members, cloud security products and infrastructure works
Noise meters	(18,000)	(18,000)	Procurement of the equipment has taken longer than anticipated, therefore budget to be carried forward for final installation in 2022-23
Air Quality equipment	(29,000)	(29,000)	
Capital Loans			
Breckland Bridge loans	(73,864)	(73,864)	Loans will be drawn down in future years, this timing delay on draw down has impacted the revenue budget leading to less interest received
Total	(£2,008,668)	(£1,932,375)	

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%	0.004%	0.056%

Liquidity

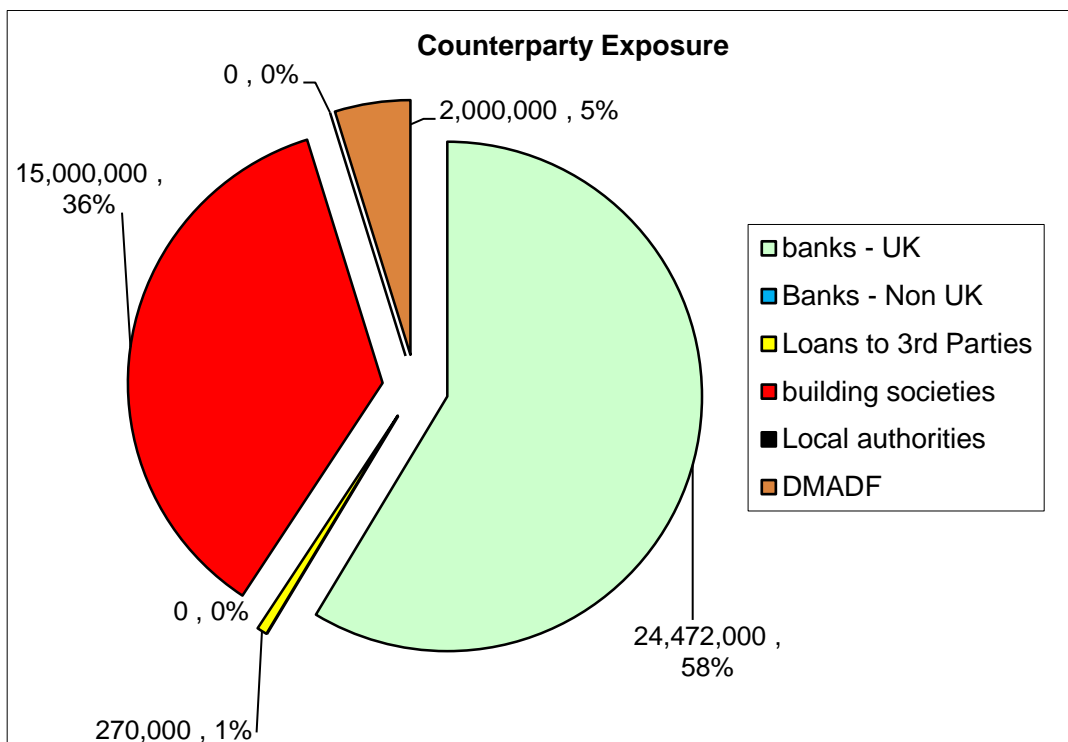
The Council had an average of £7.64m instant access cash available during the reporting period. This was slightly higher than our usual requirement of £5m due to profiling of large cash outflows expected at short time frames. The council did not use its overdraft facility in this reporting period. The weighted average life (WAL) of investments was 25 days.

Yield

	Budget	Actual	Variance
Interest receivable 2021-22	£235,666	£127,190	£108,476
Yield (Overnight SONIA ¹)	0.14058%	0.2884%	(0.148%)

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.



Currently
49% of
investments
have a
maturity of
less than 1
week.

¹ SONIA – Sterling Overnight Index Average

Section 4 – Balance Sheet Management

This section focuses on the areas of our Balance Sheet which could pose risks to our financial sustainability. The main areas of risk are determined as:

Balance Sheet Area	Measure	Mitigations
Non-Current Assets	It is important that these are maintained in a suitable condition to deliver services and rental income.	Annual capital programme to ensure maintenance & replacement activity is captured and planned.
Cash & Investments	A shortfall in cash would represent an imminent problem to paying expenditure.	Daily cashflow monitoring in place. Investments placed so they mature at different times to ensure a constant cash inflow. Treasury Management Policy in place and Prudential Indicators monitored.
Provisions	Unexpected events may give rise to unexpected costs, which in turn could reduce usable reserves.	Regular dialogue to highlight potential new provisions (i.e. legal cases, NNDR Appeals).
Borrowing	It is important that the medium-term financial plan includes provision for repayment of debt and interest.	Currently internal borrowing is being utilised and no debt payments are required.
Usable reserves	Some reserves are held to protect against one off major events (i.e. loss of business rates through a major business leaving the area/ceasing trading). Other reserves provide funding for corporate priorities and development, without these balances future development is difficult to achieve.	Regularly monitored and usage reported in Proforma B alongside remaining reserve balance. Report in financial performance report on large unplanned use of reserves.
General Fund	This is currently set at a minimum balance of £2.5m and should only be utilised in emergency situations.	Regularly monitored and any use would be reported through the financial performance report.

Currently the main risk area for Breckland is usable reserves and capital reserve, as due to budgetary pressures there are no plans currently to replenish any reserves or capital funding, which could lead to less funding in future to deliver new priorities and developments.

Actions

- None