
FINANCE REPORT

Committee: Finance & Assets Committee

Date: 26 November 2020

Author: Finance Manager

[V]

1. ISSUE

- 1.1 This report provides Members with budget monitoring information for services under the Finance & Assets Committee and then, as part of its corporate remit, for the Council as a whole.

2. RECOMMENDATION (S)

- 2.1 Members are requested to note:

- The Finance and Assets Committee has a projected yearend underspend of £102,000 when compared to its approved revenue budget of £5,021,167.
- That overall the Council has a projected yearend underspend of £281,500 when compared to its approved revenue budget of £13,644,206.
- That this Committee has an expected underspend of £100,000 when compared with its approved capital budget of £8,048,680.
- That the overall position for the Council on Capital is a projected outturn of £9,033,166, which is an underspend of £2,755,950 when compared to its revised budget of £11,789,116.

3. BACKGROUND / OPTIONS

- 3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.
- 3.2 This is the second report for the 2020/21 financial year and details actual expenditure incurred and income received as at 30th September 2020 and projections as to the yearend position at this time.
- 3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then the position for the Operational Services Committee and the funding lines shown in summary.

- 3.4 The detailed revenue budget position for the Operational Services Committee is shown in appendix 2. A report was presented to Operational Services Committee on the 16th November providing an explanation for all the yearend forecasts being projected at this time.
- 3.5 With regard to Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of September 2020, where no variance is forecast for yearend, are detailed below:

Service	Variance £	Explanation
Museum (Old Gaol) Financial Services Sport & Recreation	(£10,577) (£40,729) (£11,435)	These budgets have accruals from 2019/20 that remain unpaid or have external income brought forward into 2020/21
Economic Development	(£54,043)	Income for Littleport Wi-Fi from Cambridgeshire County Council has been received in advance, but costs will continue to be incurred throughout the year. There are also staff savings so far this year, but these were outweighed by a reduction in income during the first six months of the year.
Housing Strategy	(£93,613)	Staff Savings accrued in the first six months of 2020/21, although the vacancy has now been filled. An accrual is also still outstanding for an old invoice.
Cost of Other Elections	(£40,175)	Roll over of income from 2019/20 to fund future elections.
Human Resources	(£10,971)	The training budget had not been not fully allocated at the end of September, but this has since happened.
Local Plans	(£96,612)	There remains an outstanding accrual from last year that hasn't been invoiced yet. Consultant's costs for quarter two should be paid in the next quarter.
Parking of Vehicles	£114,504	Parking fee income over the first five months of the year was virtually nil and while it picked up in September it remained well below 2020/21 expectations because of Covid-19. The expectation is that Government Covid grant will be allocated to bring this service back into balance at yearend.

Parks & Gardens	£36,339	Costs have been incurred that will be matched by Section 106 funding at yearend.
Registration of Electors	(59,739)	This relates to income received in advance for individual electoral registration. We have also not spent the canvassers' fees plus used the normal amount of printing and stationery because of the Covid-19 situation.

3.6 Explanations for the forecast yearend variances reported for this Committee are detailed in the below table:

Service	Variance £	Explanation
Land Charges Legal	(£7,000) (£5,000)	Savings have been made due to a staff vacancy and Legal income has increased this year well beyond the anticipated budgeted level.
Interest & Financial Transactions	(£43,000)	It is now anticipated that ECTC will be borrowing more from the Council in 2020/21 than had been forecast in the budget, pre-Covid, and therefore the interest receipts received by the Council will increase.
Housing Benefits	£70,000	The budgeted amount reflects the mid-year position in 2019/20 (the last available information when the budget was built) while actual now reflects the mid-year position for 2020/21.
Miscellaneous Finance	(£94,000)	As detailed in the Treasury Management Report, the Council is no longer expecting to borrow externally this year, so there will be a saving on the costs of borrowing and further, as more CIL money was allocated to the Leisure Centre project at the end of 2019/20 than had been anticipated, the minimum revenue provision for 2020/21 has been reduced.

Member & Committee Support	(£15,000)	<p>Covid-19 has meant that no Member training sessions were scheduled between April and September. The first remote Member seminar via Zoom took place on 29 October 2020 and, subject to the filling of vacancies in Democratic Services, it is anticipated that further remote Member seminars and remote Member training sessions will take place during the remainder of the year.</p> <p>Covid-19 has also delayed recruitment to two vacant posts in Democratic Services.</p>
Covid-19	£0	<p>It remains extremely difficult to predict the Council's spend in relation to the pandemic and indeed if any further Government funding will become available. However, with the Authority having now received a fourth tranche of un-ringfenced funding, and having the opportunity to recover some of its lost income from the Sales, Fees and Charges Compensation Scheme, there is no reason to assume that the pandemic will result in a net loss to the Council. At this point, it is therefore assumed that spend will match Government Grant.</p>
Government Grants	(£130,000)	<p>The Council has received £130,000 of Government grant as payment for facilitating the payment of grants to local businesses during the initial Covid-19 lockdown.</p>

Capital

- 3.7 There are four yearend variations forecast at this time. On Operational Services, these relate to the purchase of wheeled bins. It was originally anticipated that the purchase of these would be actioned via East Cambs Street Scene, but as these need to remain as an asset to the Council, it is now felt appropriate that the cost of these is charged to the Council's capital budget. The purchase of new Refuse and Cleansing vehicles has been put on hold to try to ensure that the purchase of these ties in with the new Government waste initiative and any potential grant funding that may become available through this, and the depot improvements have been delayed as further costings are being sought.
- 3.8 On Finance and Assets the variation relates to East Cambs Trading Company not expecting to require to drawdown the full value of their new loan facility on the 31st March 2021.

4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £13,362,706 in 2020/21. This gives an underspend of £281,500 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £9,033,166. This reflects an underspend of £2,755,950 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a revenue underspend of £281,500 forecast for yearend, compared to this Council's approved budget, this will be transferred to the Surplus Savings Reserve at this point, for use in future years. (The MTFs modelling, which will be presented to January Committee, has been amended to reflect this.)
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – September 2020
Appendix 2 – Operational Services Budget Monitoring – September 2020
Appendix 3 – Capital Budget Monitoring – September 2020
Appendix 4 – Reserve usage forecast for 2020/21 as at September 2020

Background Documents

Council Budget as approved by
Council on the 20th February
2020

Location

Room 104
The Grange
Ely

Contact Officer

Ian Smith
Finance Manager
Tel: (01353) 616470
E-mail: ian.smith@eastcambs.gov.uk