
FINANCE REPORT

Committee: Finance & Assets Committee

Date: 25th January 2021

Author: Finance Manager

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 £224,000 when compared to its approved revenue budget of £5,021,167.
- That overall the Council has a projected yearend underspend of £428,500 when compared to its approved revenue budget of £13,644,206.
- That this Committee has an expected underspend of £500,000 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 £8,715,060, which is an underspend of £3,155,950 when compared to its revised budget of £11,871,010.

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 third report for the 2020/21 financial year and details actual expenditure incurred and income received as at 31st December 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 18th January 2021 providing an explanation for 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 December 2020, where no variance is forecast for yearend, are detailed below:

Service	Variance £	Explanation
Cost of Other Elections	(£40,170)	Roll over of income from 2019/20 to fund future elections.
Depot Services	£52,076	Recharged to the Trading Company in January 2021.
Museum (Old Gaol) Mepal Outdoor Centre	£23,254 £12,119	These cost centres contain asset management costs, which will be funded as part of the year end process.
Economic Development	(£48,549)	Income for Littleport Wi-Fi from Cambridgeshire County Council (£34,970) has been received in advance, but costs will continue to be incurred throughout the year. There are also staff savings, although these are to some part, matched by a reduction in income during the first nine months of the year.
Housing Strategy	(£134,762)	Staff Savings accrued in the first nine months of 2020/21, although one vacancy has now been filled. An accrual is also still outstanding for an old invoice.
Local Plans	(£90,735)	There remains an outstanding accrual from last year that hasn't yet been paid. Consultant's costs for quarter three will be paid in the next quarter, while any grant income received will be rolled forward if not spent in year.
Parking of Vehicles	£165,784	Parking fee income over the first five months of the year was virtually nil and while it picked up in the latter part of the 2020 calendar year it remained well below expectations due to Covid-19. The expectation is that the various Government Covid grants will be used to bring this service back into balance at yearend.

COVID-19	(£3,769,609)	This mostly reflects the significant amount of Government grant provided to us to support local businesses during the Covid-19 pandemic. Also, on this line is the non-ring fenced grant provided to us by Government, which will be allocated out to spending departments at yearend, such as parking of vehicles as above.
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3.6 Explanations for the forecast yearend variances reported for Finance and Assets Committee are detailed in the below table:

Service	Variance £	Explanation
Land Charges Legal	(£25,000) (£15,000)	Savings have been made due to a staff vacancy and Legal income has increased this year beyond the anticipated budgeted level. Further the temporary measure put in place by Government to freeze stamp duty until 31 st March 2021 has caused an increased amount of fees for Land Charges.
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-19, and therefore the interest receipts received by the Council will increase.
Housing Benefits	£30,000	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.
General Gang	(£30,000)	Staff Savings as a result of one member of staff leaving and another being seconded to another section
Finance	£20,000	We had to purchase additional Agresso licences following an audit of our usage of the system by the system owner Unit4.

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 also been reduced.
Member & Committee Support	(£30,000)	Covid-19 has meant that no Member training sessions were scheduled between April and December causing an underspend in the Member Services budget. Vacancies in Democratic Services have now been filled, however it is anticipated that there will also be a savings on staff costs during the year.
Office Accommodation	£10,000	Under-recovery of rent due to the CAB moving out of 70 Market Street and not being replaced during the current financial year.
Human Resources	(£21,000)	Due to Covid-19 the training budget has underspent this year. There will be underspends on in-house training, training expenses and external training.
Registration of Electors	(16,000)	Due to Covid-19 expenditure on stationery, postage, conferences & canvassers fees have not been spent this year.
Covid-19	£0	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 / reductions in income will match the Government Grant received.

Reprographics	(£10,000)	Savings made in 2020/21 on printing and stationery costs due to the majority of staff working from home.
Government Grants	(£130,000)	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.

Capital

- 3.7 There are five 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 Strategy 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 In relation to Finance and Assets Committee the variations relate to East Cambs Trading Company not planning to drawdown the full value of their new loan facility on the 31st March 2021 and with the Covid-19 pandemic, the Council no longer expecting to purchase additional car parking capacity for its commuter car park.

4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £13,345,706 in 2020/21. This gives an underspend of £428,500 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £8,715,060. This reflects an underspend of £3,155,950 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a revenue underspend of £428,500 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 is also being presented to this meeting, has been amended to reflect this.)
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

6 APPENDICES

- Appendix 1 – Summary Budget Monitoring – December 2020
 - Appendix 2 – Operational Services Budget Monitoring – December 2020
 - Appendix 3 – Capital Budget Monitoring – December 2020
 - Appendix 4 – Reserve usage forecast for 2020/21 as at December 2020
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<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Council Budget as approved by Council on the 20 th February 2020	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk