

**TITLE: FINANCE REPORT**

Committee: Finance & Assets Committee

Date: 23<sup>rd</sup> July 2020

Author: Finance Manager

[V44]

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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:

- This Committee has a yearend underspend of £807,631 when compared to its approved revenue budget of £5,181,667.
- That overall the Council has a yearend underspend of £1,690,450 when compared to its approved revenue budget of £13,445,801.
- That the overall position for the Council on Capital is an outturn of £2,363,745, which is an underspend of £8,772,060 when compared to its revised budget.

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 final report for the 2019-20 financial year and details actual expenditure incurred and income earned as at 31<sup>st</sup> March 2020.

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 shown in summary.

3.4 The detailed revenue budget position for the Operational Services Committee is shown in appendix 2. A report explaining the variances for this Committee was presented to the Operational Services Committee on the 20<sup>th</sup> July 2020.

3.5 In summary the most significant outturn expenditure variances within Operational Services Committee are:

- Three overspends relate to Customer Services and Environment caused by the pay review (budgeted for within F&A Committee (see Miscellaneous Finance below) and Planning where we had to employ extra external staff resource to cope with in the increase workload and to cover staff vacancies.
- The underspends are in ICT and Street naming and numbering where there were delays in staff recruitment; in Community Projects and Grants where despite two campaigns there was only a limited number of applicants, and Licencing where there was an increased amount of income from taxi operators and Animal welfare. Staff savings were also achieved in Performance Management where the post was left unfilled.

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

<b>Service</b>	<b>Variance £</b>	<b>Explanation</b>
Economic Development	(£37,751)	This relates to an increase in the rental income for E-space North. With the short-term nature of many of the leases at the Council's business centre, it was difficult to determine overall income levels until very late in the financial year.
Financial Services	(£39,884)	Underspend on staff due to a vacancy within the team and reduced consultancy support costs as more work was undertaken by core staff within the team.
Housing Benefit	(£106,911)	The Housing Benefit budget was built using information as at August 2018, the most up-to-date information available at the time. However, the final position reported is based on true costs in the year, which have resulted in the underspend shown.
Housing Strategic	(£228,853)	CIL admin grant of £150,000 was allocated at yearend to assist in funding of this service. There was also staff/consultancy savings during the year.
Land Admin Charges	£29,718	Due to the housing market slowing down in the latter part of the year, Search fees and Con 29 were substantially reduced during this period.

Legal	(£49,973)	There was an underspend on the staff budget in the first half of 2019/20 while there were vacancies within the Team and the role of Planning Lawyer was covered by a part time member of staff. There was also an increase in chargeable fees for the Legal Team in the final quarter.
Local Plans	19,146	Additional costs associated with the SLA between the Council and Peterborough City Council linked to additional climate change work between October and March.
Management Team	(£101,205)	This relates to income generated from the secondment of senior staff at the Council to the Combined Authority.
Miscellaneous Properties	£34,521/ (£29,156)	With the delay in determining plans for the on-going use of Mepal Outdoor Centre, the Council has been required to pick up costs for the site, including Business Rates and security. This is mostly matched by savings on other properties in the District.
Miscellaneous Finance	(£388,656)	No external borrowing was required during the year, resulting in a saving on the external interest budget. The amount of Minimum Revenue Provision (MRP) contribution was also reduced as more CIL was allocated to the Leisure Centre in 2018/19 than originally planned, reducing the amount of borrowing required and also MRP is now being paid over 25 years on the Centre, rather than 20 years, as detailed in the Treasury Management Report. A contingency for the additional costs of the pay review was built into this cost centre, with the review having now been implemented, any additional costs have been charged to appropriate cost centres and so this provision has been declared surplus.
Movement in Corporate Reserves	£286,331	This mostly relates to transferring the additional Business Rates received from the Enterprise Zone to Reserve (see Funding - Business Rates below).
Out of hours call out Service	(£14,140)	There has been a saving on this budget in year. The budget for 2020/21 has been reduced to reflect this.

Parking of Vehicles	(£59,190)	An increase in usage over that anticipated when the budget was set for the commuter car parks in Ely and Littleport has resulted in greater income than forecast for 2019/20.
Payroll	£17,360	An overspend on salary costs has occurred as a result of the pay review. Also there were unexpected system costs from MHR.
Public conveniences	£30,329	An overspend on salary costs has occurred as a result of the pay review.
Sports & Recreation	(£15,674)	A number of grants were awarded during the year, but not to the full value of the budget.
Funding - Business Rates	(£700,301)	During the year the Council gained additional Business Rate receipts in relation to its Enterprise Zone and renewable energy, both of which are retained by the Council, rather than being shared as part of the overall Collection Fund. We also received the final instalment of the Cambridgeshire Business Rate deal money from Government and this proved to be higher than had been anticipated.
Funding - Other Government Grants	(£60,093)	The Government provided councils with un-ringfenced grant to support them through the Brexit process

- 3.6 The Council's capital programme for 2019/20 (appendix 3) contains the slippage from 2018/19 and the revised value of Disabled Facilities Grant for this year (this was notified to us after the budget was set). These two changes resulted in the total capital programme budget for 2019/20 of £11,135,805.
- 3.7 The Council underspent its revised budget by £8,772,060. This mainly relates to the Soham Eastern Gateway project, where the County Council decided that it no longer wanted to apply for the Housing Infrastructure Fund funding for the development in Soham. And, further the Trading Company has not yet drawn down the full value of the loan facility offered to it by the Council. Indeed, ECTC repaid the Council an initial £1.7 million of the original loan in December 2019.
- 3.8 There is also an underspend on Operational Services capital, as a consequence of delays with the improvements to the Depot at Littleport as further costings are obtained to ensure that best value for money is achieved.

## **Reserves**

- 3.9 The Council's movements in Reserves for the year are detailed in appendix 4, this shows that the General Fund has increased to remain at the 10% of the net budget as agreed at Council. Other Earmarked Reserves (excluding CIL) increased by £232,066.
- 3.10 As a consequence of movements within year, the Council's Surplus Savings Reserve now stands at £7,017,799, an increase of £783,148. This accounts for the initial draw from the reserve as detailed in the budget, the underspend reported in this report and movements from the New Homes Bonus Reserve and Cambridgeshire Deal Business Rate reserve, both of which had previously been agreed by Council.

## **4 ARGUMENTS / CONCLUSIONS**

- 4.1 The projected net revenue expenditure for the Council is £12,515,744 in 2019/20. This equates to an underspend of £1,690,450 when compared to the Council's approved budget.
- 4.2 The projected Capital outturn for the Council stands at £2,363,745. This reflects an under spend of £ 8,772,060 when compared to the revised budget.

## **5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT**

- 5.1 There is a revenue underspend of £1,690,450 compared to this Council's approved budget, this has been transferred to the Surplus Savings Reserve and will now become available to support the Council's MTFS in future years.
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

## **6 APPENDICES**

- 6.1 Appendix 1 – Summary Outturn Report  
Appendix 2 – Operational Services Outturn Report  
Appendix 3 – Capital Outturn Report  
Appendix 4 – Reserve Accounts

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Background Documents

Location

Contact Officer

Council Budget as approved by  
Council on the 21<sup>st</sup> February  
2019

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The Grange  
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