

Corporate Financial Monitoring

Report of the Finance & Resources Portfolio Holder

Recommended:

That the financial position for each Service and the key revenue areas contained in the Annex to the report be noted.

SUMMARY:

- This report reviews the Council's revenue spending for the first six months of the 2021/22 financial year.
- It also examines the main differences between the original estimate for 2021/22 and actual spend to 30 September 2021 and provides explanations for significant variances.
- Overall, net expenditure to 30 September 2020 was £548,000 less than budgeted at this stage of the year. This favourable variance comprises additional income and savings of £504,000 due to service related expenditure and £44,000 additional income from the Council's investing and borrowing activities.

1 Introduction

- 1.1 As part of responsible financial stewardship, it is recommended that the financial performance of the Council should be reviewed regularly.
- 1.2 Revenue budget monitoring is carried out every month for all Services and presented to Cabinet regularly throughout the year.
- 1.3 This report examines the income and expenditure of each service over the first six months of the year. The Annex shows the financial summaries of each service to 30 September 2021 together with an explanation of any significant variances.
- 1.4 Several key areas of income and expenditure, not all apparent within individual services have also been analysed and are also shown in the Annex.

2 Background

Profiling of Income and Expenditure

- 2.1 Not all income and expenditure is incurred equally over the year. For example, some costs (e.g. lease costs) are allocated at the end of the year, and others are stepped throughout the year (e.g. rental income is invoiced quarterly in advance). The manner that income or expenditure is received or incurred over the course of the year is referred to as its profile.

- 2.2 In order to make the analysis more relevant, the actual income and expenditure to 30 September is being compared against its profiled position at this time.

Analysis of income and expenditure

- 2.3 The Annex shows, by service, an analysis of original budget, profiled budget to date, actual expenditure to date and the variance between profiled budget and actual income / expenditure.
- 2.4 The Annex also shows an analysis of key areas of income and expenditure within the budget that are traditionally subject to variations in the year.

3 Impact of Covid-19

- 3.1 The budget for 2021/22 includes a pressure due to the impact of Covid-19 on services of £2.544M, which reduces to a net pressure of £1.050M after taking account of support from central government in the form of Sales, Fees & Charges compensation and other support grants.
- 3.2 The budgets and profiled budgets in this report include this pressure, and all variances detailed in the following section are after taking this into account.

4 Analysis of Financial Performance

4.1 Chief Executive's Office

The Chief Executive's Office shows net expenditure to the end of September of £405,000 against a profiled budget of £402,000. This represents an adverse variance of £3,000 to date.

4.2 Community & Leisure

The Community & Leisure service shows net expenditure of £1.221M compared with a profiled net expenditure estimate of £1.289M – a favourable variance of £68,000.

This is due to lower than estimated employee & premises costs and additional income, partially offset by unbudgeted legal and contract costs.

4.3 Environmental Service

The Environmental Service shows net expenditure to the end of September of £1.823M against a profiled estimate of £2.049M. This is a favourable variance of £226,000.

Employee costs across the service as a whole are £103,000 below budget and there is additional income from dry mixed recycling, bulky waste, bins, shopping trolleys and garden waste.

4.4 Finance & Revenues

The Finance & Revenues service shows net expenditure to the end of September of £1.369M against a profiled budget of £1.441M. This represents a favourable adverse variance of £72,000 to date.

This is mainly due to savings in employee costs.

4.5 Housing & Environmental Health

The Housing & Environmental Health service shows net expenditure of £1.118M against a profiled estimate of £1.123M. This represents a favourable variance of £5,000.

This is due to lower than budgeted employee and mileage costs, partly offset by an increase in bed & breakfast costs.

4.6 Information Technology

The Information Technology service shows net expenditure of £587,000 against a profiled estimate to the end of September of £601,000 – a favourable variance of £14,000.

This is mainly due to savings in employee costs.

4.7 Legal & Democratic

The Legal & Democratic service has net expenditure of £464,000 against a profiled estimate of £589,000 to the end of September. This is a favourable variance of £125,000.

Net land charges income is £39,000 higher than budgeted, most likely due to the temporary extension to the nil band for stamp duty that was in place until 30 June 2021.

There are also some savings from employee costs, and unbudgeted government grants within Elections and Register of Electors.

4.8 Planning & Building

The Planning & Building service shows expenditure of £674,000 compared with the profiled estimate of £630,000. This is an adverse variance of £44,000.

Lower than budgeted income from planning applications and additional staffing costs due to workload and resource issues in building control are partially offset by higher than budgeted income from building control fees and small savings due to reduced officer mileage.

4.9 Planning Policy & Economic Development

The Planning Policy & Economic Development service is showing expenditure of £669,000 compared to a profiled estimate of £686,000. This represents a favourable variance of £17,000.

This is mainly due to grant payments being lower than budgeted at this point in the year.

4.10 Property & Asset Management

The Property & Asset Management service has generated net income of £4.418M compared to a profiled estimate of £4.392M. This is a favourable variance of £26,000.

Income from car parking is £103,000 lower than budgeted. This is due to free parking remaining in place in the Borough until 12 April, COVID restrictions still being in place once parking charges resumed and a reduction in the number of season tickets being purchased due to workers working from home.

This is offset by lower than expected staffing costs to date, savings on utilities and higher than anticipated income from hall hire as Covid restrictions have eased.

4.11 Strategy & Innovation

Strategy & Innovation have expenditure of £390,000 compared to a profiled estimate of £385,000. This is an adverse variance of £5,000 to date.

4.12 Corporate & Democratic Core

Expenditure for the Corporate & Democratic Core is £511,000 to the end of September compared to an estimate of £513,000. This is a favourable variance of £2,000 to date.

4.13 Key areas of income and expenditure

The Annex also shows an analysis of significant items in the Council's budget. These can be spread across several Services or cost centres so may be included in more than one portfolio.

While not necessarily under the direct control of one budget manager it is important that these items are reviewed regularly in total as they provide a good indication of the overall variances within the budget.

4.14 Investment Funds and borrowing costs

Net investment income to 30 September 2021 was £169,000 compared with a profiled estimate of £125,000 – this represents a favourable variance of £44,000.

This is due to higher than forecast cash balances and average return on investment.

5 Risk Management

- 5.1 This report is for information purposes so the Council's Risk Management approach does not need to be applied.

6 Resource Implications

- 6.1 A favourable variance of £548,000 in the first six months of the year has been identified in this report. There is a mixture of adverse and favourable variances across the services and these will continue to be monitored and reviewed as part of the Budget process.

7 Equality Issues

- 7.1 This report is for information purposes, so the Council's EQIA process does not need to be applied.

8 Conclusion and reasons for recommendation

- 8.1 Overall, net expenditure is £548,000 lower than forecast at 30 September. There are a number of areas with large variances between the profiled budget and the actual income / expenditure to date.
- 8.2 The report does not make any recommendations for changes to budgets at this stage in the year and therefore the recommendation is that the current budget position be noted.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1	File Ref:	N/A
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Report to:	Cabinet	Date:	8 December 2021