

REPORT TO:		Cabinet	
DATE:		11 November 2020	
PORTFOLIO:		Cllr Joyce Plummer - Resources	
REPORT AUTHOR:		Joe McIntyre Deputy Chief Executive	
TITLE OF REPORT:		Financial Position September 2020 Report for the Year Ending 31 st March 2021	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. Purpose of Report

- 1.1. The report informs Cabinet of the financial spending of the Council up to the end of September 2020 and the financial forecast outturn position for the Accounting Year 2020/21.

2. Recommendations

- 2.1. Cabinet notes the report and asks CMT to continue to reduce costs and increase income over the remaining months of the financial year.

3. Reasons for Recommendations and Background

Summary

- 3.1. The financial detail of the report is shown as a table at the end of this document.
- 3.2. The spend for the first 6 months of the financial year to the end of September 2020 is £6,894,000 compared to a Budget of £6,522,000 giving an adverse variance of £372,000 over the first 6 months of the year.
- 3.3. The current forecast spend to the end of the financial year in March 2020 is £12,193,000 compared to a Budget of £11,227,000. This forecast produces an adverse variance of £966,000 by the end of the financial year. The adverse variance across the Council is attributable to the impact of COVID 19 on the Council's overall financial position requiring it to spend additional sums to address

the impact of the pandemic while at the same time suffering a reduction in its income due to the downturn in economic activity stemming from the pandemic.

- 3.4. The predicted level of variance against the Budget can be managed within the Council's overall reserves.

Detail

Environmental Services

- 3.5. Environmental Services are predicting a year end adverse variance of £45,000. This stems from salary savings of £42,000, less £17,000 reduced income and £13,000 of extra miscellaneous costs to give an overall £12,000 positive variance on Food Safety. Waste Services are predicting £65,000 of additional salary spend, £41,000 of other miscellaneous expenditure and £37,000 of additional costs directly attributable to COVID19, less £17,000 of additional income for a net adverse variance prediction of £126,000. The Parks & Cemetery Service is forecasting a positive variance of £112,000, due to £49,000 of staff saving, additional income of £73,000, less £5,000 of additional miscellaneous spend and £5,000 of extra costs directly attributed to COVID 19. The Town Centre & Market Budget is predicting an adverse variance of £43,000, with income down £44,000 compared to Budget, £4,000 of additional miscellaneous costs and £3,000 of COVID 19 costs, less £8,000 of salary savings.

Culture & Leisure Services

- 3.6. Culture and Leisure Services are indicating a potential adverse variance of £899,000. Service expenditure on Leisure is forecasting a positive variance of £30,000 while the Haworth Art Gallery is predicting its income will be down by £57,000 and they will incur £1,000 of additional staff costs, less £29,000 of expenditure saved on cost budgets. The main cause of the adverse variance is the predicted additional support the Council may have to make available to Hyndburn Leisure to replace the significant income they have lost due to the closure of their leisure centres due to COVID 19. This is currently estimated at £900,000. The Council may receive some specific additional funds to assist in this area from the Department of Culture, Media & Sport, but as yet no details of the qualifying criteria or the amount of support potentially available has been made. Therefore, no figure has been incorporated into the financial forecast at this time as we may not qualify for any extra funding. The forecast will be updated when any details emerge.

Planning & Transportation

- 3.7. Planning & Transportation are predicting an adverse variance for the year of £35,000. This is due to a predicted shortfall in income compared to budget of £18,000 and £23,000 of miscellaneous costs less £6,000 of salary savings.

Regeneration & Property Services

- 3.8. Regeneration & Property Services are predicting an adverse variance of £238,000 at year-end. This is due to £260,000 of additional staff costs, £56,000 of additional

miscellaneous costs, £54,000 of specific COVID 19 costs less £132,000 in additional income.

Policy & Corporate Governance

- 3.9.** Policy & Corporate Governance are predicting an adverse variance of £15,000. This is due to £36,000 of salary savings less the Corporate Salary Savings Target of £116,000, plus £42,000 of miscellaneous savings, £68,000 net additional pressures on Housing Benefits Budgets, a net decline of £5,000 in predicted income and £1,641,000 of extra predicted costs of COVID 19 less additional Government Grants of £1,737,000 to assist with costs here and elsewhere in relation to the pandemic.

Non Service Items

- 3.10.** The current estimate for the year is a positive variance of £266,000.

Robustness Of The Forecast & Other Issues

- 3.11.** The figures for service areas include estimated losses in income due to the pandemic less additional specific Government funding to help offset some of the losses incurred. Overall, we have estimated a loss across the Council of £1,048,000 and we have assumed the Government will provide a grant of £582,000 to offset these losses. The estimate is based around the Government guidance issued in this area but as yet the Government has not confirmed the amounts to be given to Councils, so these figures are subject to confirmation and revision and once they are known they could move upwards or downwards as a consequence.
- 3.12.** The estimates around expenditure necessary to fight COVID 19 is subject to more uncertainty than in the normal forecasting of expenditure given the unprecedented demands and changing nature in this area and therefore these forecasts are subject to larger variance than usual within a local authority Budget.
- 3.13.** The forecasts were also compiled before the Government's announcement of the latest lockdown on the 31st October 2020. Updates to spending and income forecast as a consequence of the new lockdown will be incorporated into the next monthly update.
- 3.14.** We expect a substantial increase in the non-payment of Council Tax and Business Rates as well as a large rise in the numbers of Council Tax Support Claimants due to the pandemic. Due to the statutory requirements around accounting for these transactions the losses in these areas this year will not manifest themselves until future year budgets. Discussions at a national level are underway to agree a means of spreading the losses in these areas over the next 3 years, rather than having to take the full financial hit in 2021/22.
- 3.15.** The Government has potentially indicated that it would ensure all Tier 3 Councils are able to balance their 2020/21 and 2021/22 Budgets and therefore funding may be available to reduce the adverse variance to zero by the end of the year. However, at this stage no details have been provided around this potential extra financial support that might be available and therefore this funding is not included

within this Budget forecast. The level of adverse variance will need to be funded from existing reserves if this extra funding does not materialise.

4. Alternative Options considered and Reasons for Rejection

4.1. Not applicable. This report is for information purposes.

5. Consultations

5.1. Not applicable

6. Implications

Financial implications (including any future financial commitments for the Council)	As outlined in the report.
Legal and human rights implications	Not applicable
Assessment of risk	Not applicable
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	Not applicable

7. Local Government (Access to Information) Act 1985: List of Background Papers

Council Meeting 21st February 2019

General Revenue Budget 2019/20

The report can be found by clicking on this link

[Budget 2019/20](#)

And downloading the relevant PDF from that page.

Budget Monitoring 2020/21									
Period 06 to 30 September 2020 Summary - GF Revenue									
Description	Y-T-D Period 06			Months 04 to 06			Year		
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Environmental Services	3,294	3,378	(84)	1,994	2,026	(32)	5,198	5,243	(45)
Culture & Leisure	428	426	2	204	246	(42)	895	1,794	(899)
Planning & Transportation	394	461	(67)	197	230	(33)	787	822	(35)
Regeneration & Property Services	565	727	(162)	282	368	(86)	1,132	1,370	(238)
Policy & Corporate Governance	1,605	1,722	(118)	803	802	1	3,209	3,224	(15)
TOTAL General Fund Services	6,286	6,714	(429)	3,480	3,672	(193)	11,221	12,453	(1,232)
Non Service Items	236	180	57	118	88	31	6	(260)	266
TOTAL Net Expenditure	6,522	6,894	(372)	3,598	3,760	(162)	11,227	12,193	(966)
Contribution (from) / to GF Reserves							-	(966)	
TOTAL Net Requirement							11,227	11,227	-