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| <b>REPORT TO:</b>  |           | Cabinet  |  |
| <b>DATE:</b>   |           | 09 June 2021   |  |
| <b>PORTFOLIO:</b>  |           | Cllr Joyce Plummer - Resources   |  |
| <b>REPORT AUTHOR:</b>  |           | Joe McIntyre<br>Deputy Chief Executive   |  |
| <b>TITLE OF REPORT:</b>  |           | Financial Position February 2021<br>Report for the Year Ending 31 <sup>st</sup> March 2021 |  |
| <b>EXEMPT REPORT<br/>(Local Government<br/>Act 1972, Schedule<br/>12A)</b> | <b>No</b> | Not applicable   |  |
| <b>KEY DECISION:</b>   | <b>No</b> | 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 February 2021 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 weeks 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 11 months of the financial year to the end of February 2021 is £9,469,000 compared to a Budget of £11,204,000 giving a positive variance of £1,735,000 over the first 11 months of the year.
- 3.3. The current forecast spend to the end of the financial year in March 2021 is £11,415,000 compared to a Budget of £11,227,000. This forecast produces an adverse variance of £188,000 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 £53,000. This stems from salary savings of £35,000 and miscellaneous savings of £7,000, less £31,000 reduced income and £7,000 of COVID 19 costs on Food Safety. Waste Services are predicting a loss of £51,000 of income compared to Budget, additional spend of £77,000, extra staffing costs of £9,000 and £63,000 of unbudgeted COVID 19 expenditure. The Parks & Cemetery Service is forecasting a positive variance of £137,000, due to £94,000 of staff saving, additional income of £69,000 less £26,000 of miscellaneous costs including £17,000 of additional costs due to COVID 19. The Town Centre & Market Budget is predicting an positive variance of £6,000, with income down £63,000 compared to Budget, £13,000 of additional costs due to COVID 19 less £6,000 of other cost savings and £76,000 of salary savings.

#### **Culture & Leisure Services**

- 3.6. Culture and Leisure Services are indicating a potential adverse variance of £845,000. 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 £60,000 and they will save £5,000 of staff costs and save £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 £849,000. The Council currently expects to receive £51,000 from a bid submitted to the Department of Digital, Culture, Media & Sport to assist the Hyndburn Leisure in this financial year with a potential further £119,000 to assist in 2021/22. Our original bid of £170,000 for 2020/21 has now been split over two years with only 30% allowed to be charged against the 2020/21 accounts and the remaining funds now to be used for 2021/22.

#### **Planning & Transportation**

- 3.7. Planning & Transportation are predicting an adverse variance for the year of £45,000. This is due to a predicted £51,000 of extra miscellaneous costs and £11,000 of extra salary costs less £17,000 of additional income.

## **Regeneration & Property Services**

- 3.8.** Regeneration & Property Services are predicting an adverse variance of £243,000 at year-end. This is due to £246,000 of additional staff costs, £120,000 of additional miscellaneous costs including £21,000 of extra COVID 19 costs, less £123,000 of additional income.

## **Policy & Corporate Governance**

- 3.9.** Policy & Corporate Governance are predicting a positive variance of £667,000. This is due to £266,000 of salary savings less the Corporate Salary Savings Target of £116,000, plus £174,000 of miscellaneous cost savings, an increase of income of £176,000 and additional Government Grants of £1,721,000 to assist with costs here and elsewhere in relation to the pandemic less £1,554,000 of extra predicted costs of COVID.

## **Non Service Items**

- 3.10.** The current estimate for the year is a positive variance of £331,000.

## **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 in income across the Council of £1,033,000 and we have assumed the Government will provide a grant of £588,000 to offset these losses. The estimate is based around the Government guidance issued in this area. This process is subject to further review and a year-end reconciliation under the Government's rules around this grant, so these figures are subject to confirmation and revision. This will only take place after the financial year-end. As such they could move upwards or downwards as a consequence, potentially by significant amounts as the scheme is new and untested.
- 3.12.** The estimates around expenditure necessary to fight COVID 19 are 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.** 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 and will be dealt with by adjustments to our revenue levels in later years.
- 3.14.** 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.

- 3.15. The level of adverse variance currently predicted will need to be funded from existing reserves if this extra funding does not materialise. The existing level of Council Reserves will be able to absorb such an adverse variance without a major impact on the Council's overall financial position.

#### 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

|   |                            |
|---|----------------------------|
| <b>Financial implications (including any future financial commitments for the Council)</b>  | As outlined in the report. |
| <b>Legal and human rights implications</b>  | Not applicable             |
| <b>Assessment of risk</b>   | Not applicable             |
| <b>Equality and diversity implications</b><br><i>A <a href="#">Customer First Analysis</a> 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.

| <b>Budget Monitoring 2020/21</b>                          |                         |                         |                           |                         |                         |                           |                         |                         |                           |  |
|---|-------------------------|-------------------------|---------------------------|-------------------------|-------------------------|---------------------------|-------------------------|-------------------------|---------------------------|--|
| <b>Period 11 to 28 February 2021 Summary - GF Revenue</b> |                         |                         |                           |                         |                         |                           |                         |                         |                           |  |
| <b>Description</b>  | <b>Y-T-D Period 11</b>  |                         |                           | <b>Month 11</b>         |                         |                           | <b>Year</b>             |                         |                           |  |
|   | <b>Budget<br/>£'000</b> | <b>Actual<br/>£'000</b> | <b>Variance<br/>£'000</b> | <b>Budget<br/>£'000</b> | <b>Actual<br/>£'000</b> | <b>Variance<br/>£'000</b> | <b>Budget<br/>£'000</b> | <b>Actual<br/>£'000</b> | <b>Variance<br/>£'000</b> |  |
| <b>Environmental Services</b>                             | 4,598                   | 4,683                   | (85)                      | (234)                   | (376)                   | 142                       | 5,198                   | 5,251                   | (53)                      |  |
| <b>Culture &amp; Leisure</b>                              | 810                     | 812                     | (2)                       | 64                      | 64                      | 0                         | 895                     | 1,740                   | (845)                     |  |
| <b>Planning &amp; Transportation</b>                      | 721                     | 776                     | (55)                      | 65                      | 48                      | 17                        | 787                     | 832                     | (45)                      |  |
| <b>Regeneration &amp; Property Services</b>               | 1,026                   | 1,344                   | (318)                     | 85                      | 135                     | (50)                      | 1,132                   | 1,375                   | (243)                     |  |
| <b>Policy &amp; Corporate Governance</b>                  | 2,940                   | 1,074                   | 1,866                     | 266                     | 175                     | 91                        | 3,209                   | 2,542                   | 667                       |  |
| <b>TOTAL General Fund Services</b>                        | 10,095                  | 8,689                   | 1,406                     | 246                     | 46                      | 200                       | 11,221                  | 11,740                  | (519)                     |  |
| <b>Non Service Items</b>                                  | 1,109                   | 780                     | 329                       | 39                      | 41                      | (2)                       | 6                       | (325)                   | 331                       |  |
| <b>TOTAL Net Expenditure</b>                              | 11,204                  | 9,469                   | 1,735                     | 285                     | 87                      | 198                       | 11,227                  | 11,415                  | (188)                     |  |
| Contribution (from) / to GF Reserves                      |                         |                         |                           |                         |                         |                           | -                       | (188)                   |                           |  |
| <b>TOTAL Net Requirement</b>                              |                         |                         |                           |                         |                         |                           | 11,227                  | 11,227                  | -                         |  |