

First Quarter Financial Update 2020/21

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Part A

Executive Summary & Overview



This report provides members with a financial update for the first quarter of 2020/21, covering activity within this committee's revenue and capital accounts for this period, and a projected outturn for the year.

Members will be aware that since the budget was agreed in February, the position for 2020/21 and future years has changed significantly as a result of the Covid-19 pandemic. Specific impacts include:

- Redirection of existing resources to support vulnerable people
- Administering government support schemes, notably business rate reliefs and grants
- Temporary closure of many Council facilities
- Reduction in levels of activity in many other Council services
- Income generating activities severely impacted by overall contraction in economic activity
- Change in working patterns, with almost all office-based staff now working from home
- Reduced levels of Council Tax and Business Rates collection.

This has resulted in many service areas reporting or projecting adverse variances against the budget for 2020/21, particularly in relation to income. The overall projection for the council is summarised in table 1 below, and shows that the potential impact of Covid-19 on the council's financial position is £8.547m. These projections are based on information submitted to central government as part of the monthly financial monitoring return which councils have been asked to complete to enable a comprehensive picture of the financial impact of Covid-19 on local authorities to be compiled by the Ministry of Housing, Communities and Local Government. The projections are based on the information available to finance officers at the time of submitting the return and are being regularly updated as the situation unfolds and further information becomes available.

	£000
Additional Spending	1,377
Income Reductions:	
Business Rates (MBC share)	1,901
Council Tax (MBC share)	950
Other Income	4,319
Total	8,547

Table 1, Covid-19 financial impact

Income reductions related to business rates and council tax were based on estimates made earlier in the financial year. Collection rates have actually proved better than anticipated so this will mitigate the financial impact, although there will still be a significant loss overall.

It should be noted that the projections detailed within table 1 will not necessarily align to the in year budget outturn projections. This is partly due to the statutory accounting arrangements for council tax and business rates which impact on the timing these losses reaching the general fund balance. In addition to this, the variances above reflect an estimate of the financial impact of Covid-19 and do not take into account other factors which may impact on the budget outturn.

To date, support totalling £2.2m has been received from the government. A further support package to compensate for fees and charges losses has been announced recently and will be confirmed later this month. Any residual in year deficit will need to be met from reserves. Given the all-encompassing impact of Covid-19 across many of the council's services, mitigation for losses will be treated as a corporate exercise, and we will therefore not necessarily seek to apportion all unringfenced support received across service committees. The impacts which arise from areas within this committee's remit are detailed within section B of this report.

Headline messages arising from other sections of this report are summarised below:

Part B: Revenue budget – Q1 2020/21

- Overall expenditure at the end Q1 for the services reporting to CHE is £0.963m, compared to the profiled approved budget of £1.078m, representing an underspend of £0.114m. The forecast year end outturn for CHE is a shortfall of £0.136m.
- We are anticipating funding to mitigate the impact of losses from fees and charges income, however, the value of support to be received will not be confirmed until October. Initial calculations indicate that this funding could be in the region of £1.7m for the council as a whole.

Part C: Capital budget – Q1 2020/21

- Capital expenditure for the services reporting to CHE of £0.540m has been incurred against the approved budget of £23.947m. Forecast spend for the year is £11.077m.

Part B

First Quarter Revenue Budget 2020/21



B2) Revenue Budget

B1.1 The table below provides a detailed summary on the budgeted net income position for CHE services at the end of Quarter 1. The financial figures are presented on an 'accruals' basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

CHE Revenue Budget & Outturn

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2020 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Parks & Open Spaces	1,003	258	217	41	960	43
Playground Maintenance & Improvements	149	36	32	5	149	0
Parks Pavilions	40	10	6	4	40	0
Mote Park	265	67	73	-6	265	0
Parks & Open Spaces Leisure Activities	-5	-1	0	-1	-5	0
Mote Park Leisure Activities	-38	-9	1	-10	-38	0
Allotments	13	3	3	0	13	0
Cemetery	54	40	29	11	54	0
National Assistance Act	-0	-0	-2	1	-0	0
Crematorium	-853	-174	-273	99	-1,011	158
Community Safety	28	-7	-9	2	28	0
PCC Grant - Building Safer Communities	0	-16	-17	1	0	0
C C T V	75	19	5	14	75	0
Drainage	32	8	0	8	32	0
Licences	-6	-1	1	-2	3	-9
Licensing Statutory	-64	-16	-1	-15	-14	-50
Licensing Non Chargeable	8	2	2	-0	8	0
Dog Control	29	5	5	-1	29	0
Health Improvement Programme	9	9	0	9	9	0
Pollution Control - General	2	2	9	-7	2	0
Contaminated Land	0	0	0	0	0	0
Waste Crime	28	5	5	1	28	0
Food Hygiene	9	1	-0	2	9	0
Sampling	4	1	0	1	4	0
Occupational Health & Safety	-5	-1	0	-1	-5	0
Infectious Disease Control	1	0	0	-0	1	0
Noise Control	1	0	0	0	1	0
Pest Control	-12	-3	-1	-2	-12	0
Public Conveniences	207	51	74	-23	207	0
Licensing - Hackney & Private Hire	-63	-18	-20	2	-21	-42
Street Cleansing	1,154	273	257	16	1,154	0
Household Waste Collection	1,241	315	316	-1	1,241	0
Commercial Waste Services	-61	-17	-8	-9	-28	-33
Recycling Collection	818	295	252	43	758	60
Community Environmental Engagement	0	0	0	-0	0	0
Community Hub	0	0	97	-97	0	0
Public Health - Obesity	0	0	0	-0	0	0
Public Health - Misc Services	0	-2	0	-3	0	0
Grants	177	88	87	1	177	0
Delegated Grants	2	2	0	2	2	0

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2020 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Parish Services	130	65	65	0	130	0
Member's Community Grant	0	0	1	-1	0	0
General Fund Residential Properties	-95	-24	-10	-14	-95	0
Strategic Housing Role	14	3	6	-2	14	0
Housing Register & Allocations	11	9	2	8	11	0
Private Sector Renewal	-47	1	0	1	-47	0
HMO Licensing	-20	-5	-1	-4	-20	0
Homeless Temporary Accommodation	509	127	133	-6	615	-106
Homelessness Prevention	267	-488	-519	31	267	0
Predictive Analysis and Preventing Homelessness	57	56	56	0	57	0
Aylesbury House	6	3	-2	4	6	0
Magnolia House	6	2	-3	5	6	0
St Martins House	0	-0	-0	0	0	0
Marsham Street	45	12	13	-2	45	0
Sundry Temporary Accommodation (TA) Properties	-21	-3	-7	5	-21	0
Pelican Court (Leased TA Property)	0	-18	-15	-2	0	0
2 Bed Property - Temporary Accommodation	-76	-19	-22	3	-76	0
3 Bed Property - Temporary Accommodation	-54	-13	-14	2	-54	0
4 bed Property - Temporary Accommodation	-5	0	-2	2	-5	0
1 Bed Property- Temporary Accommodation	-2	-0	-0	-0	-2	0
Melville Road Supported Accommodation	-24	-7	-15	8	-24	0
Marden Caravan Site (Stilebridge Lane)	19	5	-1	6	19	0
Ulcombe Caravan Site (Water Lane)	7	-1	0	-1	7	0
Head of Environment and Public Realm	107	27	25	2	107	0
Bereavement Services Section	251	63	64	-1	251	0
Community Partnerships & Resilience Section	450	112	99	13	450	0
Licensing Section	113	28	26	2	113	0
Environmental Protection Section	267	67	67	-0	267	0
Food and Safety Section	262	65	66	-0	262	0
Depot Services Section	791	197	185	12	791	0
Head of Housing & Community Services	112	28	27	1	112	0
Homechoice Section	214	16	12	4	214	0
Housing & Inclusion Section	588	-62	-67	5	588	0
Housing & Health Section	266	-104	-105	1	266	0
Housing Management	262	3	6	-3	262	0
Homelessness Outreach	4	-267	-268	1	4	0
Salary Slippage	-150	-38	0	-38	-150	0
Fleet Workshop & Management	241	60	38	23	241	0
MBS Support Crew	-63	-16	5	-21	22	-85
Grounds Maintenance - Commercial	-135	-34	-19	-14	-63	-72
Totals	8,549	1,078	963	114	8,685	-136

B1.2 The table shows that at the end of the first quarter overall net expenditure for the services reporting to CHE is £0.963m, compared to the approved budget of £1.078m, representing an underspend of £0.114m. It should be noted that this forecast does not take into account further government support for income losses announced recently. The planned scheme will see councils absorbing losses of up to 5% of planned sales, fees and charges income, with the government compensating for 75p in every pound of 'relevant losses' thereafter. We are therefore confident that the position will improve from the forecasts set out in tables 2 and 3 above.

B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the first quarter of the year. The reasons for the more significant variances are explored in section B2 below.

B2) Variances

B2.1 The impact of Covid-19 and lockdown can be seen most significantly in those areas where income is a significant element of the budget. For this committee the areas that are most impacted are licencing and depot operations, with a lack of demand for both services. A further issue is an anticipated increase in the demand for temporary accommodation should the current restrictions on landlords evicting tenants cease. The year end forecast is for a shortfall of £0.136m, but that does not include the potential recovery of fees and charges from the government outlined earlier in this Appendix or measures taken to mitigate the overspend such as deferring recruitment plans and cancelling non-essential expenditure.

B2.2 The forecasts are based on the circumstances as they stand at present, and assume a gradual return to normal levels of activity, but the timescale of that is less clear, and of course the possibility of a second wave of the virus remains a risk that needs to be considered.

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
Communities, Housing & Environment Committee	£000		
Parks & Open Spaces – This variance has arisen due to vacant posts and less overtime payments due to the parks being closed during the lockdown period.	41		43
Crematorium – The service has seen significant additional demand due to the higher number of mortalities that have occurred from Covid-19. This trend is expected to reverse in the second half of the year.	99		158
Licencing – Due to the impact of Covid-19 a shortfall in income is now forecast for the end of the year.		-15	-101
Recycling Collection – Demand for green bins and wheeled bins continues to high and is forecast to continue to increase for the remainder of the year.	44		60
Community Hub – The hub was set up to help vulnerable people in the community during the early stages of the Covid-19 outbreak. All the costs are expected to be funded by the end of the year.		-97	0
Homelessness Temporary Accommodation - The forecast overspend arises from additional costs to accommodate rough sleepers during lockdown. 84 rough sleepers were brought into temporary accommodation during this period. Additionally, under the emergency Covid19 measures, landlords were prevented from evicting tenants during lockdown. This presents a possible risk of increased demand for temporary accommodation as the restrictions are eased.		-6	-106

Depot Operations – This covers the MBS Support Crew and Commercial Grounds Maintenance, and due to the impact of Covid-19 there will be a shortfall in income expected.		-35	-157
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Part C

First Quarter Capital Budget 2020/21



B1) Capital Budget: Communities, Housing & Environment (CHE)

B1.1 The position of the 2020/21 CHE element of the Capital Programme at the Quarter 1 stage is presented in Table 3 below. The budget for 2020/21 includes resources brought forward from 2019/20.

Table 4: CHE Capital Programme 2020/21 (@ Quarter 1)

Capital Programme Heading	Estimate 2020/21 £000	Actual to June 2020 £000	Budget Remaining £000	Q2 Profile £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2021/22 £000
Communities, Housing & Environment								
Housing - Disabled Facilities Grants Funding	1,577	100	1,477	150	150	200	600	977
Housing Investments	2,343	-0	2,344	700	700		1,400	944
Brunswick Street - Costs of Scheme	4,233	461	3,772	1,234	1,269	1,269	4,233	-0
Brunswick Street - Receipts	-1,502	-260	-1,242	-407	-769	-67	-1,502	0
Union Street - Costs of Scheme	5,201	432	4,769	1,431	2,503	835	5,201	0
Union Street - Receipts	-2,100	-278	-1,822	-370	-744	-708	-2,100	-0
Springfield Mill	1,807	7	1,800		900	900	1,807	0
Granada House Extension	1,664	11	1,653		114		125	1,539
Indicative Schemes	8,042	2	8,040	98	274	199	573	7,469
Affordable Housing Programme	1,315		1,315					1,315
Acquisitions Officer - Social Housing Delivery Partnership	80	18	62	20	19	23	80	
Street Scene Investment	96	35	60	20	20	20	95	0
Flood Action Plan	400		400		25	25	50	350
Electric Operational Vehicles	100		100	100			100	
Rent & Housing Management IT System	50		50					50
Installation of Public Water Fountains	15		15	15			15	
Commercial Projects - Cemetery Chapel Repairs	230		230		30	200	230	
Continued Improvements to Play Areas	297	11	286	20	20	20	71	226
Other Parks Improvements	99		99	33	33	33	99	-0
Total	23,947	540	23,408	3,044	4,544	2,949	11,077	12,870

B1.2 Comments on the variances in the table above are as follows:

- *Housing Investments* – Phase 4 of the purchase and repair scheme to acquire properties for temporary accommodation is now underway. In addition there is a proposal being considered for the purchase of a larger property also for temporary accommodation.
- *Brunswick Street and Union Street* – Construction at both sites was delayed due to Covid-19, and both schemes are now around 4 months behind schedule, but they are both due to be completed by the end of the financial year.
- *Indicative Schemes* – A number of schemes are being considered and are at various stages of development. Where a decision is taken to proceed a more detailed report will be brought forward for consideration as with two schemes which were considered at the last meeting of Policy & Resources Committee.