

Fourth Quarter Financial Update 2020/21

Communities, Housing & Environment Committee

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Part A

Executive Summary & Overview



This report provides members with the provisional outturn for 2020/21 for this committee's revenue and capital accounts for the fourth quarter of 2020/21.

Members will be aware that since the budget was agreed in February 2020, 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
- Increased activity in some council services
- Temporary closure of some Council facilities
- Reduction in levels of activity in some 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.

As reported throughout the financial year, it was anticipated that this would result in adverse budget variances for many service areas for 2020/21, particularly in relation to income. However, progressively more generous government support and active mitigation of the losses have resulted in an overall underspend of £1.2m for the 2020/21 financial year. This is essentially an over-correction for the very significant losses that the Council has incurred. The underspend is one-off in nature and does not give a true reflection of the underlying budget position.

The overall position for the Council as reported to government on our monthly financial monitoring returns is summarised in table 1 below, along with funding that we have received from central government during the year. Councils have been asked to complete these returns 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.

	£000
<i>Additional Spending</i>	1,668
Income Reductions:	
Business Rates (MBC share)	895
Council Tax (MBC share)	591
Other Income	4,699
Total	7,853
<i>Offset by</i>	
Unringfenced government grants	2,525
Sales, fees and charges compensation (estimated)	2,321
Tax Income Guarantee compensation (estimated)	52
New Burdens funding	567
Service specific grants	743
	6,208

Table 1, Covid-19 financial impact and government funding

It should be noted that the projections detailed within table 1 do not correspond to the in-year budget outturn. This arises for the following reasons:

- Due to the statutory accounting arrangements for council tax and business rates, these losses do not impact the general fund balance until next year.
- 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 such as underspends that have the effect of mitigating Covid-19 related losses.

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 attempt to apportion all unringfenced support received across service committees.

In addition to the unringfenced grants totalling £2.5m, the council has received funding which can be clearly matched to additional expenditure, or outgoing grants. These funding streams have been used during the year to offset increased costs incurred in responding to the Covid-19 pandemic. Any unspent funding at 31 March which is ringfenced for specific activities will be carried forward into the current financial year and will be used to fund further activities which support the intended purpose of the grant.

The analysis also includes both the revenue and capital year-end position and updates the Committee on a range of other inter-related financial matters including Local Tax Collection, Reserves and Balances, Treasury Management and Maidstone Property Holdings.

The budget figures shown for revenue and capital are the revised estimate for 2020/21.

The headlines for Quarter 4 are as follows:

Part B: Revenue budget – Q4 2020/21

- Overall net expenditure at the end of Q4 for the services reporting to CHE is £8.326m, compared to the approved budget of £8.915m, representing an underspend of £0.589m.
- We are due to receive funding to mitigate the impact of losses from fees and charges income. Current estimates are that this funding will be in the region of £2.3m for the council as a whole for the financial year.

Part C: Capital budget – Q4 2020/21

- Expenditure of £7.348m has been incurred against an adjusted budget of £14.029m million for this committee. This is an underspend of £6.681m.

Part B

Fourth 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 4. 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 – Quarter 4

(a)	(b)	(c)	(d)
Cost Centre	Approved Budget for Year £000	Actual £000	Variance £000
Parks & Open Spaces	1,051	1,000	51
Playground Maintenance & Improvements	143	106	36
Parks Pavilions	31	28	3
Mote Park	272	321	-50
Parks & Open Spaces Leisure Activities	-5	1	-6
Mote Park Leisure Activities	-38	1	-38
Allotments	14	12	2
Cemetery	70	34	36
National Assistance Act	-0	0	-0
Crematorium	-831	-1,108	277
Community Safety	28	30	-2
PCC Grant - Building Safer Communities	0	-0	0
C C T V	77	18	59
Drainage	32	42	-10
Licences	-6	-6	1
Licensing Statutory	-64	-72	7
Licensing Non Chargeable	8	8	-0
Dog Control	30	24	5
Health Improvement Programme	9	0	9
Pollution Control - General	1	-10	11
Contaminated Land	1	-0	1
Waste Crime	40	10	30
Food Hygiene	9	-2	11
Sampling	4	1	3
Occupational Health & Safety	-6	-6	-1
Infectious Disease Control	1	1	-0
Noise Control	1	0	1
Pest Control	-12	-2	-10
Public Conveniences	195	254	-59
Licensing - Hackney & Private Hire	-63	-36	-27
Street Cleansing	1,224	1,172	52
Household Waste Collection	1,200	1,235	-35
Commercial Waste Services	-55	-64	9
Recycling Collection	762	636	126
Community Environmental Engagement	1	1	-0
Community Hub	13	98	-85
Public Health - Obesity	0	-0	0
Public Health - Misc Services	0	0	0

(a)	(b)	(c)	(d)
Cost Centre	Approved Budget for Year £000	Actual £000	Variance £000
Grants	177	174	3
Delegated Grants	2	2	1
Parish Services	130	131	-1
Member's Community Grant	0	1	-1
General Fund Residential Properties	-95	-51	-45
Strategic Housing Role	14	5	9
Housing Register & Allocations	11	12	-1
Housing Advice	0	1	-1
Private Sector Renewal	-47	-50	3
HMO Licensing	-20	-12	-9
Homeless Temporary Accommodation	392	349	43
Homelessness Prevention	116	116	-0
Predictive Analysis and Preventing Homelessness	56	56	0
Aylesbury House	1	0	1
Magnolia House	7	-0	7
St Martins House	0	-3	3
Marsham Street	58	49	10
Sundry Temporary Accommodation (TA) Properties	2	-16	18
Pelican Court (Leased TA Property)	17	17	0
2 Bed Property - Temporary Accommodation	-54	-59	5
3 Bed Property - Temporary Accommodation	-29	-30	1
4 bed Property - Temporary Accommodation	-1	-1	-0
1 Bed Property- Temporary Accommodation	3	0	3
Supported Accommodation	-28	-30	2
Marden Caravan Site (Stilebridge Lane)	19	17	2
Ulcombe Caravan Site (Water Lane)	7	1	5
Head of Environment and Public Realm	115	97	18
Bereavement Services Section	277	250	27
Community Partnerships & Resilience Section	472	416	57
Licensing Section	126	118	8
Environmental Protection Section	252	232	20
Food and Safety Section	277	270	6
Depot Services Section	881	878	2
Biodiversity & Climate Change	33	20	13
Head of Housing & Community Services	123	123	1
Homechoice Section	243	218	25
Housing & Inclusion Section	694	665	29
Housing & Health Section	315	269	46
Housing Management	303	294	9
Homelessness Outreach	31	30	1
Salary Slippage	-133	0	-133
Fleet Workshop & Management	217	217	0
MBS Support Crew	-53	-38	-14
Grounds Maintenance - Commercial	-131	-138	8
Totals	8,915	8,326	589

Table 2 , Budget & Outturn – Communities, Housing & Environment Committee Total

B1.2 The table shows that overall net expenditure at the end of Quarter 4 for the services reporting to CHE is £8.326m, compared to the approved budget of £8.915m, representing an underspend of £0.589m.

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

B2) Variances

B2.1 Across the budget as a whole the impact of Covid-19 and lockdown can be seen most significantly in those areas where income is a significant element of the budget. Whilst this has resulted in significant adverse variances in other committee budgets, for CHE there has been a positive variance from increased demand for services.

The budget shown is now the revised estimate for 2020/21.

	Positive Variance Q4	Adverse Variance Q4
Communities, Housing & Environment Committee	£000	
Parks & Open Spaces - There were savings from a number of vacant posts which were partially offset by the costs of some additional tree works	51	
Crematorium – Income levels increased significantly due to increased demand from Covid-19 related deaths.	277	
CCTV - Mobile cameras were not deployed through the year and not all the static cameras were powered up, so costs were reduced this year.	59	
Public Conveniences – This variance has arisen from a number of factors, primarily due to water leaks and increased running costs.		-59
Street Cleansing – Increased income and vacant posts have led to the underspend in this area.	52	
Recycling Collection – Green bin income has increased significantly and there has been a reduction in running costs.	126	
Community Hub – These costs will be funded by the central government grants referenced earlier in this section (Policy & Resources).		-85
Salary Slippage - There is a credit budget for 'salary slippage' being the savings arising from staff vacancies. These are reflected in the actual figures for individual sections (i.e. staff teams). The section codes underspent in aggregate by £262,000. This was significantly more than the budget for salary slippage and reflects a policy of deliberately holding posts vacant to address the budget risks that it was originally thought would be posed by Covid-19.		-133

Table 3, Significant variances – Communities, Housing & Environment Committee

Part C

Fourth Quarter Capital Budget 2020/21



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

B1.1 The position of the 2020/21 CHE element of the Capital Programme at the Quarter 4 stage is presented in Table 4 below. The budget for 2020/21 includes resources brought forward from 2019/20. The budget shown is the revised estimate for 2020/21.

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

Capital Programme Heading	Adjusted Estimate 2020/21 £000	Actual to March 2021 £000	Budget Remaining £000
Communities, Housing & Environment			
Housing - Disabled Facilities Grants Funding	591	660	-69
Temporary Accommodation	1,887	1,406	482
Brunswick Street - Costs of Scheme	4,233	2,489	1,745
Brunswick Street - Receipts	-1,502	-1,843	341
Union Street - Costs of Scheme	5,201	2,599	2,602
Union Street - Receipts	-2,100	-740	-1,360
Springfield Mill - Phase 1	1,807	1,366	441
Springfield Mill - Phase 2	1,322	787	535
Granada House Extension	125	62	63
Private Rented Sector Housing Programme	822	175	647
Affordable Housing Programme	800	16	784
Acquisitions Officer - Social Housing Delivery P/ship	80	86	-6
Street Scene Investment	96	113	-17
Flood Action Plan	50	7	44
Electric Operational Vehicles	100	16	84
Rent & Housing Management IT System	50	31	19
Installation of Public Water Fountains	15		15
Crematorium & Cemetery Development Plan	230	22	208
Continued Improvements to Play Areas	123	98	26
Parks Improvements	99		99
Total	14,029	7,348	6,681

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

Crematorium & Cemetery Development Plan – The budget is for the construction of a new mess hut at the cemetery. Works are progressing and the project will be completed during 2021/22.

Springfield Mill – Phase 1 & 2 – Both these schemes are scheduled for completion during the first quarter of 2021/22.

Brunswick Street/Union Street – Both these schemes are scheduled for completion during the first quarter of 2021/22. Part of the 2020/21 budget for both schemes was identified for slippage as part of the third quarter report.

Temporary Accommodation – Five properties were purchased during the year. The remaining balance will be rolled forward and added onto the approved budget for 2021/22.

Private Rented Sector Housing and Affordable Housing Programmes – Work is progressing on the Heather House scheme, and the acquisition of Trinity Foyer was completed. Parts of the 2020/21 budgets for both schemes were identified for slippage as part of the third quarter report.