

Third Quarter Financial Update 2020/21

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Part A

Executive Summary & Overview



This report provides members with a financial update for the third quarter of 2020/21, covering activity for 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 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.

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 as reported to government on our monthly financial monitoring returns is summarised in table 1 below and shows that the potential impact of Covid-19 on the council's financial position is £7.568m. 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. 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	1,935
Income Reductions:	
Business Rates (MBC share)	774
Council Tax (MBC share)	665
Other Income	4,194
Total	7,568

Table 1, Covid-19 financial impact

It should be noted that the projections detailed within table 1 do not correspond to the in year budget outturn projections. This arises for several 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.
- The Covid-19 financial impact has been offset by both unringfenced government support and grants covering specific areas of expenditure.

To date, unringfenced financial support totalling £2.5m for MBC has been announced by the government. The council has also submitted two claims for lost income from sales, fees and charges under the government's compensation scheme, covering the period April - November. Two further claims will be submitted covering the remainder of this financial year and the first quarter of 2021-22. Funding of £2.1m has been applied for under this scheme to date, although this amount will be subject to a reconciliation and audit process by MHCLG.

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 support, the council has received funding which can be clearly matched to additional expenditure, or outgoing grants. It is anticipated that these funding streams will be used in full to offset increased costs incurred in responding to the Covid-19 pandemic. Examples of such funding include the Reopening High Streets Safely Fund, Emergency Assistance Grant and the Local Authority Compliance and Enforcement Grant.

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

Part B: Revenue budget – Q3 2020/21

- Overall expenditure at the end Q3 for the services reporting to CHE is £4.404m, compared to the profiled approved budget of £5.266m, representing an underspend of £0.862m. The forecast year end outturn for CHE is an underspend of £0.471m.
- We are due to receive funding to mitigate the impact of losses from fees and charges income. Initial calculations indicate that this funding could be in the region of £2.5m for the council as a whole for this financial year.

Part C: Capital budget – Q3 2020/21

- Capital expenditure for the services reporting to CHE of £4.362m has been incurred against the approved budget of £14.029m. Forecast spend for the year is £7.262m.

Part B

Third 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 3. The figures are presented on an accruals basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

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

CHE Revenue Budget & Outturn – Quarter 3

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2020 £000	Actual £000	Variance £000	Forecast 31 March 2021 £000	Forecast Variance 31 March 2021 £000
Parks & Open Spaces	1,001	768	692	76	941	60
Playground Maintenance & Improvements	136	100	93	6	136	0
Parks Pavilions	32	24	19	5	32	0
Mote Park	256	193	201	-8	256	0
Parks & Open Spaces Leisure Activities	-5	-4	1	-5	-5	0
Mote Park Leisure Activities	-38	-28	1	-29	-1	-37
Allotments	13	10	8	2	13	0
Cemetery	62	69	13	56	17	45
National Assistance Act	-0	-0	0	-1	-0	0
Crematorium	-843	-576	-714	138	-963	120
Community Safety	28	23	16	6	28	0
PCC Grant - Building Safer Communities	0	0	-3	3	0	0
CCTV	77	15	11	4	77	0
Drainage	32	24	7	17	32	0
Licences	-6	-3	2	-5	-6	0
Licensing Statutory	-64	-48	-67	19	-64	0
Licensing Non Chargeable	8	6	6	-0	8	0
Dog Control	30	20	23	-4	30	0
Health Improvement Programme	9	9	0	9	9	0
Pollution Control - General	1	-1	-2	1	1	0
Contaminated Land	1	0	-0	1	1	0
Waste Crime	36	29	4	24	36	0
Food Hygiene	9	6	-2	8	9	0
Sampling	4	2	1	2	4	0
Occupational Health & Safety	-6	-5	-4	-1	-6	0
Infectious Disease Control	1	1	1	-0	1	0
Noise Control	1	1	0	1	1	0
Pest Control	-12	-9	-12	3	-12	0
Public Conveniences	200	145	175	-30	253	-53
Licensing - Hackney & Private Hire	-63	-49	-25	-24	-63	0
Street Cleansing	1,132	836	787	48	1,077	55
Household Waste Collection	1,200	902	854	49	1,140	60
Commercial Waste Services	-59	-46	-56	10	-59	0
Recycling Collection	788	508	424	84	688	100

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2020 £000	Actual £000	Variance £000	Forecast 31 March 2021 £000	Forecast Variance 31 March 2021 £000
Community Environmental Engagement	1	0	0	-0	1	0
Community Hub	0	-43	35	-79	82	-82
Public Health - Obesity	0	-12	-26	14	0	0
Public Health - Misc Services	0	-4	-3	-1	0	0
Grants	177	176	174	2	177	0
Delegated Grants	2	2	0	2	2	0
Parish Services	130	130	129	1	130	0
Member's Community Grant	0	0	1	-1	0	0
General Fund Residential Properties	-92	-69	-36	-33	-53	-40
Strategic Housing Role	14	11	2	10	14	0
Housing Register & Allocations	11	10	12	-2	11	0
Housing Advice	0	0	1	-1	0	0
Private Sector Renewal	-47	-48	-50	2	-47	0
HMO Licensing	-20	-15	-8	-8	-20	0
Homeless Temporary Accommodation	409	307	272	35	367	42
Homelessness Prevention	311	-578	-701	123	156	155
Predictive Analysis and Preventing Homelessness	56	56	56	0	56	0
Aylesbury House	13	10	-10	19	13	0
Magnolia House	8	6	-10	15	8	0
St Martins House	0	1	-3	4	0	0
Marsham Street	59	44	34	10	59	0
Sundry Temporary Accommodation (TA) Properties	2	2	-16	18	2	0
Pelican Court (Leased TA Property)	0	-6	1	-7	0	0
2 Bed Property - Temporary Accommodation	-59	-45	-65	21	-59	0
3 Bed Property - Temporary Accommodation	-38	-28	-48	20	-38	0
4 bed Property - Temporary Accommodation	-1	-1	-7	7	-1	0
1 Bed Property- Temporary Accommodation	3	2	-1	3	3	0
Melville Road Supported Accommodation	-28	-22	-37	15	-28	0
Marden Caravan Site (Stilebridge Lane)	19	16	3	13	19	0
Ulcombe Caravan Site (Water Lane)	7	-1	2	-3	7	0
Head of Environment and Public Realm	106	79	66	13	106	0
Bereavement Services Section	250	188	190	-3	250	0
Community Partnerships & Resilience Section	443	332	290	42	399	44
Licensing Section	113	85	79	6	113	0
Environmental Protection Section	267	200	200	0	267	0
Food and Safety Section	262	196	150	46	262	0
Depot Services Section	804	603	580	24	774	30
Biodiversity & Climate Change	30	23	7	16	30	0
Head of Housing & Community Services	111	83	83	0	111	0
Homechoice Section	213	148	131	17	213	0
Housing & Inclusion Section	591	369	348	21	591	0
Housing & Health Section	269	159	128	31	225	44
Housing Management	271	183	177	6	271	0
Homelessness Outreach	5	-139	-140	1	5	0
Salary Slippage 3CHE	-133	-100	0	-100	0	-133
Fleet Workshop & Management	241	181	146	35	201	41
MBS Support Crew	-63	-47	-34	-14	-63	0
Grounds Maintenance - Commercial	-135	-101	-157	56	-155	21
Totals	8,543	5,266	4,404	862	8,072	471

- B1.2 The table shows that at the end of the third quarter overall net expenditure for the services reporting to CHE is £4.404m, compared to the approved budget of £5.266m, representing an underspend of £0.862m. It should be noted that this forecast does not take into account support for income losses mentioned earlier in this report.
- B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the third 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 has caused relatively few significant issues for this committee, and the year-end forecast is for an underspend of £0.471m, although that does not include the recovery of fees and charges from the government outlined earlier in this Appendix or measures taken to mitigate the overspend across all committees such as deferring recruitment plans and cancelling non-essential expenditure. Income levels have remained particularly strong for this committee, and this has offset any areas where Covid-19 and the lockdown have had a negative impact.

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Communities, Housing & Environment Committee	£000		
Parks & Open Spaces – This variance is caused by a reduction in staffing costs from vacant posts and staff being posted to other Covid-related roles. Some planned tree works may reduce the variance by the end of the year.	76		60
Mote Park Leisure Activities – There has been no income generated this year due to the suspension of activities under Covid 19 guidance.		-29	-37
Crematorium – Due to the increased demand for cremations the original income target has now been exceeded, although there will be some additional maintenance costs incurred during the 4 th quarter.	138		120
Public Conveniences – This variance has arisen from an increase in running costs as well as additional water rates as a result of water leaks.		-30	-53
Street Cleansing – There are a number of staff vacancies in this area, as well as some additional income.	48		55
Household Waste Services – There has been more income than forecast from both wheeled bins and bulky waste collection.	49		60
Recycling Collection – There has been more income than forecast for wheeled bins and garden waste bin income.	84		100
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 via the grants received that are currently being held in the Contingency budget in Policy & Resources Committee.		-79	-82
General Fund Residential Properties – This variance has been caused by a number of factors, the most significant ones being increased running costs and a reduction in rental income from vacant properties.		-33	-40
Homelessness Prevention – There are several reasons for this variance. The Guaranteed Rent Scheme has been abandoned for legal reasons; demand for the Homefinder Scheme has fallen for Covid-related reasons; and finally, there are underspends against some of the running costs budgets.	123		155

Part C

Third 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 3 stage is presented in Table 3 below. The budget shown is the revised estimate for 2020/21.

Table 4: CHE Capital Programme 2020/21 (@ Quarter 3)

Capital Programme Heading	Revised	Actual to	Budget	Projected		Projected
	Estimate	December		Total	Slippage to	
	2020/21	2020	Remaining	Q4 Profile	Expenditure	2021/22
	£000	£000	£000	£000	£000	£000
Housing - Disabled Facilities Grants Funding	591	388	202	202	590	0
Temporary Accommodation	1,887	818	1,069	515	1,333	554
Brunswick Street - Costs of Scheme	4,233	1,701	2,532	532	2,233	2,000
Brunswick Street - Receipts	-1,502	-1,291	-211	-477	-1,767	265
Union Street - Costs of Scheme	5,201	1,926	3,276	576	2,502	2,700
Union Street - Receipts	-2,100	-460	-1,639	-1,554	-2,014	-85
Springfield Mill - Phase 1	1,807	882	925	812	1,694	113
Springfield Mill - Phase 2	1,322		1,322	1,322	1,322	0
Granada House Extension	125	26	99	99	125	0
Private Rented Sector Housing Programme	822	122	700	240	362	460
Affordable Housing Programme	800		800	138	138	662
Acquisitions Officer - Social Housing Delivery P/ship	80	50	30	30	80	-0
Street Scene Investment	96	89	6	6	95	0
Flood Action Plan	50		50	50	50	
Electric Operational Vehicles	100		100	100	100	
Rent & Housing Management IT System	50	7	43	43	50	-0
Installation of Public Water Fountains	15		15	15	15	
Crematorium & Cemetery Development Plan	230	18	212	212	230	0
Continued Improvements to Play Areas	123	85	38	38	123	0
Parks Improvements	99		99			99
Total	14,029	4,362	9,667	2,900	7,262	6,768

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 substantially complete.

Brunswick Street and Union Street – Both phases are scheduled for completion by the end of the fourth quarter, with final costs being incurred in the first quarter of 2021/22. There have been some sales earlier than was forecast at Brunswick Street.

Springfield Mill Phases 1 & 2 – Both phases are scheduled for completion by the end of the fourth quarter.

Private Rented Sector Housing Programme – 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. (This line was previously called 'Indicative Schemes' in prior reports).

Affordable Housing Programme – A property purchase is planned during the fourth quarter.

