

DATE: 18 NOVEMBER 2021

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 FINANCIAL MONITORING
POSITION FOR 2021/22**

Ward(s) All

Portfolio: Councillor A. Andrew – Deputy Leader, Regeneration
Councillor G. Perry – Deputy Leader, Resilient Communities
Councillor O. Butler – Clean and Green

1. Aim

To provide the budget monitoring position for Period 5 2021/22. The Chair requested that this item be considered by the Committee.

2. Recommendations

- 2.1 To note the revenue and capital forecast for the financial year end 2021/22 for the services under the remit of the committee.

3. Report detail – know

- 3.1 The current net revenue forecast position, after the net use of reserves is (£0.416m) underspend as at Period 5.
- 3.2 Reasons for the current position are shown in Table 1 below:

Table 1 – Explanation of over and underspends across services		
Service	Variance £m	Explanation of Year End Variance
Cultural Service	-0.044	Staffing underspends.
Planning Services & Building Control	0.028	Unachieved STP benefit partially mitigated by vacant posts.
Clean & Green Services	-0.230	Staffing underspends due to vacant posts and agency.
Leisure & Bereavement	-0.045	Vaccine hub income.
Highways & Transportation	0.027	Unachieved STP benefit partially mitigated by vacant posts.
Programme Management	-0.054	Staffing underspends.
Library services	-0.134	Staffing underspends due to vacant posts.
Regulatory Services	0.036	Overspend on the service due delay in RC restructure.
Total Services within remit of this Committee	-0.416	

3.3 The forecast revenue position by service is shown in Table 2 below:

Table 2- Forecast Revenue Outturn 2021/22					
Service	Annual Budget	Year End Forecast Variance	Planned Use of Reserves	Action Plan	Variance after Reserves & Action Plan
	£m	£m	£m	£m	£m
Cultural Service	1.193	0.178	-0.223	0.000	-0.044
Planning Services & Building Control	0.903	0.028	0.00	0.000	0.028
Regeneration & Development	1.253	0.758	-0.758	0.000	0.000
Clean & Green Services	18.824	0.576	-0.806	0.000	-0.230
Leisure & Bereavement	-1.074	1.216	-1.261	0.000	-0.045
Highways & Transportation	9.276	0.609	-0.582	0.000	0.027
Programme Management	-0.917	0.123	-0.177	0.000	-0.054
Library services	2.366	-0.059	-0.075	0.000	-0.134
Regulatory Services	1.732	0.307	-0.271	0.000	0.036
E & E Management	0.425	0.000	0.000	0.000	0.000
Economy and Environment Total	33.981	3.736	-4.153	0.000	-0.416

3.5. Reserves

The total allocated reserves for Economy and Environment in 2021/22 are £31.246m, of which £4.770m has been used or committed to date. This includes reserves of £2.857m relating to one off Covid-19 funding. Table 3 below details the current net use of reserves included within the forecast.

Table 3 - Summary of use of reserves and transfer to reserves				
Reserve Details	Allocated reserve	Use of reserve	Transfer to reserve	Balance of reserve
	£m	£m	£m	£m
Cultural Service	0.520	-0.228	0.006	0.298
Planning Services & Building Control	0.585	0.000	0.000	0.585
Regeneration & Development	2.650	-1.251	0.493	1.892
Clean & Green Services	2.168	-0.806	0.000	1.362
Leisure & Bereavement	1.852	-1.261	0.000	0.591
Highways & Transportation	20.564	-0.582	0.000	19.982
Programme Management	2.461	-0.296	0.119	2.284
Library services	0.079	-0.075	0.000	0.004
Regulatory Services	0.354	-0.271	0.000	0.083
E & E Management	0.013	0.000	0.000	0.013
Total Reserves	31.246	-4.770	0.618	27.094

3.6. Risks

For the services under the remit of this committee, there are a number of risks totalling **£0.851m** which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring position. High risks of **£0.741m** are included in the corporate monitoring report to CMT. If the risks become certainties, they will need to be included in the forecast position as overspends unless alternative action can be identified to mitigate these costs. A summary of the risk assessment is included in Table 4 below.

Table 4 – Revenue Risks 2021/22				
Risk	Value £k	Ongoing £k	One Off £k	Actions to manage risk
High	741	0	741	Economy and Environment continue to identify possible in year mitigations and review budgets as part of Council's MTFO plan.
Medium	60	0	60	
Low	50	0	50	
Total	851	0	851	

The main high (red) risks that could negatively impact the current forecast position should it occur is detailed further in Table 5 below.

Table 5- High risks		
Service	Reason / explanation of risk	£k
Clean and Green	Increased waste tonnages	441
Leisure Services	Active living centre income shortfall	180
Leisure Services	Bereavement services income shortfall due to increased competition due to covid restrictions	120
Total High Risks		741

3.7 Service Transformation Plan Benefits

There are £2.226m of approved savings included within the budget for 2021/22 for services within the remit of this Committee. Table 6 gives an early indication of the progress towards implementing these benefits:

Table 6: Delivery of 2021/22 approved savings – services within the remit of this Committee

Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/22 (Green) £m	Not fully guaranteed (Amber) £m	Not achieved (Red) £m
OP19A - Increase in fee paying services for building control	0.007	0.000	0.007	0.000	0.000
OP19B - Increase in fee paying services for planning development	0.030	0.000	0.030	0.000	0.000
OP20A - Restructure within planning development and strategic planning	0.085	0.000	0.000	0.000	0.085
OP20B - Deletion of posts	0.050	0.000	0.050	0.000	0.000
OP21A - Capitalisation of posts - maximise external funding	0.060	0.000	0.000	0.060	0.000
OP21 – CA alternative funding - MERGED IN CABINET REPORT	0.050	0.000	0.050	0.000	0.000
OP21D - Alternative funding - MERGED IN CABINET REPORT	0.010	0.000	0.000	0.010	0.000
OP30 - Removal of expenses and training budgets	0.009	0.009	0.000	0.000	0.000
OP61 - Increasing the number of fixed penalty notices issued	0.050	0.000	0.027	0.000	0.023
OP63 - Increase MOT charges	0.020	0.000	0.010	0.000	0.010
OP64 - Events income generation	0.010	0.000	0.010	0.000	0.000
OP66 - COVID 19 reset of the Street Cleansing service	0.049	0.049	0.000	0.000	0.000
OP67 - Private sector or sponsorship funding of Christmas lights	0.005	0.000	0.000	0.000	0.005
OP70 - Review of permit scheme charges within statutory cap - permit costs to utilities companies for works on highways	0.040	0.000	0.040	0.000	0.000
OP71 - Section 38 fees increase	0.046	0.000	0.046	0.000	0.000
OP73 - Efficiency savings within the Libraries service	0.060	0.000	0.060	0.000	0.000
OP74A - Heritage and culture / Arts and events - increase fees and charges	0.001	0.000	0.001	0.000	0.000
OP74B - Arts and Events Increase traded services to schools income	0.008	0.000	0.008	0.000	0.000
OP80 - Management restructure across Active Living Centres	0.029	0.000	0.000	0.000	0.029
OP81 - Concessionary "Move It" leisure scheme annual fee increase	0.063	0.000	0.000	0.000	0.063
OP82 - Increase membership retention by utilising new customer experience centre provision	0.045	0.000	0.000	0.000	0.045
OP102A - Restructure and efficiencies within regulatory services and community protection	0.184	0.000	0.092	0.000	0.092
OP102B - Restructure of Community protection service	0.059	0.000	0.030	0.000	0.030
OP102C - Efficiency savings within Community protection service	0.052	0.000	0.026	0.000	0.026
OP103A - Review of existing fees and charges within resilient communities - Taxis	0.051	0.000	0.000	0.000	0.051

Saving	Total savings £m	Delivered (Blue) £m	To be delivered by 31/03/22 (Green) £m	Not fully guaranteed (Amber) £m	Not achieved (Red) £m
OP103B - Review of existing fees and charges - Licences	0.025	0.000	0.000	0.000	0.025
OP103C - Increase in Fees and Charges - Community protection	0.001	0.000	0.000	0.000	0.001
OP103D - Increase in Fees and Charges - Environmental health	0.001	0.000	0.000	0.000	0.001
OP103E - Increase fees and charges	0.038	0.000	0.038	0.000	0.000
OP104 - Provide pre license surgeries to individuals and businesses to support license applications	0.007	0.000	0.000	0.000	0.007
OP109 - A&BS Dispersed Effort Benefit Target	0.057	0.000	0.000	0.000	0.057
OP110 - Increase charges for Dropped Kerbs	0.008	0.000	0.008	0.000	0.000
OP111 - Full review of MOT service full cost recovery	0.009	0.000	0.000	0.000	0.009
OP113 - CAM Dispersed Effort Benefit Target	0.095	0.000	0.000	0.000	0.095
OP114 - Out of hours burial service full cost recovery	0.004	0.000	0.000	0.000	0.004
OP115 - Extended burial hours 24/7	0.003	0.000	0.000	0.000	0.003
OP116 - Taxi Licensing Process Improvement	0.020	0.000	0.000	0.000	0.020
P6 - Re-profile the highway maintenance mainstream budget for 2021/22	0.300	0.000	0.300	0.000	0.000
P7 - Increased capitalisation of staff costs	0.046	0.000	0.046	0.000	0.000
P8 - Increased capitalisation of highway works	0.300	0.000	0.300	0.000	0.000
P13 - Consider ceasing pest and animal control service	0.088	0.000	0.044	0.000	0.044
P14 - Bereavement services – the sale of keepsake memorials and a range of personal memorabilia	0.001	0.000	0.001	0.000	0.000
P16 - Biodiversity	0.088	0.000	0.000	0.000	0.088
P17 - External Marketing & Promotion Partnership Development	0.062	0.000	0.000	0.000	0.062
Total approved savings for services within remit of Committee	2.226	0.058	1.223	0.070	0.874

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2021/22);
- Amber (not guaranteed at this stage but no major issues expected, some management action needed to ensure delivery) or,
- Red - (at high risk of not being achieved either in part or in full and therefore a robust delivery plan is required);

3.8 Capital Summary

The total capital programme budget for the services under the remit of the committee is £53.915m with the current forecast position projected to be £43.080m for Quarter 1 (June) as detailed in Table 7 below. The proposed £10.835m carry forward into 2022/23 for the Middlemore Lane HWRC, which is currently in the design phase, with construction not expected to start until well into the next financial year.

Table 7- Capital Forecast 2021/22					
Service	Annual Budget £m	Actual Year to Date £m	Forecast £m	Year End Variance £m	Proposed carry f/wd to 2022/23 £m
<u>Council Funded</u>					
Clean and Green	0.704	0.000	0.704	0.000	0.000
Leisure & Bereavement	0.504	0.000	0.504	0.000	0.000
Library Services	0.246	0.000	0.246	0.000	0.000
Programme Management	0.100	0.000	0.100	0.000	0.000
Engineering & Transportation	6.133	0.305	6.133	0.000	0.000
Regeneration & Development	8.324	0.000	8.324	0.000	0.000
Total Council Funded	16.011	0.305	16.011	0.000	0.000
<u>Prudential Borrowing</u>					
Clean and Green	17.842	0.000	7.007	-10.835	-10.835
Total Prudential Borrowing	17.842	0.000	7.007	-10.835	-10.835
<u>External Funded</u>					
Clean and Green	0.479	0.294	0.479	0.000	0.000
Programme Management	0.453	0.000	0.453	0.000	0.000
Engineering & Transportation	10.227	1.629	10.227	0.000	0.000
Regeneration & Development	8.903	0.000	8.903	0.000	0.000
Total External Funded	20.062	1.923	20.062	0.000	0.000
TOTAL	53.915	2.228	43.080	-10.835	-10.835

4 Financial information

- 4.1 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

5. Reducing Inequalities

- 5.1 Services consider and respond to equality issues in setting budgets and delivering services. Irrespective of budgetary pressures, the Council must fulfil equal opportunities obligations.

6. Decide

- 6.1 The committee are asked to note the details set out in this report.

7. Respond

- 7.1 The Executive Director for Economy, Environment and Communities, with finance in support, will be working with Directors and Heads of service to review the forecast, to continue to implement actions for any further forecasts and to consider these financial implications in line with the council's budget setting process.

8. Review

- 8.1 Regular monitoring reports are presented to Cabinet to inform them of the impact of Covid-19 and the financial forecast for 2021/22, including an update on risks and impact on the budget for 2022/23 and beyond.

Background papers: Various financial working papers

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