

## POLICY AND RESOURCES COMMITTEE – 7 SEPTEMBER 2020

### PART I - NOT DELEGATED

#### 15. BUDGET MONITORING – PERIOD 4 (JULY) (DoF)

##### 1 Summary

1.1 Budget monitoring report is a key tool in scrutinising the Council's financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives and that corrective action is taken where necessary.

1.2 This report seeks approval to a change in the Committee's 2020 - 2023 medium-term revenue financial plan. The report shows the Council's overall consolidated medium term financial plan for both revenue and capital.

##### 2 Details

2.1 Covid-19 is having a widespread impact on local authority spending throughout the country and had been particularly significant for district council's with much of the funding to date going to Counties in two tier levels.

2.2 An interim budget monitoring report was presented to this Committee on 20 July 2020 showing the estimated financial impact of Covid 19 on the Council finances to date.

2.3 The recommendation in the report was agreed and allowed for the changes to individual budgets (both capital and revenue) to be made to reflect the impact of Covid 19 to date.

2.4 In addition, at the same meeting on 20 July a separate Part II reported was presented to this Committee on the financial impact of Covid 19 on the Leisure Facilities Management Contract. The recommendations in the report were also approved.

The financial implications of both the reports have been included in the latest revenue and capital budgets. The attached Budget Management report therefore compares the latest budget, with the forecast outturn.

2.5 An overall increase in the Council's budgets requiring the use of balances must be approved by Council. Virements between cost centres within each service are approved by each committee.

##### **Revenue**

2.6 The Council's original net revenue budget for 2020/21 (as approved by Council on 25 February 2020) was £12.771 million. The latest budget including the impact of Covid 19 and the approved carry forward budgets from 2019/20 is £14.643 million. The forecast outturn at period 4 is estimated to be £13.343 million which gives a favourable variance compared to the latest budget of **(£1.300) million**. This variance includes the estimated funding from the Government's income guarantee scheme of £0.600 million.

2.7 The table below shows how the forecast outturn has been constructed.

<b>Net Revenue Budget 2020/21</b>	<b>£ million</b>
<b>Original Net Revenue Budget</b>	<b>12.771</b>
Carry Forward from 2018/19	0.329
Variances Previously Approved- Covid 19	1.543
<b>Latest Approved Budget</b>	<b>14.643</b>
Variances Reported This Period – Period 4 ( <i>to be approved</i> )	(1.300)
<b>Forecast Outturn</b>	<b>13.343</b>

- 2.8 The document attached (Budget Management 2020/21 - Annex 1) contains detailed information on the variance and the impact on the Council's medium term financial plan.

### **Capital**

- 2.9 The original budget for 2020/21 (as approved by Council on 25 February 2020) was £9.624 million. The latest budget including the impact of Covid 19 (see paragraph 2) and the approved rephasing budgets from 2019/20 is **£10.751 million**. Services have identified a variance of **(£0.230)** million, predominantly due to the rephasing of two capital schemes, which has decreased the 2020/21 budget to **£10.521 million**. The table below shows how the forecast outturn has been constructed.

<b>Capital Investment Programme 2020/21</b>	<b>£ million</b>
<b>Original Budget</b>	<b>9.624</b>
Rephasing from 2019/20	1.604
Variances Previously Approved- Covid 19 and period 10	(0.477)
<b>Latest Approved Budget (July 20)</b>	<b>10.751</b>
Variances Reported This Period – Period 4( <i>to be approved</i> )	(0.230)
<b>Forecast Outturn</b>	<b>10.521</b>

- 2.10 The document attached (Budget Management 2020/21 - Annex 1) contains detailed information on the variance and the impact on the Council's medium term financial plan.

### **3. Options/Reasons for Recommendation**

- 3.1 The recommendations below enable the Committee to make recommendations to Council concerning their budget.

#### 4. Policy / Budget Reference and Implications

4.1 In accordance with the Council's financial procedure rules, if the recommendations are accepted, this will amend the Council's budgets.

4.2 There are no substantial changes to Council policy resulting from this report.

#### 5. Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Customer Services Centre, Communications, Health & Safety & Website Implications

5.1 None specific.

#### 6. Financial Implications

6.1 The following revenue and capital variations have been identified for at the end of Period 4. (July)

Variance	2020/21 £	2021/22 £	2022/23 £
Revenue - (Favourable)/ Unfavourable	(1300,166)	4,352	(35,648)
Capital - Increase / (Decrease)	(230,000)	241,000	10,000

#### 7. Risk Management Implications

7.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. The subject of this report is covered by the Finance Service plan and the Council's financial & budgetary risks are included in the attached report.

#### 9. Recommendation

To Council:

9.1 That the following revenue and capital budget variations be approved and incorporated into the three-year medium-term financial plan:-

Variance	2020/21 £	2021/22 £	2022/23 £
Revenue - (Favourable)/ Unfavourable	(1300,166)	4,352	(35,648)
Capital - Increase / (Decrease)	(230,000)	241,000	10,000

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#### Background Papers

Budget setting recommendations - Council 25 February 2020.

Period 10 Budget Management report - Policy and Resources Committee 9 March 2020.

Outturn 2019/20 report - Policy and Resources Committee 15 June 2020.

Budget Monitoring report (Impact of Covid 19 Update) - Policy and Resources Committee 20 July 2020

Leisure Facilities Management Contract Covid Support report - Policy and Resources Committee 20 July 2020

## **ATTACHMENTS**

Annex 1 – Budget Management 2020/21 Period 4