

Bolsover District Council

Executive

6 December 2021

MEDIUM TERM FINANCIAL PLAN – REVISED BUDGETS 2021/22

Report of the Portfolio Holder for Finance

Classification: This report is public

Report By: Assistant Director of Finance and Resources

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PURPOSE / SUMMARY

To seek Executive approval of the 2021/22 revised budget for the General Fund, Housing Revenue Account and Capital Programme.

REPORT DETAILS

1 General Fund Revenue Account

- 1.1 The revised budget process is now complete and the proposed 2021/22 revised budget for the General Fund is attached at **Appendix 1**. The appendix shows the original budget for 2021/22 which was approved by Council in February 2021, the current budget which reflects budget transfers and approved changes during the financial year, and the proposed revised budget for 2021/22.
- 1.2 The revised budget on **Appendix 1** shows that Net Cost of Services has increased to £10.779m which is £0.472m above the original budget figures. This movement in the Net Cost of Services reflects approvals during the year to fund new expenditure, predominantly funded from either earmarked reserves, new grant allocations or new income received, since the original budget was set.
- 1.3 The original budget showed a funding deficit of £0.291m. The current budget position before changes from the revised budget process were included was a shortfall of £0.067m. This included the council tax increase of £0.110m and the quarter 1 vacancy savings of £0.117m.
- 1.4 **Table 1** below shows the revised budget position for 2021/22. During the revised budget process, finance have worked with budget managers to review all income and expenditure. Additional budget savings were captured as well

as unavoidable budget pressures. Government funding assumptions were updated where necessary and corporate costs such as debt charges and investment interest were also revised.

Table 1

	2021/22 Original Budget £000	2021/22 Current Budget £000	2021/22 Revised Budget £000
Budget Shortfall - MTFP Feb 2021	291	291	291
Efficiencies identified to date (removed from budget)	0	(224)	(210)
Current Budget Shortfall	291	67	81
Efficiencies Identified <u>not yet realised</u>	(210)	0	0
Pension costs to be funded by GF balance	(81)	(81)	(81)
Closing Budget Surplus	0	(14)	0

1.5 The revised budget funding gap is £0.080m which is the planned use of the general fund balance for 2021/22 as agreed in 2020/21. This was the £0.261m surplus which we added to the general fund balance in 2020/21 to fund the increased pension costs for each of the next 3 years.

1.6 The main variances between the current and revised budget positions (£0.067m and £0.080m) are given in **Table 2** below:

Table 2

	£000
Go Active - increase in income	(58)
Planning fees – increase in income	(83)
Q2 Salaries variances (net)	(76)
Debt Charges/Investment Interest	(74)
Net t/f to reserves including the NNDR Growth Protection Reserve	2,496
NNDR growth income from 2020/21 + 2021/22 ndr1	(1,002)
New burdens Covid funding for work done by staff	(165)

<i>Table 2 continued</i>	£000
Collection fund Covid transactions from reserves	(896)
Non-staff miscellaneous variances	(129)
Net reduction in expenditure/increase in income	13

1.7 An explanation of each of the variances in **table 2** is as follows:

- The higher than anticipated level of customers returning to the leisure centre has meant we can increase the estimate of income for the remainder of the year by £0.058m.
- Likewise the number of planning applications received so far this year means we've been able to increase the income budget by £0.083m.
- In the first 6 months of the year, £0.193m has been saved through vacancy management, maternity leave and changes due to restructuring. Each vacancy is considered to ensure there is still a business need for it before recruiting. The requirements of the service are also considered to ensure no negative impact is caused by delaying or changing the staffing provision. This reduction is net of a 1% increase which it has been necessary to add to the pay award estimate for the current year.
- Debt charges and investment interest budgets have been updated to reflect the 31st March position and this has resulted in combined reductions in cost of £0.074m.
- Net savings resulting from the revised budget process mean £1.766m more than estimated can be transferred to the NNDR Growth Protection Reserve. This reserve will be used to help mitigate against future changes to Government funding by allowing the flow of income back to general fund in a controlled and manageable manner. Net transfers to other reserves have increased by £0.730m.
- Our share of the business rates pool - redistributed growth, for 2020/21 was not known in time to be included in last year. Additionally, as is usual, the extra income calculated in the nndr1 return for the current year was not included in the original budget. This is completed in January each year after the MTFP process is complete. Therefore, we are able to increase the budget for NNDR income by £1.002m for 2021/22.
- We have received funding from Government to compensate us for the work our staff have done and continue to do, in relation to Covid-19. This amount was not known about to be included in the original budget and totals £0.165m.

- At 31st March 2021, a number of entries had to be carried out on the NNDR Collection fund which resulted in a temporary deficit. This is to be funded by the Government funding we received in 2020/21. The net transfer between the reserve and general fund grant account is £0.896m and this is a variance as it was not known about for the original budget.
 - The net movement in miscellaneous income and expenditure is a benefit to general fund of £0.129m. This is made up of a number of small increases and decreases.
- 1.8 The final position on the general fund revenue account will clearly be dependent on the actual financial performance out-turning in line with the revised budgets as there may be further costs and/or savings identified as the year progresses.
- 1.9 Government support for the Coronavirus pandemic has now ended and any loss of income still occurring is being funded by us. Any changes to the Government guidelines over the winter may have an effect on the level of this cost. **Appendix 2** details the net cost of each cost centre by Directorate.

Housing Revenue Account (HRA)

- 1.10 The Housing Revenue Account revised budget for 2021/22 is set out in **Appendix 3** to this report.

Expenditure

- 1.11 Expenditure on the HRA is showing a net increase against current budgets of £0.476m.
- 1.12 The approval during the year of new expenditure to be funded by earmarked HRA reserves relates to £0.439m.
- 1.13 The council tax liability on the management and short-term void properties is an increase of £0.122m.
- 1.14 Vacancies of £0.070m have been removed from the budget after an increase of 1% has been added to the pay award estimate for 2021/22.

Income

- 1.15 In total, income is £0.182m lower than the current budget. The main variance is Dwelling rents which have been reduced by £0.278m since the original budget. The number of empty properties (voids) is higher than originally estimated. Members will be aware, this year voids have been between 3.17% in quarter 1 and 4.13% by quarter 2 which is higher than the original estimate of 3%.
- 1.16 The revised budget has been set with an estimate for voids of 4% for the remainder of 2021/22. This is to allow officers to embed new operating methods now bought in, on managing properties being held intentionally empty for capital schemes, to reduce the number of voids at any one time.

- 1.17 Income from Non-dwelling rents is also reduced, again in preparation for capital schemes to take place.
- 1.18 Income from both Housing Related Support schemes has increased since the current budget. This is due to Derbyshire County Council extending the Careline Service contracts until March 2022.
- 1.19 Taking account of the proposed budget changes detailed above, the HRA is anticipated to deliver a surplus in the current financial year of £0.006m, which is in-line with the current budget.

Capital Programme

- 1.20 The Council's capital programme is shown in **Appendix 4**. It has been updated from the original budgets to reflect approvals within the year and the profiling of the individual schemes following approved changes by Members and from detailed discussions with budget officers.
- 1.21 As part of the revised budget process, officers have estimated the likely level of spend in the current financial year. As a result £4.677m has been removed from the current budget and put in 2022/23 as this is when the work is likely to be undertaken. The proposed estimated outturn for 2021/22 is therefore a budget of £22.359m.
- 1.22 The changes that are shown in the revised capital programme mean that the financing is adjusted accordingly to meet the anticipated spend. There are no issues to report with regard to the financing of the 2021/22 capital programme.

2 Reasons for Recommendation

- 2.1 The purpose of this report is to set revised budgets as early as possible within the financial year to ensure that identified budget savings are realised, that all budget managers are working to the revised budgets and to allow any planned changes to be delivered.

3 Alternative Options and Reasons for Rejection

3.1 General Fund and HRA

Any surplus on the Council's two main revenue accounts will result in an increase in financial balances at the year-end which are available to protect services at a time of declining central government support. It is proposed that additional resources would be transferred to reserves in preparation for future expenditure.

3.2 Capital

There are no alternative options being considered with regard to the proposed allocations from the Capital Programme budget as it ensures the Council's assets meet health and safety requirements in that they are maintained in a fit for purpose state that ensures they remain fully operational.

RECOMMENDATIONS

- 1 That Executive approves the revised General Fund budget for 2021/22 as set out in **Appendix 1** and detailed in **Appendix 2**.
- 2 That Executive approves the revised HRA budget for 2021/22 as set out in **Appendix 3**.
- 3 That Executive approves the revised Capital Programme for 2021/22 as set out within **Appendix 4**.

Approved by the Portfolio Holder - Cllr Clive Moesby, Executive Member for Finance

IMPLICATIONS

Finance and Risk: Yes No

Details:

The issue of Financial Risks is covered throughout the report. In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that continued reductions in budgets may mean that adverse variances arising from particular issues or pressures may not be able to be absorbed from favourable variances in other budgets

Similarly the income on the HRA needs to be carefully managed to ensure the HRA continues to be sustainable over the life of the 30 year business plan.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

There are no legal or data protection issues arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

There are no human resource issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/></p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></p> <p><input checked="" type="checkbox"/> Please indicate which threshold applies</p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
District Wards Significantly Affected	None
<p>Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet / Executive <input type="checkbox"/></p> <p>SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/></p> <p>Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Yes</p> <p>Details: Portfolio Holder</p>

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

DOCUMENT INFORMATION

Appendix No	Title
1	General Fund Summary
2	General Fund Detail
3	HRA Summary
4	Capital Programme
5	Treasury Management Update
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
None	