

PORTFOLIO HOLDER Mayor Mike Starkie (Portfolio Holder for Finance).

LEAD OFFICER: Steven Brown, Director of Financial Resources

REPORT AUTHOR: Steven Brown, Director of Financial Resources

WHY HAS THIS REPORT COME TO OVERVIEW & SCRUTINY COMMITTEE?

This report provides the Overview and Scrutiny Committee with the latest budget monitoring report to the Executive; included as Appendix A.

SUMMARY:

This report provides the Overview and Scrutiny Committee with the 2021/22 Q1 budget monitoring report presented to the Executive on 14th September 2021; included as Appendix A.

RECOMMENDATIONS:

The Overview and Scrutiny Committee is recommended to:

1. Note the Q1 budget monitoring report to the Executive attached.

1. INTRODUCTION

- 1.1. The Overview and Scrutiny Committee receive the quarterly budget monitoring reports to the Executive for consideration.

2. CONCLUSIONS

- 2.1. The Committee is asked to note the report.

3. STATUTORY OFFICER COMMENTS

- 3.1. Legal and Monitoring Officer's comments are: No legal issues arise from the report.
- 3.2. The Section 151 Officer's comments are: Contained within the attached report.
- 3.3. EIA Comments: N/A

3.4. Policy Framework: N/A

3.5. Other consultee comments, if any: N/A

List of Appendices

Appendix A – Q1 Quarterly Budget Monitoring Report

Appendix B - 2021/22 Budget Monitoring Forecast Outturn by Service

EXECUTIVE 14.09.21

2021/22 Revenue & Capital Budget Monitoring Report – Q1

EXECUTIVE MEMBER: Mayor Mike Starkie (Portfolio Holder for Finance).
LEAD OFFICER: Steven Brown, Director of Financial Resources.
REPORT AUTHOR: Steven Brown, Director of Financial Resources.

SUMMARY:

This Budget Monitoring report sets out the Quarter 1 (Q1 - to the end of June 2021) forecast year-end results against the Council's Revenue and Capital Budgets for the 2021/22 financial year.

RECOMMENDATION:

1. Note the 2021/22 revenue forecast outturn net overspend of £14k, (See Paragraph 1.4 and Appendix A);
2. Note the summary of the revenue outturn variances set out in paragraph 1.6);
3. Note the revised capital budget for 2021/22 (See Paragraph 1.14).

1. INTRODUCTION

- 1.1. This report contains information on the Forecast Outturn position on spending against the Council's Revenue Budget for 2021/22 following discussions with Budget Managers.
- 1.2. The Net Revenue Budget agreed by Council on 2nd March 2021 for 2021/22 was £8,626k. The forecast outturn position for Q1 is based on the best available information and budget managers' estimates regarding income and expenditure.
- 1.3. The Executive will recall that service budgets have made no allowance for increased costs or reduced income arising from the COVID19 pandemic however, included in the budget is additional

government emergency funding of £450k to meet these pressures. In addition to this the Executive will also recall that £600k of unutilised Covid Emergency funding was transferred to a COVID reserve as part of the 2020/21 provisional outturn. Together this means there is an over £1m of COVID funding available to meet COVID pressures in 2021/22.

- 1.4. The table below summarises the forecast outturn position for Q1 against the Council’s Revenue Budget for 2021/22.

£’000	Revised Budget	Net Exp	Forecast	Variance
Net Expenditure on Services	8,626	1,465	8,640	14
Less Sources of Finance	(8,626)	(2,156)	(8,626)	0
Total	0	(692)	14	14

- 1.5. The forecast outturn for the Council shows a net overspend of £14k. There is a net overspend against service budgets of £264k that has been offset by the release of (£250k) from the COVID Emergency grant budget included in the Chief Executives budget.
- 1.6. Service variances over £100k are summarised in the following paragraphs, with Appendix A showing all service areas.

Service £’000	Variance Q1
Environmental Health	125
Parks & Open Spaces	244
Chief Executive	(339)
Other	(16)
Total	14

- 1.7. A summary of the main variances are summarised below:

a) Environmental Health; the forecast overspend of £125k primarily relates to additional staffing costs relating to COVID19 that has been met through the release of the COVID Emergency Grant monies included in the Chief Executives budget.

- b) Parks & Open Spaces; the forecast overspend of £244k mainly relates to additional COVID costs and lower than budgeted contact income secured at this time.
- c) Chief Executive; The forecast budget saving of (£339k) includes use of (£250k) of the COVID Emergency Grant funding and savings in staffing costs due to the vacant Chief Officer post.
- 1.8. The 2021/22 budget agreed by Council in February assumes use of £1,845k from the Shortfall in External Resources Reserve and a £1,500k Capitalisation Directive to balance the budget; note the capitalisation directive is subject to final approval by the secretary of state and thus remains a risk for the 2021/22 budget.
- 1.9. As previously set out in Council and Executive, the Council cannot continue beyond March 2023 to rely on its reserves to balance the budget without additional income or savings. This however is subject to a number of assumptions regarding the impact and timing of the local government funding reform, long term impact of COVID and economy. The following section considered the impact on reserves.

Reserves

- 1.10. The Council held revenue reserves of £13.3m as at 1st April 2021; a £2m General Reserve, £4.6m of Earmarked Reserves relating to externally funded projects (Externally Funded EMRs) and £6.7m of Earmarked Reserves set aside by the Council in previous years that have been earmarked for a specific purpose (CBC Funded EMRs).
- 1.11. The General Reserve is part of the Council's risk management process and is retained to protect the Council in the event of major unforeseen events as well as provide a buffer against future financial risks in the medium term. The minimum level of General Reserve was agreed by Council in March 2021 at £2,000k, also as part of the budget for 2021/22, £180k was added to the reserve.
- 1.12. The table below sets out the forecast balances on the revenue reserves to 31st March 2022:

£'000	General Reserve	Externally Funded EMRs	CBC Funded EMRs	Total
Balance as at 1st April 2021	2,001	4,611	6,668	13,280
Budgeted transfers (to)/from reserves in 2021/22 (per MTFS)		(1,239)	(1,845)	(3,084)
Q1 forecast outturn	(14)			(14)
Forecast balance as at 31st March 2022	1,987	3,372	4,823	10,182

1.13. The CBC Funded Reserves as at 31st March 2022 that may be used to meet the budget gap for 2022/23 is estimated is £4,823k, this compares to the estimated budget gap for 2022/23 of £4,261k in the current MTFS.

Capital Budget

1.14. Council approved the Capital Programme for 2021/22 at its meeting in March 2021 and was subsequently updated with 2020/21 provisional outturn amendments. Budget managers are in the process of reviewing the capital programme and will update the Executive in Q2.

Treasury Management

1.15. The Treasury Management function supports the overall objectives and priorities of the Council, by the use of effective treasury management techniques. The aim is to manage risks and ensure there are sufficient cash resources and long-term borrowings to finance the Council's activities and capital investment programme whilst balancing this to the secondary objective of trying to minimise the costs of the net interest budget.

1.16. Long term borrowing remains at £5m as at Q1 (£5m at 31/3/21) and investments are £52.817m as at 30th June. There is a net interest cost to the Council, this is due to interest on the loan being c7.5%

and investment interest being around 0.35% included in the Council's budget.

- 1.17. The Council undertook no new borrowing in Q1 and is not expected to undertake any further long-term borrowing during 2021/22 in accordance with the 2021/22 Treasury Management Strategy.

2. CONCLUSIONS

- 2.1. The recommendations allow the preparation of the statutory financial statements of the Council.

3. STATUTORY OFFICER COMMENTS

- 3.1. Legal/ Monitoring Officer's Comments are: No legal issues arise from the report. The report sets out the forecast financial outturn for the financial year 2021/22.
- 3.2. The Section 151 Officer's comments are contained within the report.
- 3.3. EIA Comments: Not applicable.
- 3.4. Policy Framework: Not applicable.
- 3.5. Other Consultee Comments, if any: None.

4. RESOURCE REQUIREMENTS

- 4.1. Contained within the report

5. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 5.1. The proposals will be managed by Director of Financial Resources.

6. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 6.1. Contained within the body of the report.

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Appendix A: 2021/22 Budget Monitoring Forecast Outturn by Service

List of Background Documents:

None

Appendix B

2021/22 Budget Monitoring Forecast Outturn by Service

Service	Budget	Net exp	Forecast	Variance
Beacon Museum	317,367	(47,943)	317,367	0
Building Control	96,321	31,859	100,987	4,666
Business Support	1,084,589	413,530	1,125,360	40,771
Chief Executive	(1,152,491)	228,018	(1,491,512)	(339,021)
Communications	88,626	32,169	91,176	2,550
Copeland Community Fund	0	33,231	0	0
Customer Services	362,262	64,736	358,482	(3,780)
Democratic Services	455,499	101,220	386,380	(69,119)
Development Control	37,689	(30,888)	73,329	35,640
Dir Corp Serv & Comm Strategy	318,379	69,977	268,321	(50,058)
Economic Development	197,292	(351,538)	197,292	0
Elections	120,684	150,972	120,684	0
Environmental Health	516,029	(177,137)	640,947	124,918
Financial Services	954,977	(207,903)	980,034	25,057
Human Resources	337,567	82,045	342,053	4,486
Internal Audit	124,877	16,388	65,552	(59,325)
Legal & Procurement Services	212,955	45,474	217,547	4,592
Nuclear	800	83,585	(1,388)	(2,188)
Park & Open Spaces	(35,650)	57,658	208,194	243,844
Property & Estates	231,051	31,878	300,663	69,612
Refuse & Recycling	2,632,077	718,589	2,628,558	(3,519)
Revenues & Benefits	695,100	166,236	691,689	(3,411)
Strategic Housing	599,059	(103,856)	589,218	(9,841)
Strategic Planning	430,941	57,648	429,124	(1,817)
Grand Total	8,626,000	1,465,946	8,640,057	14,057