

## **OVERVIEW AND SCRUTINY COMMITTEE**

**DATE OF MEETING: 16 FEBRUARY 2020**

**TITLE OF REPORT: 2021-22 BUDGET MONITORING – TO END OF DECEMBER**

**Report of: Head of Corporate Services**

**Cabinet Member: Councillor James Radley, Deputy Leader and Finance**

### **I PURPOSE OF REPORT**

- 1.1 To advise Committee of the position on revenue and capital expenditure at the end of December 2020. Cabinet will consider this report at its meeting on Thursday 4<sup>th</sup> March.
- 1.2 The forecast overspend on controllable budgets is £612k for 2020/21 before accounting adjustments; any deficit required will be transferred from Reserves at the end of the year after all year end adjustments have taken place. Accounting adjustments can significantly affect the year end position as it is only then that we can fully account for key areas of spend such as Housing Benefits and Business Rates payments to cover policy decisions made by Central Government during the year.

### **2 OFFICER RECOMMENDATION**

- 2.1 To note the revised projections and reasons for the main revenue variations highlighted in Paragraph 4 and analysed in Appendix 1.
- 2.2 To note the current spending position for Capital shown in Paragraph 5 and Appendix 2 which includes project details.

### **3 BACKGROUND**

- 3.1 It is important that regular monitoring of budgets is undertaken to ensure financial targets set by the Council are being met and to make any necessary changes to approved budgets.
- 3.2 Trends and variances identified in the period have been used to inform the Budget position presented to committee in January 2021.

### **4 REVENUE BUDGET MONITORING**

- 4.1 In February 2020, the Council approved total net service expenditure of £9,432k.
- 4.2 In November 2020, Cabinet approved a revised allocation within the budget to meet the requirements and income loss from COVID-19 to better reflect the likely spend as a result of additional pressures.
- 4.3 Forecast position for expenditure is a £495k adverse variance to Budget

## Hart DC - Revenue

**Table 1.1 Budget Comparators - 2020/21 (December - Period 9) after COVID and Grant adjustments**

Service Area	Full Year Budget 2020/21	Budgeted Exp to 31/12/20	Actual Exp to 31/12/20	Variance	Revised Full Year Forecast 2020/21.
Corporate	£5,208,407	£3,988,546	£3,822,498	-£166,048	£5,161,112
Community	£1,030,169	£461,803	£499,307	£37,504	£1,057,742
Technical and Environmental Maintenance	£3,082,837	£2,330,943	£3,530,604	£1,199,661	£3,289,507
Place	£2,098,411	£1,713,049	£1,253,656	-£459,393	£2,415,742
Net Expenditure	£11,419,824	£8,494,341	£9,106,065	£611,724	£11,924,103
Accounting Adjustments	-£1,987,300	-£470,484	-£1,578,059	-	-£1,875,701
Net Cost of Services	£9,432,524	£8,023,857	£7,528,006	-£495,851	£10,048,402

4.4 Appendix 1 provides a summary table detailing the variance between actual and budget spend for the year to 31<sup>st</sup> December 2020.

4.5 Major Variances identified include:

- A. Timing delays due to unreceived purchase invoices and unraised sales invoices to and from public sector partners.
- B. Salary overspends due to spend on consultants and underspends due to delays in recruitment.
- C. Loss of income due to Covid which is offset to some extent by Compensation received in year.

4.6 Appendix 2 provides a summary table detailing the variance between full year budget and full year forecast for the year ending 31 March 2021.

4.7 Major Variances identified include:

- A. Reduced income due to COVID-19
- B. Increased consultancy costs in Place and in Corporate Services, in Corporate Services this is due to bringing outsourced services in-house.
- C. Savings achieved due to remote working.

4.8 Movements in earmarked reserves are being analysed and the final reserve position will be included in the out turn report for the year.

4.9 The Capital position will be reported with requests for carry forward to the March Overview and Scrutiny meeting.

## **5 MANAGEMENT OF RISK**

5.1 The monthly budget monitoring process examines all income and expenditure against budgets in order that significant variances are highlighted immediately and to identify areas where expenditure is being incurred but where insufficient or no budgetary provision exists. This allows officers to take corrective action to maintain overall expenditure within budgets.

5.2 Specific attention is being given to the following areas

- Housing Benefit changes and forecast improvements will be dependent on the level of debt associated with claimants transferring to Universal credit. Specific analyses are being prepared and monitoring will continue up to the final subsidy claim at 31 March 2021. Calculation method for the provision for doubtful / bad debts will be modified as necessary
- Income budgets for Planning & Building control application fees will be subject to a detail monitoring exercise including volume of activity in the current year and previous years.
- Business rates and the effect of the Collection fund to be determined at year end. Appeals from the 2017 list changes continue to be low while the 2010 list appeals remain open and continue to be worked on by the Valuation Office.

## **6 CONCLUSION**

6.1 COVID-19 has had an adverse effect on income; Income recovery or subsidy is based at 95% \* 75% of budgeted income and therefore there remains an income gap and increase in net service expenditure. This will need to be fully reconciled after accounting adjustments which will determine the level of draw down from reserves.

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## **APPENDICES**

Appendix 1 Revenue Budget – Budget to Actual

Appendix 2 Revenue Budget – Budget to Forecast