

OVERVIEW AND SCRUTINY COMMITTEE

DATE OF MEETING: 15 DECEMBER 2020
TITLE OF REPORT: 2020-21 BUDGET MONITORING – POSITION STATEMENT AT 31 OCTOBER 2020 FOLLOWING LOCKDOWN 2.0
Report of: Head of Corporate Services
Cabinet Member: Councillor James Radley

1 PURPOSE OF REPORT

1.1 To advise Members of the position on revenue expenditure as an additional report following Lockdown 2.0. It is important that during these unprecedented times Members are regularly informed of significant changes to expenditure on a timely basis which may be outside the standard quarterly budget reporting cycle.

2 OFFICER RECOMMENDATION

2.1 To note the revised projections and reasons for the main revenue variations shown in this report.

3 BACKGROUND

3.1 In September, the Council agreed a revised budget to reflect the first wave of Covid-19. This was always recognised to be an interim position statement because the pandemic was still ongoing, and its full effects could not yet be fully quantified.

3.2 There has now been a second lockdown (Lockdown 2.0) between the 5th November and 2nd December which has further impacted the Council's ability to collect fees and charges and has increased the number of services that we are required to deliver.

4 REVENUE BUDGET MONITORING

4.1 In the September Quarter 2 Budget monitoring report, it was forecasted that there would not be a significant overspend or underspend at the 31st March 2021. However, since that monitoring was carried out the national and local landscape has significantly changed, and the ongoing implications of the pandemic are still being refined. As a result, it is sensible to reconsider the latest forecast position.

4.2 The latest forecast is:

Table 4.4A

Service Area	Revised Budget full year 20/21 £'000	Budget expenditure to 31/10/20 £'000	Actual expenditure to 31/10/20 £'000	Variance Actual against Budget £'000	Revised Full Year Forecast £'000	Variance Forecast against Budget £'000
Corporate	5,208	(3,868)	(3,980)	(112)	5,525	317

Community	1,030	64	(£167)	(231)	1,026	(4)
Technical & Environmental	3,083	1,739	£850	(889)	3,634	551
Place Services	2,098	1,368	£1,204	(164)	2,298	200
Total	11,419	(697)	(2,093)	(1,396)	12,483	1,064
Accounting Adjustments	(1,987)	(420)	(522)	(101)	(2,079)	(92)
Net Cost of Services	9,432	(1,117)	(2,615)	(1,497)	10,404	972

- 4.3 Table 4.4A shows that the revised full year forecast at a net cost of services level sits at £10.404m which exceeds the September budget position by £972K. This budget pressure is made up of a combination of further spend required by Covid-19 new burdens and additional lost income which wasn't budgeted for and arose as a result of the second peak of the virus.
- 4.4 These figures do reflect known compensation for fees and charges lost during the first lockdown but do not reflect the additional claims we will now be making as a result of Lockdown 2.0. Additional costs are being incurred as a result of additional burdens in distributing business grants, self-isolation payments and hardship payments. Unfortunately, due to the instantaneous requirements to set-up, assess and pay grants it is still very difficult to provide an informed estimate of the true costs of providing these additional services particularly as in many instances the Government has not yet confirmed that the Council will receive any further grant support. We are also unsure of how long we will be required to provide these additional services.
- 4.5 The key reasons for the amendment to forecast are detailed below:

Income Loss – Parking, Planning, Leisure, Bulky Waste	£520K
IT additional costs	£96K
Pension Additional Costs	£60K
Loss in recycle income	£264K
Miscellaneous	£32K

- 4.6 The Council holds a number of earmarked reserves for specific purposes which can be justly drawn upon to offset additional expenditure. For example, we have spent an £25K of expenditure on providing all staff with the digital technology they need to be able to work remotely and this has been funded from the revenue budget. On reflection, the Council holds a digital transformation reserve which was set up to deliver exactly the same digital transformation. Clearly that ear marked reserve should be used to offset the expenditure.
- 4.7 In January, a report will be taken to Cabinet to consider in these unprecedented times the use of appropriate drawdowns from specific earmarked reserves which will help to recompense the General Fund Reserves from some of the impact of the pandemic. The Government itself is also in the process of considering what, if any, further funds should be made available to local government to compensate it for lost income. This will enable us to adjust our forecast further for income lost due to Lockdown 2.0.

5 MANAGEMENT OF RISK

- 5.1 The monthly budget monitoring process examines all income and expenditure against budgets. It highlights at an early stage where expenditure is being incurred but where insufficient or no budgetary provision exists. Unfortunately, the pandemic is ongoing and therefore it must be acknowledged that in many instances the Council's response will have to be reactive rather than proactive.

6 CONCLUSION

- 6.1 The latest budget forecast is prudently estimated at £972K overspend before additional work carried out to understand compensation, new burdens payments and draw downs from earmarked reserves.

Contact Details: Emma Foy, email: Emma.Foy@Hart.Gov.uk