

Budget Monitoring and Forecast Outturn – April to July 2020

Highlight report – 25 August 2020

Monthly Summary:

The outturn forecast has increased from last month by £0.8m to a total of £5.6m, due to the ongoing impact of Covid-19. The Leisure services forecast overspend has increased to £2.5m, reflecting the contractual arrangements with Places Leisure during the period of closure and re-opening of the leisure centres. Parking visits are increasing, although people are generally staying shorter periods. Parking income has been revised down by £52k, bringing the total shortfall in this area to £2.17m. General service savings of £415k across other areas of the Council have been identified and are being actioned.

Revenue Outturn Forecast:

Outturn Forecast	£000s
Chief Executive	(22)
Resources	2,196
Community and Culture	2,639
Place	788
Total overspend / (surplus)	5,601

Income and Expenditure (exc Benefits)

Net spend for the period was £2.7m or 26% of the annual budget and £800k higher than for the same period last year.

Gross spend was below the 2019/20 equivalent level by £0.7m and is 31% of the annual budget. Staffing savings (including casuals, agency and overtime) are currently approx £345k at M4.

Gross income however is £1.5m lower to M4 this year. By M4 last year, 40% of the annual income budget had been achieved. This year the equivalent percentage is 33%. Positively at least, garden waste income is £55k ahead of budget, probably caused by increased gardening activity during lockdown and the household waste site being shut and lengthy queues upon re-opening.

Monitoring Compliance: 97%

No budget monitoring or forecasting was received from one budget holder.

Capital Expenditure:

Spend to date of £1.33m (16%). The capital budget was reduced to £8.5m by Council on 23 July 2020 to focus on essential spend and assets that generate a return. Spend is lagging as the pandemic subdues progress and therefore spending.

Capital Outturn Forecast:

Budget holders are optimistically forecasting a full year spend approaching budget at £7.9m (93%).

Many projects will have to show accelerated spend in the latter half of the year to achieve this forecast; particularly the major programme items of Housing Enabling Grants (£1.2m), Highwood community centre (£0.5m) and the Disability Facility Grants (£1.25m).

Past experience indicates the forecast spend tends to decline as the year progresses and plans are delayed. The pandemic is likely to only exacerbate this.

The future

Offsetting this operational forecast overspend, £1.6m of 'expenditure' Government grant has been received. Some funding from the imminent 'income loss' compensation scheme is though expected.

Actions are also being taken to reduce ongoing costs across the Council. A large proportion of the Council's costs are staffing related, which may result in some redundancies. This will incur redundancy costs and in some cases, pension strain costs if employees are over 55 years old.

This is highly likely to exceed the corporate provision for redundancy of £250k. This has not been forecast, as the number of employees who might be affected and the size of any redundancy payments including pension costs are not known at this point.

Support for both businesses and residents during Covid-19 has lowered the collection of Business Rates and Council-tax. Business rate collection is 6.9% (£1.86m) behind the budgeted projection at M4. Council tax collection is 0.6% (£0.7m) behind the budgeted projection. The Council's risk is limited to the percentage share of any Collection Fund deficit.