

## Budget Monitoring and Forecast Outturn – April to October 2020

Highlight report – 12 November 2020

**Monthly Summary:** The forecast overspend for the year has increased this month by £0.4m to £5.4m, mostly due to the November lockdown which had not been forecast previously. The increase is set against the backdrop of slow recovery since a high point of a £5.6m forecast overspend at M4. This had been gradually falling away to just under £5m at M6 as the Covid-19 pressures on income released a little as income was gradually returning. The current forecast is based on the lockdown ending on 2 December 2020.

### Revenue Outturn Forecast:

Outturn Forecast	£000s
Chief Executive	-78
Resources	2,461
Community and Culture	2,126
Place	900
<b>Total overspend / (surplus)</b>	<b>5,408</b>

### Expenditure

Payments to Place Leisure were estimated to be around £1.8m for the period of closure, re-opening and support for the impact of Covid-19 on leisure centres through to 31 March 2021. This figure is being revisited in light of the additional closure in November 2020.

The Council went through a restructure consultancy period during October 2020. Whilst not yet fully resolved, full year savings are estimated to be in the region of £1.3m, which will benefit 2021/22 more than the current year. In addition, the forecast also currently excludes a lot of the resulting redundancy and pension strain costs, as this is not yet finalised, but is estimated to be around £0.75m. This is an additional pressure to the overspend position that is not as yet forecast.

£1.75m of Covid-19 'expenditure' grant funding has been received to offset some of the in-year losses.

### Monitoring Compliance: 94%

32 of 34 budget holders returns were included in the forecast.

### Capital Expenditure:

Spend to date of £3.4m (39%) of £8.8m capital budget. Spend is lagging as the pandemic subdues progress, albeit £0.5m was spent in month 7, the largest being £0.26m on Oakhurst phase IV which is now completed.

### Capital Outturn Forecast:

Budget holders are forecasting a full year spend of £6.8m (77% of budget) which would require spend of £3.4m in the last five months of the year, which is challenging, especially now Oakhurst phase IV has finished.

Major programmes such as the Disability Facility Grants (£1.25m 36% spent) will have to show accelerated spend to achieve this. Out of 42 projects, 15 are yet to start spending. The most significant is the Highwood community centre project, which is awaiting for the outcome of a community asset review, which is currently in progress.

### Income

Key issues and changes to the income position forecast:

- Parking remains the key area of loss with a forecast reduction of £2.5m, of which £0.5m is attributable to the November 2020 lockdown, not previously forecast.
- £0.9m lower Planning application income, although small signs that applications are slowly coming back.
- £0.6m income from Places Leisure from the loss of management fee for running leisure centres - due to Covid-19.
- £0.6m commercial income from rents and investment income have both been hit.
- £182k Arts Council funding received at the Capitol is included in the forecast above.

A £1.1m claim was submitted at the end of September for the first four months (T1) of the income loss grant, with 70% of this from Parking and the remainder across Development and Leisure and Culture. The totals in the first three months of T2 are running lower, albeit benefiting from not having a 5% cap deduction. There is however the likelihood that the fourth month (November) will increase this and help offset some of the additional lockdown income losses.

The income loss claim for T2 will be submitted by the end of December 2020.