

FINANCIAL MONITORING REPORT - PERIOD 1 2020/21

SECTION 1: SUMMARY REVENUE BUDGET

- 1.1 This is the first Financial Monitoring Report for 2020/21. The financial environment within which the Council operates already presented significant financial challenges, prior to the outbreak of the coronavirus pandemic (COVID-19).

The Council's 2020/21 budget was approved by Council on the 4th March 2020, and in setting the budget, a number of baseline budgets were 'reset' recognising the increased demand led pressures (particularly in relation to social care) and specific pressures in some income generating areas. Savings of £5m were approved by members and a £5m contribution from reserves was agreed in arriving at a balanced budget position.

- 1.2 The additional pressures arising from COVID-19 are subject to a separate report, and this report will largely concentrate on the Council's 'business as usual' position for the period.

Current Forecast Outturn

- 1.3 The Current Estimates and Forecast Outturn position for 2020/21 are summarised in Table 1. A more detailed analysis of the gross expenditure and income for each Portfolio is provided at Annex A.

Table 1 – Revenue Budget 2020/21	Original Budget £000	Current Budget £000	Forecast Outturn £000	Variance + / - £000	Ref Annex
Developing Young People	12,217	12,260	12,260	0	A (i)
Protecting Young People	44,624	44,733	44,903	+170	A (ii)
Adult Social Care and Health	51,303	51,316	51,902	+586	A (iii)
Public Health, Leisure, Libraries, Arts and Heritage	5,466	5,457	5,364	(93)	A (iv)
Finance	3,267	3,267	3,267	0	A (v)
Corporate Services, Estates and Communication	3,587	3,938	3,909	(29)	A (vi)
Environmental Services	21,008	21,103	21,201	+98	A (vii)
Economic Regeneration and Housing	3,903	4,220	4,198	(22)	A (viii)
Community Safety	7,968	8,033	7,927	(106)	A (ix)
TOTAL PORTFOLIO BUDGETS	153,343	154,327	154,931	+604	
Council-Wide budgets	(153,343)	(153,960)	(153,960)	0	
NET POSITION 2020/21	0	367	971	+604	

- 1.4 The original approved budget has been revised to include adjustments arising from the outturn position for 2019/20 (subject to audit) which is to be considered on the same Cabinet agenda as this report. This report has been prepared on the basis that the recommendations in the Outturn report are approved and include:
- (i) Adjustments for the acceleration (£442k) and carry forward of earmarked reserve funded schemes +£1,059k from/into 2020/21 and;
 - (ii) Allowing for a (£367k) carry forward of budget provision from 2019/20 where specific service commitments are continuing into 2020/21.
- 1.5 The portfolio focussed narratives provided in Annex A detail the key variances that have been identified at this stage. An in-year overspend of £604k is currently projected based on the respective forecast outturn positions, as shown in the previous table.
- 1.6 It is important to note that the current 2020/21 budget already incorporates the use of £5m of funding from earmarked reserves that are being applied in relation to recurrent items of expenditure. This has been accepted as being an unsustainable position.

Budget Matters

- 1.7 Members will recall that when setting the budget for 2020/21, additional recurrent budgetary provision of £9m was agreed in relation to costs associated with Children Looked After. Although no variations have been projected at this early stage of the financial year, it should be noted that expenditure in respect of Children Looked After has increased substantially in recent years and the potential for cost and/or volume volatility continues to present a significant financial risk.
- 1.8 The forecast position for Adult Social Care and Health reflects known existing pressures and anticipated levels of activity taking into account, as far as possible at this stage, the potential lasting effects on the market of the COVID-19 pandemic.
- COVID-19 infection rates have resulted in lower occupancy levels in care home settings and therefore additional funding received to support the response to COVID-19 is currently being utilised to support care providers with cash flow and to maintain a robust and effective provider market. This is reported as part of the COVID-19 financial response report. However, even after the end of the immediate COVID-19 period, it is likely that the effects of under occupancy may still be felt and the market may be in need of on-going support, therefore offsetting the financial effects of under occupancy now. This could be seen for both pool and non-pool commissioned services budgets.
- 1.9 There are anticipated pressures within services for people with Learning Disabilities in both Direct Payments and Supported Living - in particular in relation to a number of support packages that have been put in place very recently - along with an anticipated pressure in in-house services due to the level of staffing cover required. Similarly, the pressure shown in Mental Health services relates to a significant residential care package that has been arranged very recently.
- 1.10 In relation to Public Health services, there were a small number of areas where activity was higher than anticipated in 2019/20 and will need further management in 2020/21 to remain within the grant envelope, the most significant of these being Sexual Health services.

A balance of £670k Public Health Grant has been carried forward into 2020/21 which is partly committed, with further one-off costs to be considered for funding during the year.

SECTION 2: IMPLEMENTATION OF 2020/21 SAVINGS PROPOSALS

2.1 Progress towards the achievement of savings targets has, in some areas, been impacted by COVID-19. Table 2 below details those savings which are forecast to be achieved in year (green). Savings of £1,438k are at risk of not being achieved due to COVID-19 (red). Those savings detailed as amber may not be achieved if plans cannot be affected during the COVID-19 recovery period. Those savings at risk of not being delivered during the year as a consequence of the coronavirus pandemic are also detailed in a separate report elsewhere on the Cabinet agenda.

Table 2 – Implementation of 2020/21 savings proposals	£000	%
Actual or Forecast reduction in expenditure / increase in income	2,930	57.95%
No forecast reduction in expenditure / increase in income but plans being put in place to achieve	688	13.61%
Saving will not be achieved in year	1,438	28.44%

SECTION 3: CAPITAL PROGRAMME 2020/21 to 2022/23

3.1 Table 3 represents a summary of the Council's current 3-year capital programme. The detailed programme is provided at Annex B.

Table 3 - Capital Programme 2020/21 to 2022/23	2020/21 £000	2021/22 £000	2022/23 £000
Developing Young People	13,377	3,182	2,300
Protecting Young People	50	0	0
Adult Social Care and Health	57	0	0
Public Health, Leisure, Libraries, Arts and Heritage	560	0	0
Corporate Services, Estates and Communication	3,391	500	500
Environmental Services *	41,963	15,015	3,769
Economic Regeneration and Housing	1,621	20	20
Community Safety	3,508	3,182	2,774
Total	64,527	21,899	9,363
FINANCED BY			
Grants and Other Contributions	44,520	19,695	7,287
Capital Receipts	4,083	737	876
Revenue Contribution	2,212	500	500
Borrowing	13,712	967	700
Total	64,527	21,899	9,363

*includes £38.9m in relation to Parkside where spend was profiled prior to 'call-in' see section 5.1 (£27.3m in 2020/21 and £11.6m in 2021/22). The profile of spend will be updated in future Financial Monitoring Reports.

SECTION 4: RESERVES AND BALANCES

4.1 General Balances

The general balances position at 31st March 2021 is as follows having regard to the net current forecast outturn position as detailed in Table 1. This position assumes that the Council's financial exposure from COVID-19 is funded by the Government.

Table 4 – General Balances	Original Estimate £000	Forecast Outturn £000
General Balances as at 1 April 2020	8,000	9,327
Net Position 2020/21	-	(971)
General Balances as at 31 March 2021	8,000	8,356

The approved Revenue and Capital Budget 2020/21 detailed that an underlying level of general balances of £8m was appropriate for 2020/21 after having regard to the risks and uncertainties presented to the Council. This was before the COVID-19 pandemic.

4.2 Earmarked Balances

The position in relation to Earmarked Balances at 31st March 2021 is highlighted in Table 5. Annex C provides details of Earmarked Balances to 2022/23.

Table 5 – Earmarked Balances	Balance at 1 April 2020 £000	To be set aside 2020/21 £000	To be utilised 2020/21 £000	Balance at 31 March 2021 £000
Transformation Reserve	10,750	800	(1,450)	10,100
Growth Reserve	4,418	-	(1,610)	2,808
Children's Services Reserve	4,256	-	(2,924)	1,332
Essential Equipment Fund	424	1,000	(374)	1,050
Councillor Improvement Fund	677	-	(250)	427
Insurance & Contingent Liability Fund	6,918	-	(1,000)	5,918
Waste Management Development Fund	1,641	-	(1,611)	30
Inflation Reserve	4,000	1,000	(1,000)	4,000
Equal Pay Reserve	425	-	-	425
Community Improvement Reserve	1,292	-	(529)	763
Strategic Priorities Fund	567	-	(67)	500
Service Investment Reserve	1,753	-	(100)	1,653
COVID-19 Funding Reserve	6,177	-	(6,177)	-
Restructuring Reserve	465	-	-	465
TOTAL	43,763	2,800	(17,092)	29,471

4.3 Schools Balances

The projected position reflects schools' current spending plans for the financial year, as approved by the individual governing bodies.

Table 6 – School Balances	£000
School Balances as at 1 April 2020	7,107
Forecast Net Position 2020/21	(607)
Forecast School Balances as at 31 March 2021	6,500

4.4 Usable Capital Receipts

Table 7 – Usable Capital Receipts	£000
Available Capital Receipts brought forward at 1 April 2020	28,031
Receipts generated in year to date	0
Receipts from the repayment of Council and equity release loans ring-fenced for future years' Housing Programme	(112)
Required to fund Capital Programme 2020/21 to 2022/23 *	(5,696)
Available Balance (after taking commitments into account)	22,223

* Excludes building demolition costs at Redbank School site as detailed in the Cabinet Report of the 8th January 2019 and the implications of any other reports being considered on this Cabinet agenda.

SECTION 5: OTHER FINANCIAL MONITORING MATTERS

5.1 Parkside Regeneration

Planning applications for the Parkside Link Road and for the first phase of works at the former Parkside Colliery site have been called-in by the Secretary of State for determination. An Inquiry of this nature will inevitably result in significant additional costs to the Council, which will be reported within future Financial Monitoring Reports, alongside the impact on the capital programme.

5.2 Schools Insurance – Risk Protection Arrangement

The Financial Monitoring Report that was scheduled to be presented to Cabinet on the 25th March 2020 outlined the alternative insurance arrangements available for schools from 1st April 2020. As at the time of drafting this report 4 schools have confirmed they had opted to join the Risk Protection Arrangement (RPA) provided by the Department of Education from 2020/21. A further 37 schools have elected to continue with the insurance arrangements managed by the Council, although they can at any time elect to join the RPA scheme. The remaining schools have at this juncture not confirmed their intended arrangements, and further discussion is being undertaken with regard to their intentions from July 2020 when the Councils general insurances are due for renewal.

SECTION 6: TREASURY MANAGEMENT POSITION STATEMENT

6.1 A summary of the Council's Treasury position as at the end of the reporting period is included in Table 8. A more detailed breakdown of the Treasury Management position is included at Annex D.

Table 8 – Treasury Management Position	As at 1 April 2020	As at Current Period
Investments Outstanding	£118.5m	£146.6m
Investment Returns (average for the year to date)	-	0.85%
Benchmark Returns	-	0.44%
Borrowing	£124.7m	£124.7m

INDEX OF ANNEX A

The following tables analyse portfolio budgets across services and detail the nature of expenditure and income. In addition, where appropriate, progress towards meeting 2019/20 savings is provided.

- (i) Developing Young People Portfolio
- (ii) Protecting Young People Portfolio
- (iii) Adult Social Care and Health Portfolio
- (iv) Public Health, Leisure Libraries, Arts and Heritage Portfolio
- (v) Finance Portfolio
- (vi) Corporate Services, Estates and Communication Portfolio
- (vii) Environmental Services Portfolio
- (viii) Economic Regeneration and Housing Portfolio
- (ix) Community Safety Portfolio

Service Analysis - Developing Young People Portfolio

Annex A(i)

Developing Young People	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/210 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
People's Services Directorate						
Schools						
Schools Delegated Budget	0	0	113,541	(113,541)	0	0
Schools Total	0	0	113,541	(113,541)	0	0
Non Schools						
Other Expenditure Attributable to Schools	4,862	4,862	8,020	(3,158)	4,862	0
Early Years Development (incl PVI's)	204	204	8,109	(7,905)	204	0
Support for Children with SEND	1,809	1,852	8,764	(6,912)	1,852	0
Behaviour Support Services	52	52	3,828	(3,776)	52	0
Home to School/College Transport	3,109	3,109	3,177	(68)	3,109	0
Youth Service	528	528	558	(30)	528	0
Management & Other Support Services	1,653	1,653	3,807	(2,154)	1,653	0
Non Schools Total	12,217	12,260	36,263	(24,003)	12,260	0
Total	12,217	12,260	149,804	(137,544)	12,260	0

- At this stage in the year the portfolio is forecasting no budget variations, but the budget will be closely monitored during the year, and any variations will be included in future reports.

Subjective Analysis - Developing Young People Portfolio (Excluding Schools)**Annex A(i)**

Developing Young People	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	11,715	11,715	11,715	0
Premises	1,005	1,005	1,005	0
Transport	2,639	2,639	2,639	0
Supplies & Services	3,329	3,372	3,372	0
Third Party Payments	11,162	11,162	11,162	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	2,925	2,925	2,925	0
Capital Charges	3,445	3,445	3,445	0
Total Expenditure	36,220	36,263	36,263	0
Sales, Fees & Charges	(264)	(264)	(264)	0
Grants & Reimbursements	(21,933)	(21,933)	(21,933)	0
Recharge Income	(1,806)	(1,806)	(1,806)	0
Total Income	(24,003)	(24,003)	(24,003)	0
Total	12,217	12,260	12,260	0

Service Analysis - Protecting Young People Portfolio**Annex A(ii)**

Protecting Young People	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
People's Services Directorate						
Social Care and Commissioning Teams	8,887	8,952	9,311	(359)	8,952	0
Children Looked After	27,031	27,036	30,979	(3,943)	27,036	0
Child Protection	1,842	1,872	1,979	(107)	1,872	0
Children's Centres/Early Help Service	2,825	2,825	3,330	(505)	2,925	+100
Support for Disabled Children	1,370	1,370	1,780	(410)	1,440	+70
Family Support Services	2,607	2,616	2,915	(299)	2,616	0
Management & Other Support Services	62	62	2,376	(2,314)	62	0
	44,624	44,733	52,670	(7,937)	44,903	+170

- Direct Payments in support of families caring for disabled children is a financial pressure for the portfolio. The level of financial support provided is determined according to an individual assessment of need.
- The Authority is assessing potential options to address issues relating to the operating costs of two Children's Centres that represent a financial pressure for the portfolio.

Subjective Analysis - Protecting Young People Portfolio**Annex A(ii)**

Protecting Young People	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	17,590	17,590	17,590	0
Premises	565	565	665	+100
Transport	454	454	454	0
Supplies & Services	1,511	1,587	1,587	0
Third Party Payments	27,768	27,801	27,801	0
Transfer Payments	544	544	614	+70
Central & Departmental Recharges	3,882	3,882	3,882	0
Capital Charges	247	247	247	0
Total Expenditure	52,561	52,670	52,840	+170
Sales, Fees & Charges	(58)	(58)	(58)	0
Grants & Reimbursements	(2,633)	(2,633)	(2,633)	0
Recharge Income	(5,246)	(5,246)	(5,246)	0
Total Income	(7,937)	(7,937)	(7,937)	0
Total	44,624	44,733	44,903	+170

Service Analysis - Adult Social Care and Health Portfolio

Annex A (iii)

Adult Social Care and Health	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/210 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
People's Services Directorate						
Physical Support - Frail and Elderly	12,502	12,506	31,026	(18,520)	12,573	+67
Sensory Support	840	840	1,031	(191)	840	0
Support with Memory and Cognition	7,873	7,873	12,791	(4,918)	8,078	+205
Learning Disability Support	20,417	20,423	26,974	(6,551)	20,623	+200
Mental Health Support	2,953	2,953	3,991	(1,038)	3,067	+114
Assistive Equipment and Technology	673	673	2,212	(1,539)	673	0
Care Management - Assessment and Review	6,045	6,048	8,125	(2,077)	6,048	0
Transport and Generic Services	0	0	1,374	(1,374)	0	0
Management, Commissioning and Support Services	0	0	4,601	(4,601)	0	0
Total	51,303	51,316	92,125	(40,809)	51,902	+586

- The financial position for Adult Social Care and Health reflects known pressures and anticipated levels of activity taking into account, as far as possible at this stage, the potential lasting effects of the COVID-19 pandemic.
- COVID-19 infection rates have resulted in lower occupancy levels in care home settings and therefore additional funding received to support the response to COVID-19 is currently being utilised to support care providers with cash flow and to maintain a robust and effective provider market. However, even after the end of the immediate COVID-19 period, it is likely that the effects of under occupancy may still be felt and the market may be in need of on-going support, therefore offsetting the financial effects of under occupancy now. This could be seen for both pool and non-pool commissioned services budgets
- There are anticipated pressures within services for people with Learning Disabilities in both Direct Payments and Supported Living, in particular in relation to a number of support packages put in place very recently along with an anticipated pressure in in-house services due to the level of staffing cover. Similarly, the pressure shown in Mental Health services relates to a large residential care package arising very recently.
- The pressure in the pooled budget is in relation to the uplift on the Funded Nursing Care rate for 2020/21 of almost 7% more than anticipated.

Subjective Analysis - Adult Social Care and Health Portfolio**Annex A (iii)**

Adult Social Care and Health	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	19,932	19,932	19,932	0
Premises	146	146	146	0
Transport	675	675	675	0
Supplies & Services	1,484	1,484	1,484	0
Third Party Payments	42,937	42,950	43,269	+319
Transfer Payments	7,767	7,767	7,967	+200
Central & Departmental Recharges	19,002	19,015	19,082	+67
Capital Charges	169	169	169	0
Total Expenditure	92,112	92,138	92,274	+586
Sales, Fees & Charges	(12,703)	(12,703)	(12,703)	0
Grants & Reimbursements	(21,218)	(21,218)	(21,218)	0
Recharge Income	(6,888)	(6,901)	(6,901)	0
Total Income	(40,809)	(40,822)	(40,822)	0
Total	51,303	51,316	51,902	+586

Service Analysis - Public Health, Leisure, Libraries, Arts and Heritage Portfolio

Annex A (iv)

Public Health, Leisure, Libraries, Arts and Heritage	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
People's Services Directorate						
Sexual Health	2,054	2,054	2,054	0	2,054	0
Primary Care	115	115	115	0	115	0
Public Health Advice	733	733	733	0	733	0
Obesity	1,163	1,163	1,163	0	1,163	0
Physical Activity	1,030	1,030	1,030	0	1,030	0
Substance Misuse	2,906	2,906	2,906	0	2,906	0
Stop Smoking Services & Interventions	595	595	595	0	595	0
Healthy Child Programme	4,664	4,664	4,664	0	4,664	0
Miscellaneous Public Health Services	903	903	1,003	(100)	903	0
Management & Support Services	0	0	2,435	(2,435)	0	0
Public Health Grant	(14,163)	(14,163)	0	(14,163)	(14,163)	0
Public Health Grant Funded Services	0	0	16,698	(16,698)	0	0
Place Services Directorate						
Adult Community Learning	5	5	607	(602)	5	0
Arts Development & Support	435	444	484	(40)	428	(16)
Archiving	123	123	233	(110)	123	0
Sports Development	686	668	905	(237)	668	0
Indoor Sports & Recreation	1,248	1,248	4,377	(3,129)	1,211	(37)
Outdoor Sports & Recreation	308	308	451	(143)	300	(8)
Library Services	2,430	2,430	2,602	(172)	2,398	(32)
Tourism & Events	231	231	256	(25)	231	0
Total Leisure, Libraries, Arts and Heritage Services	5,466	5,457	9,915	(4,458)	5,364	(93)
Total	5,466	5,457	26,613	(21,156)	5,364	(93)

Service Analysis - Public Health, Leisure, Libraries, Arts and Heritage Portfolio

Annex A (iv)

- Services funded from the Public Health Grant are anticipated to be balanced at this point in the year. A balance of £670k has been carried forward from 2019/20.

Subjective Analysis - Public Health Grant Funded Services**Annex A (iv)**

Public Health Grant Funded Services	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	963	963	963	0
Premises	0	0	0	0
Transport	5	5	5	0
Supplies & Services	68	68	68	0
Third Party Payments	11,463	11,463	11,463	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	4,199	4,199	4,199	0
Capital Charges	0	0	0	0
Total Expenditure	16,698	16,698	16,698	0
Sales, Fees & Charges	0	0	0	0
Grants & Reimbursements	(14,263)	(14,263)	(14,263)	0
Recharge Income	(2,435)	(2,435)	(2,435)	0
Total Income	(16,698)	(16,698)	(16,698)	0
Total	0	0	0	0

Subjective Analysis – Leisure, Libraries, Arts and Heritage Services**Annex(iv)**

Leisure, Libraries, Arts and Heritage	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	4,543	4,543	4,466	(77)
Premises	1,686	1,686	1,686	0
Transport	33	33	33	0
Supplies & Services	1,093	1,084	1,068	(16)
Third Party Payments	899	899	899	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	796	796	796	0
Capital Charges	874	874	874	0
Total Expenditure	9,924	9,915	9,822	(93)
Sales, Fees & Charges	(2,977)	(2,977)	(2,977)	0
Grants & Reimbursements	(765)	(765)	(765)	0
Recharge Income	(716)	(716)	(716)	0
Total Income	(4,458)	(4,458)	(4,458)	0
Total	5,466	5,457	5,364	(93)

Service Analysis – Finance Portfolio**Annex A (v)**

Finance	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Corporate Services Directorate						
Local Tax Collection	1,465	1,465	2,311	(846)	1,465	0
Emergency Planning	93	93	93	0	93	0
Local Welfare Assistance Schemes	131	131	131	0	131	0
Grants and Donations	44	44	51	(7)	44	0
Non-Distributed Costs	1,534	1,534	1,534	0	1,534	0
Finance	0	0	5,914	(5,914)	0	0
Total	3,267	3,267	10,034	(6,767)	3,267	0

- At this stage in the year the portfolio is forecasting no budget variations, but the budget will be closely monitored during the year, and any variations will be included in future reports.

Subjective Analysis - Finance Portfolio**Annex A (v)**

Finance	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	5,472	5,472	5,472	0
Premises	0	0	0	0
Transport	38	38	38	0
Supplies & Services	1,734	1,734	1,734	0
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	2,790	2,790	2,790	0
Capital Charges	0	0	0	0
Total Expenditure	10,034	10,034	10,034	0
Sales, Fees & Charges	(14)	(14)	(14)	0
Grants & Reimbursements	(2,398)	(2,398)	(2,398)	0
Recharge Income	(4,355)	(4,355)	(4,355)	0
Total Income	(6,767)	(6,767)	(6,767)	0
Total	3,267	3,267	3,267	0

Service Analysis - Corporate Services, Estates and Communication Portfolio

Annex A (vi)

Corporate Services, Estates and Communication	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/210 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Corporate Services Directorate						
Corporate Management	1,320	1,671	1,671	0	1,671	0
Democratic Representation and Management	1,577	1,577	1,577	0	1,577	0
Coroners Court Services	220	220	220	0	220	0
Registration of Births, Deaths and Marriages	60	60	250	(190)	60	0
Elections	410	410	412	(2)	310	(100)
I.T	0	0	7,647	(7,647)	0	0
Human Resources	0	0	2,781	(2,781)	0	0
Legal Services	0	0	1,340	(1,340)	0	0
Governance and Administration	0	0	844	(844)	0	0
Press and Public Affairs	0	0	627	(627)	0	0
Other Services	0	0	129	(129)	0	0
Corporate Services & Communication Total	3,587	3,938	17,498	(13,560)	3,838	(100)
Place Services Directorate						
Building Support Services	0	0	5,776	(5,776)	75	+75
Estates Management	0	0	340	(340)	(4)	(4)
Building Support and Estates Total	0	0	6,116	(6,116)	71	+71
Total	3,587	3,938	23,614	(19,676)	3,909	(29)

- Building Support are forecasting an overspend of £75k on Repairs & Maintenance, assuming spend levels are as 2019/20.
- Due to the current Coronavirus pandemic, the Government decided to postpone local and mayoral elections for a year, to May 2021. The current forecast is that this will result in an underspend of £100,000.

Subjective Analysis - Corporate Services and Communication Portfolio**Annex A (vi)**

Corporate Services and Communication	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	9,263	9,263	9,263	0
Premises	10	10	10	0
Transport	78	78	78	0
Supplies & Services	2,834	3,185	3,085	(100)
Third Party Payments	224	224	224	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	3,587	3,938	3,938	0
Capital Charges	800	800	800	0
Total Expenditure	16,796	17,498	17,398	(100)
Sales, Fees & Charges	(610)	(610)	(610)	0
Grants & Reimbursements	(245)	(245)	(245)	0
Recharge Income	(12,354)	(12,705)	(12,705)	0
Total Income	(13,209)	(13,560)	(13,560)	0
Total	3,587	3,938	3,838	(100)

Subjective Analysis - Building Support and Estates Services Portfolio**Annex A (vi)**

Building Support and Estates Services	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	735	735	731	(4)
Premises	4,485	4,485	4,560	+75
Transport	2	2	2	0
Supplies & Services	141	141	141	0
Third Party Payments	66	66	66	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	442	442	442	0
Capital Charges	185	245	245	0
Total Expenditure	6,056	6,116	6,187	+71
Sales, Fees & Charges	(21)	(21)	(21)	0
Grants & Reimbursements	(10)	(10)	(10)	0
Recharge Income	(6,025)	(6,085)	(6,085)	0
Total Income	(6,056)	(6,116)	(6,116)	0
Total	0	0	71	+71

Service Analysis - Environmental Services Portfolio

Annex A (vii)

Environmental Services	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/210 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Place Services Directorate						
Environmental Health	1,074	1,074	1,444	(370)	1,151	+77
Trading Standards	523	523	537	(14)	515	(8)
Parks & Open Spaces	2,289	2,289	2,436	(147)	2,309	+20
Street Cleansing	1,705	1,705	1,879	(174)	1,705	0
Cemetery and Crematorium	(988)	(988)	1,421	(2,409)	(988)	0
Waste Collection	1,680	1,680	2,343	(663)	1,680	0
Recycling	3,724	4,190	6,631	(2,441)	4,190	0
Parking Services	(91)	(70)	1,427	(1,497)	(70)	0
Highways Maintenance	8,584	8,182	10,100	(1,918)	8,138	(44)
Street Lighting	1,660	1,660	1,821	(161)	1,660	0
Traffic Management & Road Safety	667	677	871	(194)	642	(35)
Direct Services	(193)	(193)	18,927	(19,120)	(143)	+50
Management & Support Services	0	0	2,244	(2,244)	(32)	(32)
Licensing & Land Charges	(126)	(126)	511	(637)	(56)	+70
Councillor Improvement Fund	500	500	500	0	500	0
Total	21,008	21,103	53,092	(31,989)	21,201	+98

Service Analysis - Environmental Services Portfolio

Annex A (vii)

- Environmental Health has an ongoing budget pressure of £77k on the Environmental Warden Service (£112k shortfall in income and £35k staff slippage from a vacant post).
- Direct Services are forecasting an overspend of £50k. This is made up of an underspend of (£45k) on employees due to vacant posts, ongoing income pressures of £20k and £57k on Security and Careline respectively, and a shortfall on other income on Transport Services.
- Licensing has an ongoing budget pressure of £70k due to a shortfall in income.

Subjective Analysis - Environmental Services Portfolio**Annex A (vii)**

Environmental Services	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	22,871	22,871	22,575	(296)
Premises	5,050	5,050	5,050	0
Transport	5,224	5,224	5,224	0
Supplies & Services	4,918	4,922	5,022	+100
Third Party Payments	2,349	2,366	2,366	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	3,487	3,487	3,487	0
Capital Charges	9,098	9,172	9,172	0
Total Expenditure	52,997	53,092	52,901	(196)
Sales, Fees & Charges	(11,779)	(11,779)	(11,510)	+269
Grants & Reimbursements	(1,182)	(1,182)	(1,182)	0
Recharge Income	(19,028)	(19,028)	(19,003)	+25
Total Income	(31,989)	(31,989)	(31,695)	+294
Total	21,008	21,103	21,201	+98

Service Analysis - Economic Regeneration and Housing Portfolio

Annex A (viii)

Economic Regeneration and Housing	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/210 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Place Services Directorate						
Building Control	259	259	603	(344)	259	0
Development Control	232	232	1,205	(973)	198	(34)
Planning Policy	709	766	766	0	755	(11)
Estates - Industrial & Commercial Premises (including Town Centre)	(146)	(137)	5,044	(5,181)	(74)	+63
Market Undertakings	284	284	788	(504)	279	(5)
Economic Development	1,452	1,652	2,700	(1,048)	1,652	0
Place & Economic Delivery	321	321	321	0	305	(16)
Management & Support Services	0	0	288	(288)	(19)	(19)
Transport Planning, Policy & Strategy	792	843	1,011	(168)	843	0
Total	3,903	4,220	12,726	(8,506)	4,198	(22)

- The Council has a rental share agreement with the landlord of the Hardshaw Centre. Rental income has reduced to the point that the minimum amount receivable (£117k) has been reached. A budget pressure of £63k is therefore expected.

Subjective Analysis - Economic Regeneration and Housing Portfolio

Annex A (viii)

Economic Regeneration and Housing	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	2,807	2,807	2,722	(85)
Premises	3,542	3,542	3,542	0
Transport	44	44	44	0
Supplies & Services	2,808	3,085	3,085	0
Third Party Payments	1,011	1,051	1,051	0
Transfer Payments	0	0	0	0
Central & Departmental Recharges	1,489	1,489	1,489	0
Capital Charges	708	708	708	0
Total Expenditure	12,409	12,726	12,641	(85)
Sales, Fees & Charges	(6,924)	(6,924)	(6,861)	+63
Grants & Reimbursements	(1,222)	(1,222)	(1,222)	0
Recharge Income	(360)	(360)	(360)	0
Total Income	(8,506)	(8,506)	(8,443)	+63
Total	3,903	4,220	4,198	(22)

Service Analysis - Community Safety Portfolio

Annex A (ix)

Community Safety	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Current Expenditure 2020/21 £000	Current Income 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Place Services Directorate						
Housing Services	887	947	2,537	(1,590)	1,010	+63
Homelessness	294	294	822	(528)	298	+4
Housing Benefit Administration	(265)	(265)	47,796	(48,061)	(265)	0
Supporting People	5,464	5,464	5,464	0	5,309	(155)
Management & Support Services	0	0	255	(255)	0	0
Community Safety	944	949	1,091	(142)	931	(18)
People's Services Directorate						
Youth Offending Teams	644	644	1,329	(685)	644	0
Total	7,968	8,033	59,294	(51,261)	7,927	(106)

- Supporting People is forecasting an underspend of £155k based on the existing level of demand and the profile of service users.
- Housing Services are forecasting a budget pressure of £63k. This is made up of unachieved employee slippage of £28k, an overspend of £18k on utilities at Sherdley Caravan Site, and an expected shortfall in income of £21k.

Subjective Analysis - Community Safety Portfolio**Annex A(ix)**

Community Safety	Original Budget 2020/21 £000	Current Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Staffing	3,153	3,153	3,163	+10
Premises	149	209	227	+18
Transport	114	114	114	0
Supplies & Services	828	828	828	0
Third Party Payments	5,924	5,929	5,778	(151)
Transfer Payments	47,592	47,592	47,592	0
Central & Departmental Recharges	1,086	1,086	1,086	0
Capital Charges	383	383	383	0
Total Expenditure	59,229	59,294	59,171	(123)
Sales, Fees & Charges	(545)	(545)	(528)	+17
Grants & Reimbursements	(49,857)	(49,857)	(49,857)	0
Recharge Income	(859)	(859)	(859)	0
Total Income	(51,261)	(51,261)	(51,244)	+17
Total	7,968	8,033	7,927	(106)

Portfolio	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Developing Young People	13,377	13,377	0	3,182	3,182	0	2,300	2,300	0
Protecting Young People	50	50	0	0	0	0	0	0	0
Adult Social Care and Health	57	57	0	0	0	0	0	0	0
Public Health, Leisure, Libraries, Arts and Heritage	560	560	0	0	0	0	0	0	0
Finance	0	0	0	0	0	0	0	0	0
Corporate Services, Estates and Communication	3,391	3,391	0	500	500	0	500	500	0
Environmental Services	41,963	41,963	0	15,015	15,015	0	3,769	3,769	0
Economic Regeneration and Housing	1,621	1,621	0	20	20	0	20	20	0
Community Safety	3,508	3,508	0	3,182	3,182	0	2,774	2,774	0
TOTAL	64,527	64,527	0	21,899	21,899	0	9,363	9,363	0

Source of Funding	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Grants & Other Contributions	44,520	44,520	0	19,695	19,695	0	7,287	7,287	0
Capital Receipts	4,083	4,083	0	737	737	0	876	876	0
Revenue Contribution	2,212	2,212	0	500	500	0	500	500	0
Borrowing	13,712	13,712	0	967	967	0	700	700	0
TOTAL	64,527	64,527	0	21,899	21,899	0	9,363	9,363	0

DEVELOPING YOUNG PEOPLE PORTFOLIO	2020/21			2021/22			2022/23		
	Outturn	Period 1	Variance	Outturn	Period 1	Variance	Outturn	Period 1	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools									
Allanson Street Primary Internal Decoration	1	1	0	0	0	0	0	0	0
Ashurst Primary Roof Repairs	2	2	0	0	0	0	0	0	0
Ashurst Primary Rebuild	5,230	5,230	0	639	639	0	0	0	0
Bleak Hill Primary Expansion	1,710	1,710	0	43	43	0	0	0	0
Broad Oak Primary Playing Field Drainage	57	57	0	0	0	0	0	0	0
Broad Oak Primary Roof Replacement	43	43	0	0	0	0	0	0	0
Broad Oak Primary Veranda Refurbishment and Nursery Remodel	2	2	0	0	0	0	0	0	0
Eaves Primary Roof Repairs	1	1	0	0	0	0	0	0	0
Legh Vale Primary Roofing Repairs	6	6	0	0	0	0	0	0	0
Longton Lane Primary Condition and Risk Assessment Works	6	6	0	0	0	0	0	0	0
Merton Bank Primary Platform Lift	1	1	0	0	0	0	0	0	0
Newton Le Willows Primary School Remodelling	11	11	0	0	0	0	0	0	0
Newton Le Willows Primary School Brickwork Repairs	2	2	0	0	0	0	0	0	0
Oakdene Primary Heating	2	2	0	0	0	0	0	0	0
Queens Park Primary Refurbishment & Roofing Works	1	1	0	0	0	0	0	0	0
Rainford CE Primary School DDA	4	4	0	0	0	0	0	0	0
Rectory CE Primary ASD Unit Roof	3	3	0	0	0	0	0	0	0
Robins Lane Primary Heating	12	12	0	0	0	0	0	0	0
Sutton Oak CE Primary School Window Replacement	1	1	0	0	0	0	0	0	0
Thato Heath Primary - Flooring	20	20	0	0	0	0	0	0	0
Thatto Heath Primary Fire Compartmentation Works	1	1	0	0	0	0	0	0	0
The District CE Primary Safeguarding/DDA Works	7	7	0	0	0	0	0	0	0
The District CE Primary Heating	20	20	0	0	0	0	0	0	0
Wargrave Primary WC's	3	3	0	0	0	0	0	0	0
Wargrave CE Primary External Facia	4	4	0	0	0	0	0	0	0
Secondary Schools									
Cowley High Boiler Replacement	26	26	0	0	0	0	0	0	0
Cowley High Ventilation	1	1	0	0	0	0	0	0	0
Haydock High Lift / DDA	18	18	0	0	0	0	0	0	0
Special & Other Schools									
Lansbury Bridge Retile Pool	50	50	0	0	0	0	0	0	0
Lansbury Bridge Roof Repairs	23	23	0	0	0	0	0	0	0
Mill Green Key Stage 5 Base	11	11	0	0	0	0	0	0	0
Mil Green Boiler Replacement	30	30	0	0	0	0	0	0	0
Launchpad Roof Renewal	100	100	0	0	0	0	0	0	0
Penkford Refurbishment	903	903	0	0	0	0	0	0	0

ECONOMIC REGENERATION AND HOUSING PORTFOLIO			
Ground Conditions Survey	41	41	0
Town Centre - Car Park Lighting	78	78	0
Town Centre Strategic Acquisition	1,310	1,310	0
Urban Skatepark	192	192	0
TOTAL	1,621	1,621	0

2020/21		
Outturn	Period 1	Variance
£000	£000	£000
41	41	0
78	78	0
1,310	1,310	0
192	192	0
1,621	1,621	0

2021/22		
Outturn	Period 1	Variance
£000	£000	£000
20	20	0
0	0	0
0	0	0
0	0	0
20	20	0

2022/23		
Outturn	Period 1	Variance
£000	£000	£000
20	20	0
0	0	0
0	0	0
0	0	0
20	20	0

COMMUNITY SAFETY PORTFOLIO			
Community Safety Schemes			
Alley Gates - Extended Scheme	14	14	0
Extension of CCTV	21	21	0
Housing Schemes			
Disabled Facilities Grants and Adaptations	2,834	2,834	0
General Fund Housing (Housing Assistance)	66	66	0
Gypsy and Traveller Site	130	130	0
Housing Clearance and Enforcement	97	97	0
Insulation Measures and Fuel Poverty	346	346	0
TOTAL	3,508	3,508	0

2020/21		
Outturn	Period 1	Variance
£000	£000	£000
14	14	0
21	21	0
2,834	2,834	0
66	66	0
130	130	0
97	97	0
346	346	0
3,508	3,508	0

2021/22		
Outturn	Period 1	Variance
£000	£000	£000
0	0	0
0	0	0
2,814	2,814	0
40	40	0
0	0	0
50	50	0
278	278	0
3,182	3,182	0

2022/23		
Outturn	Period 1	Variance
£000	£000	£000
0	0	0
0	0	0
2,774	2,774	0
0	0	0
0	0	0
0	0	0
0	0	0
2,774	2,774	0

EARMARKED BALANCES 2020/21 to 2022/23

Annex C

	Balance 31.03.20 £000	To £000	From £000	Balance 31.03.21 £000	To £000	From £000	Balance 31.03.22 £000	To £000	From £000	Balance 31.03.23 £000
Transformation Reserve (i)	10,750	800	(1,450)	10,100	800	(30)	10,870	800	-	11,670
Growth Reserve (ii)	4,418	-	(1,610)	2,808	-	-	2,808	-	-	2,808
Children's Services Reserve	4,256	-	(2,924)	1,332	-	-	1,332	-	-	1,332
Essential Equipment Fund	424	1,000	(374)	1,050	-	(500)	550	(500)	-	50
Councilor Improvement Fund	677	-	(250)	427	-	-	427	-	-	427
Insurance and Contingent Liabilities	6,918	-	(1,000)	5,918	-	-	5,918	-	-	5,918
Waste Management Fund	1,641	-	(1,611)	30	-	(30)	0	-	-	0
Inflationary Reserve	4,000	1,000	(1,000)	4,000	-	-	4,000	-	-	4,000
Equal Pay Reserve	425	-	-	425	-	-	425	-	-	425
Community Improvement Reserve	1,292	-	(529)	763	-	-	763	-	-	763
Strategic Priorities Fund	567	-	(67)	500	-	-	500	-	-	500
Service Investment Reserve	1,753	-	(100)	1,653	-	-	1,653	-	-	1,653
COVID-19 Funding Reserve	6,177	-	(6,177)	0	-	-	0	-	-	0
Restructuring Reserve	465	-	-	465	-	-	465	-	-	465
Total	43,763	2,800	(17,092)	29,471	800	(560)	29,711	300	0	30,011

(i) A further 500k has been provisionally committed from the Transformation Reserve to support the design, modelling and technical appraisal of potential future transport projects to attract new funding opportunities, as detailed in the Cabinet Report of the 12th December 2018.

(ii) A further £1m has been provisionally committed from the Growth Reserve in relation to attracting investment into the borough as detailed in the Cabinet Report of the 28th November 2018. Separate decisions will be brought forward to develop and implement the proposals.

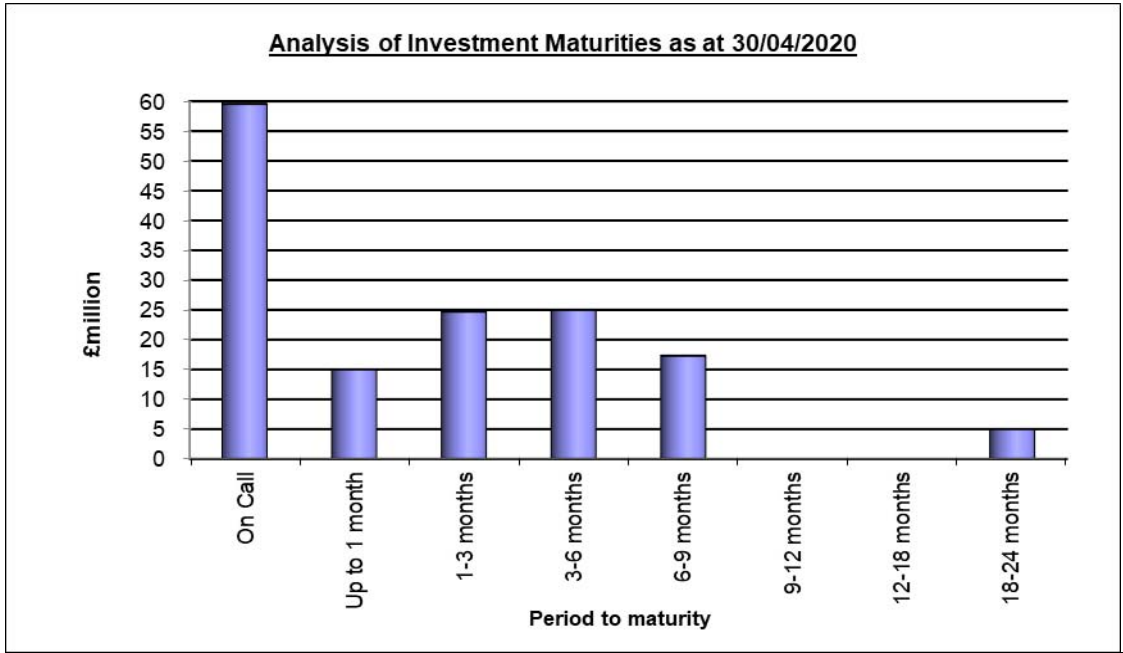
TREASURY MANAGEMENT POSITION STATEMENT

- 1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly. This Section therefore ensures the Council is implementing best practice in accordance with the Code.

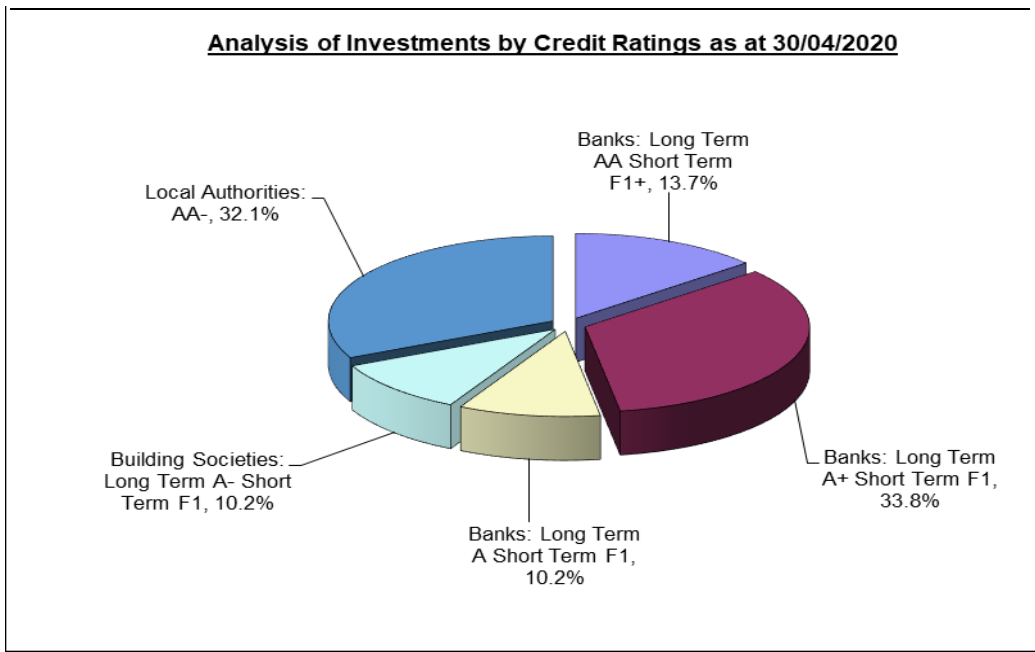
Investments

- 1.2 As detailed in the Council's Annual Investment Strategy (which is incorporated into the annual Treasury Management Strategy Statement) the Council's investment priorities are the security of capital and liquidity of funds. The Council's investment dealings in the period, therefore, have been undertaken in order to achieve the optimum return on its investments, commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks.
- 1.3 In the current economic climate it is considered appropriate to ensure that all investments are placed with highly credit rated financial institutions in line with the Council's authorised Counterparty List (i.e. those institutions with whom we invest monies). It has also been deemed appropriate to ensure that the Council maintains a high degree of liquidity with its investments, to ensure cash is available to deal with emerging pressures due to the current COVID-19 pandemic.
- 1.4 A decision was made, via Administrative Decision CORP000742 on 24 April 2020, to amend the Counterparty Criteria to ensure the Council can place its cash assets in a secure and appropriate way, whilst ensuring that the security of the Council's cash remains the utmost priority. The decision was made in accordance with delegations provided to the Executive Director of Corporate Services under previous resolutions. The acceptable sovereignty rating was reduced from AA+ to AA-, with AA- representing the bottom tier of Very High Credit Quality, and the minimum Short-term rating on 2 categories was reduced from F1+ to F1, representing High Credit Quality.
- 1.5 The Council has sought to maintain a mix of investments with the Counterparties who meet the Council's criteria. However, the profile of maturities has been influenced by a number of factors:
- i) the availability of advantageous call rates from some high quality Counterparties;
 - ii) limits on the duration of investments with certain counterparties;
 - iii) availability of investment opportunities in excess of one year with a number of Counterparties.

The following chart provides an overview of the split in the Authority's investment by maturity as at the 30 April 2020.



1.6 At the time of drafting this report, the Council has investments of £146.559m; the chart below details the split of the Council's investment by type and the credit rating assigned to the different groups of Counterparties.



These investments include funds (circa. £14.9m) held in relation to Schools and Merseyside Recycling and Waste Authority.

1.7 Of the institutions identified in the pie chart above, 13.7% of funds are invested with Counterparties, which have an AA or above rating, which are Banks (with a rating of AA). Of the remaining investments, 76.1% are held with institutions with a Long Term credit rating of at least A but below AA, with the remaining 10.2% held with institutions with a credit rating of A-.

1.8 The average level of funds available, for investment purposes, for April in 2020/21 was £144.946m. Investment rates available in the market remain low and have reduced due to economic uncertainties as a result of the COVID-19 pandemic but, despite this, the Council has performed above benchmark returns, as detailed in the following table.

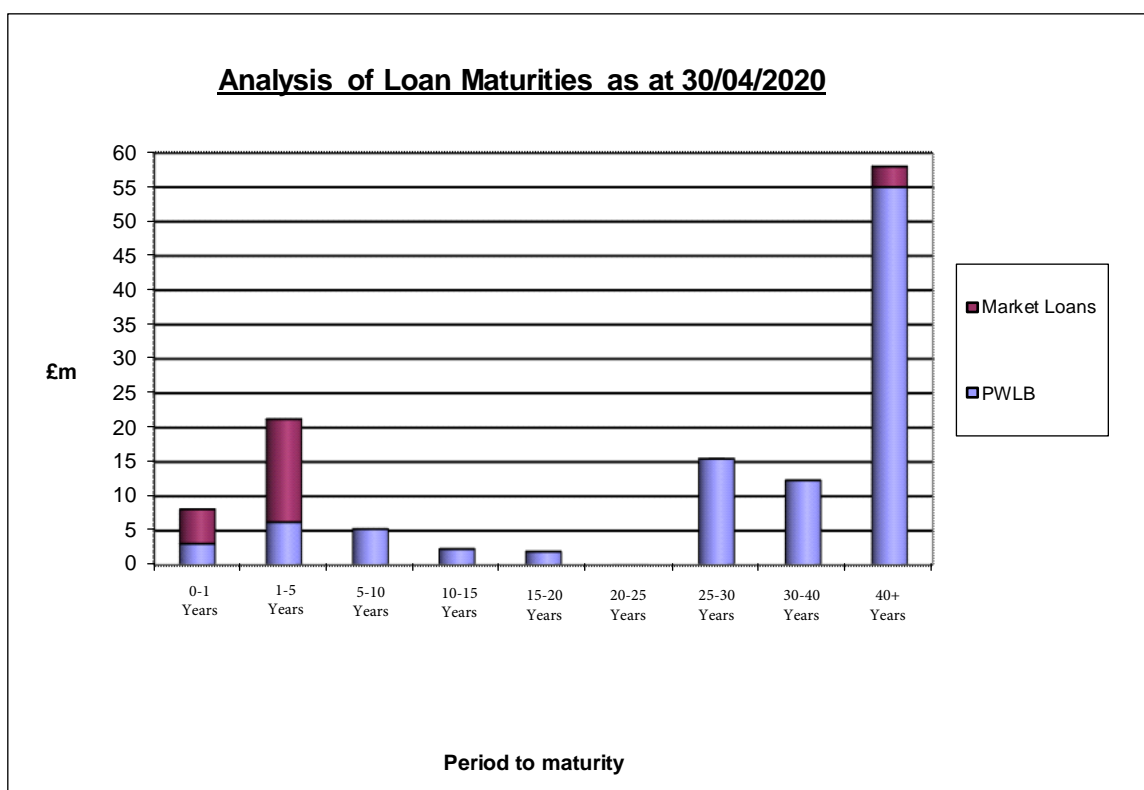
Investment Returns 2020/21 up to 30/04/2020									
2020/21	<u>Returns Achieved</u>			<u>Benchmark Returns</u>			<u>Performance relative to Benchmarks</u>		
Month	Fixed Term Investments	Call Accounts	Combined Return	1 Year LIBID	7 Day LIBID	Combined LIBID	Fixed Term	Call	Overall +/- return
April	1.068%	0.502%	0.846%	0.730%	(0.020%)	0.436%	0.338%	0.522%	0.410%

1.9 Cash holdings are currently higher than forecast in the Treasury Management Strategy Statement due to additional funding that Government have passported to the Council to support expenditure relating to the current pandemic. However, the future level of funding from Government is uncertain and, if further support is not provided, the cash holdings will reduce significantly.

Borrowing

1.11 At the time of drafting this report, the Council has outstanding debt of £124.669m. No new borrowing has been taken during the period.

1.12 The chart below shows the maturity profile of the Council's loan portfolio as at 30 April 2020.



- 1.13 In accordance with the revised Prudential Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a Market Loan (LOBO – Lender Option Borrower Option loan), then this should be treated as a right to require payment. In accordance with this guidance, the maturity dates of the Council's LOBO loans have been profiled as the next call date for each loan. This has made the Council's position look much more short term when all of these loans have maturity dates of 28+ years.
- 1.14 As part of the Budget speech on 11 March, Government announced that a consultation would take place to consider the future lending terms of the Public Works Loan Board (PWLB), considering a limited intervention to address the issue of Local Authorities borrowing from PWLB to buy investment assets, primarily for yield. The consultation was originally scheduled to close on 31 May but has been extended to 31 July 2020 due to the current pandemic.