

CABINET	AGENDA ITEM No. 6
18 JANUARY 2021	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Director of Corporate Resources Kirsty Nutton, Head of Corporate Finance	Tel. 452520 Tel. 384590

BUDGET CONTROL REPORT NOVEMBER 2020

RECOMMENDATIONS	
FROM: Director of Corporate Resources	Deadline date: N/A
<p>It is recommended that Cabinet notes:</p> <ol style="list-style-type: none"> 1. The Budgetary Control position for 2020/21 as at 30 November 2020 is a forecast overspend of £4.8m against budget. This includes the current estimated impact of C-19 and the additional C-19 response funding. 2. Included in this report is a forecast £39.3m of additional pressure due to C-19, as reported to the Ministry of Housing Communities and Local Government, within the November return, as outlined in section 4. 3. The reduction in collection rates in respect of Council Tax and National Non-Domestic Rates, in comparison to the levels achieved in 2019/20, as outlined in section 4; 4. The additional funding that has been made available and allocated to the business community due to C-19, as outlined in section 4; 5. The key variance analysis and explanations are contained in Appendix A; 6. The Council's reserves position, as outlined within Appendix A. 	

1. ORIGIN OF THE REPORT

1.1. This report is submitted to Cabinet following discussion by the Corporate Management Team (CMT).

2. PURPOSE AND REASON FOR REPORT

2.1. This report is for Cabinet to consider under its Terms of Reference No. 3.2.7 'To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit'.

2.2. This report provides Cabinet with the forecast outturn for 2020/21 as at November 2020 budgetary control position.

3. TIMESCALE

Is this a Major Policy Item/ Statutory Plan	NO	If yes, date for Cabinet meeting	N/A
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4. NOVEMBER 2020 BUDGETARY CONTROL REPORT (BCR)- REVENUE

4.1. The revenue budget for 2020/21, agreed at Full Council on 4 March 2020, was approved at £163.743m. The following table outlines the changes which have been made to the budget to arrive at the revised budget of £168.187m:

	£m
Approved Budget 2020/21	163.743
Use of reserves per MTFS	1.510
Capitalisation Direction	1.217
Integrated Community Strategy Reserve contribution: P&C-Cohesion and Integration	1.273
Capacity Reserve Contribution: ICT & Resources - committed transformation costs	0.444
Revised Budget 2020/21	168.187

4.2. The following table outlines a summary of the budgetary control position, within each directorate. The Council is currently reporting a projected overspend of £4.8m, a £0.8m (14%) improvement compared to October. This position includes the additional financial pressures and funding as a result of C-19 as at November.

Directorate	Budget £k	Forecast Spend £k	Variance £k	Previous Month Variance £k	Movement £k	Overall Status
Chief Executives	1,291	1,272	(19)	(7)	(12)	Underspend
Governance	4,324	4,037	(286)	(226)	(60)	Underspend
Place & Economy	22,122	24,927	2,805	2,871	(66)	Overspend
People & Communities	87,245	109,133	21,888	22,629	(741)	Overspend
Public Health	(372)	(139)	233	66	167	Overspend
Resources	18,962	21,088	2,126	2,072	54	Overspend
Customer & Digital Services	7,777	7,683	(94)	24	(118)	Underspend
Business Improvement	619	716	98	99	(1)	Overspend
Capital Financing	26,219	27,393	1,174	1,174	(0)	Overspend
Total Expenditure	168,187	196,110	27,924	28,702	(779)	Overspend
COVID-19	0	(18,665)	(18,665)	(18,665)	0	Underspend
COVID-19 - SFC Income compensation*	0	(3,937)	(3,937)	(3,937)	0	Underspend
Financing	(168,187)	(168,677)	(490)	(490)	0	Underspend
Net	(0)	4,831	4,832	5,610	(779)	Overspend

*COVID-19 Sales Fees and Charges (SFC) Compensation value is based on the Council's assumptions. This is based on the values included in the completion of the first claim submitted to MHCLG and the Council's forecast for the remaining part of the year. This value has not been confirmed and is subject to approval of the claim and the actual impact to the Council's income levels.

4.3. The key change from last month is a reduction in pressure within the Education, children's safeguarding area. The Council experienced a rise in complex placements during Summer 2020, with a forecast overspend of

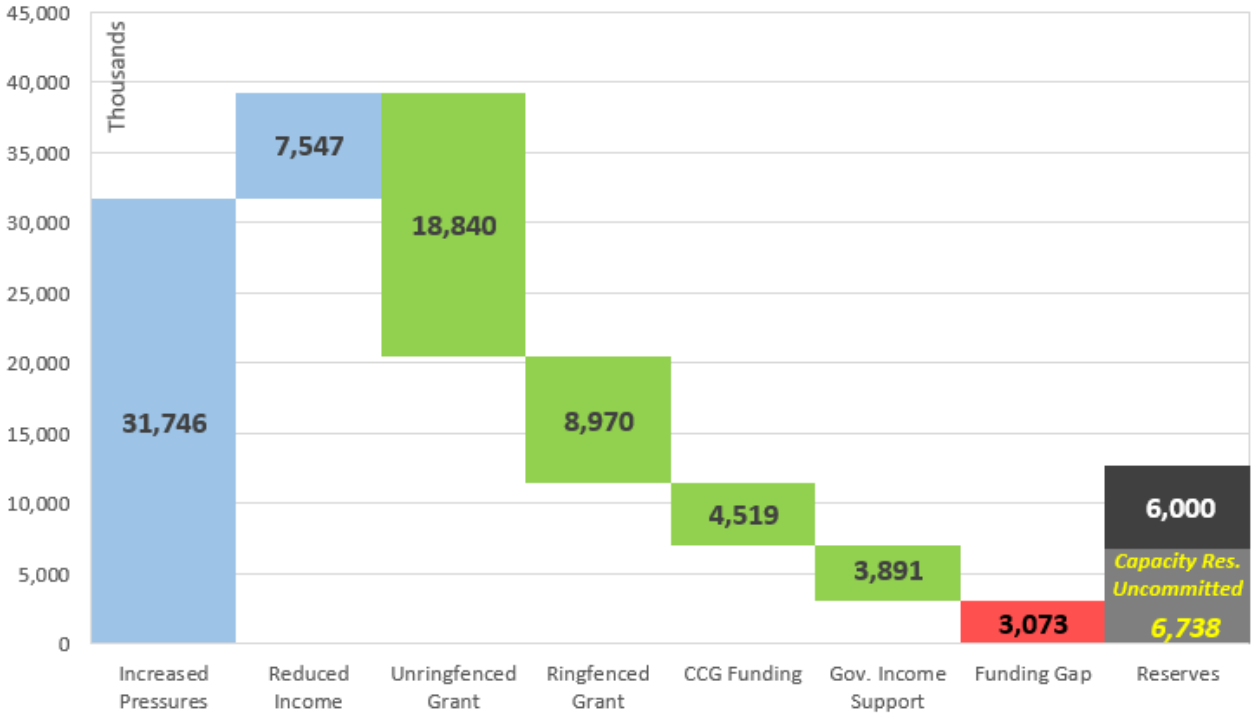
£1.1m, this estimate has now been revised to £0.4m following the robust challenge of the original estimate and management action on alternative solutions. However, there is the risk of a 'lag effect' on demand costs following subsequent Tier 4 restrictions and Lockdown 3.0.

- 4.4. The pressures impacting the Council’s financial position are a result of the C-19 pandemic and include:
- The People and Communities directorate has continued to experience budget pressures from inflation though offset by an increase in additional funding from the Clinical Commissioning Group. The directorate has continued to underachieve on savings plans eg the Adults Positive Challenge programme, as well as experiencing a loss of income across Parking Services, Enforcement Services and Clare Lodge due the wider impacts of the C-19 pandemic. There has been an increase in costs relating to childcare placements and from supporting the transition of former Vivacity provided services to alternative management.
 - The Resources directorate has been unable to deliver the proposed savings in the Peterborough Serco Strategic Partnership contract due to the impact of the Council response to C-19 and the need for resource deployment. The Business Support 'Notice of Change' / new model hub implementation will not be carried out during the current financial year.
 - In the Place and Economy directorate there has been additional expenditure as the Council has ensured that rough sleepers and homeless families have temporary accommodation and a safe place to self- isolate during to C-19 pandemic.

4.5. Further details regarding these and other service pressures are outlined within Appendix A of this report.

Financial Impact of C-19

4.6. The following chart summarises the direct impact C-19 has had on the Council’s financial position in 2020/21 as per the November C-19 monitoring from submitted to MHCLG:



4.7. The analysis of the C-19 financial impact identifies a £3.1m gap, which is comparable to the £4.8m position reported within the November BCR. However, the two positions vary due to the following factors:

- The C-19 financial impact is updated and reviewed on a weekly basis and is now reported to CMT and Members on a monthly basis (it was reported weekly through the first 6 months of the pandemic).
- The BCR position is more historic in nature and reports on the Council's actual financial performance at a certain point in time. For the purpose of this report the position it is 30 November 2020.
- The BCR includes pressures and underspends which are not C-19 related and classed as 'business as usual'.
- The C-19 operating environment is fast paced, reflecting the latest announcements from the government on funding and policy changes. This leads to timing variations when comparing the C-19 financial monitoring information to the BCR monthly position.
- There are some estimates within the C-19 financial position which reflect a high risk (worse case) position. Further details in relation to the financial performance of Council services are outlined in Appendix A.

4.8. The Council along with all other local authorities submit a monthly C-19 financial impact return to Ministry of Housing Communities and Local Government (MHCLG). The Council is forecasting additional pressures of £39.3m as a result of additional costs and lost income, this is reduced to £3.1m after applying £36.2m of additional funding. This forecast will have a significant effect on the Council's forecast outturn position, and longer-term implications for the future year's budgets. The Council has now submitted eight returns to MHCLG, with the most recent return being submitted on 11 December. The following table summarises the financial impact reported in each month:

Source of Pressure & Income	Apr Return £m	May Return £m	Jun Return £m	Jul Return £m	Aug Return £m	Sep Return £m	Oct Return £m	Nov Return £m
Direct C-19 Expenditure	7.0	10.1	19.2	23.4	22.6	26.2	25.2	26.6
Loss of Income	6.8	6.0	6.8	7.9	6.7	7.2	7.4	7.2
Non-Delivered 2020/21 Savings	4.5	4.8	4.7	6.6	5.5	5.5	5.5	5.5
Total Pressures	18.3	20.9	30.8	37.9	34.8	38.9	38.1	39.3
C-19 response fund & un-ringfenced grants	(11.0)	(11.0)	(11.0)	(13.2)	(13.2)	(13.2)	(18.8)	(18.8)
Additional Funding and ring-fenced grants*	-	-	(5.7)	(9.9)	(9.9)	(14.7)	(14.9)	(17.4)
Revised Net Position	7.3	9.9	14.1	14.8	11.8	11.0	4.4	3.1

*includes SFC Income Compensation Scheme

4.9. The return to MHCLG requires the costs to be included gross of all grant income. As such, activity which is being funded by ringfenced grants or the CCG have been included within the £39.3m of additional costs.

4.10. Since the previous BCR reported to Cabinet the C-19 position, reported in the table above and in the MHCLG C-19 return, have been updated to reflect the following changes:

Pressures which are funded:

- **Containment Outbreak Management Fund (COMF):** £1.618m- to support local management of the virus, including communications, testing and contact tracing, self-isolation support and local lockdown planning.

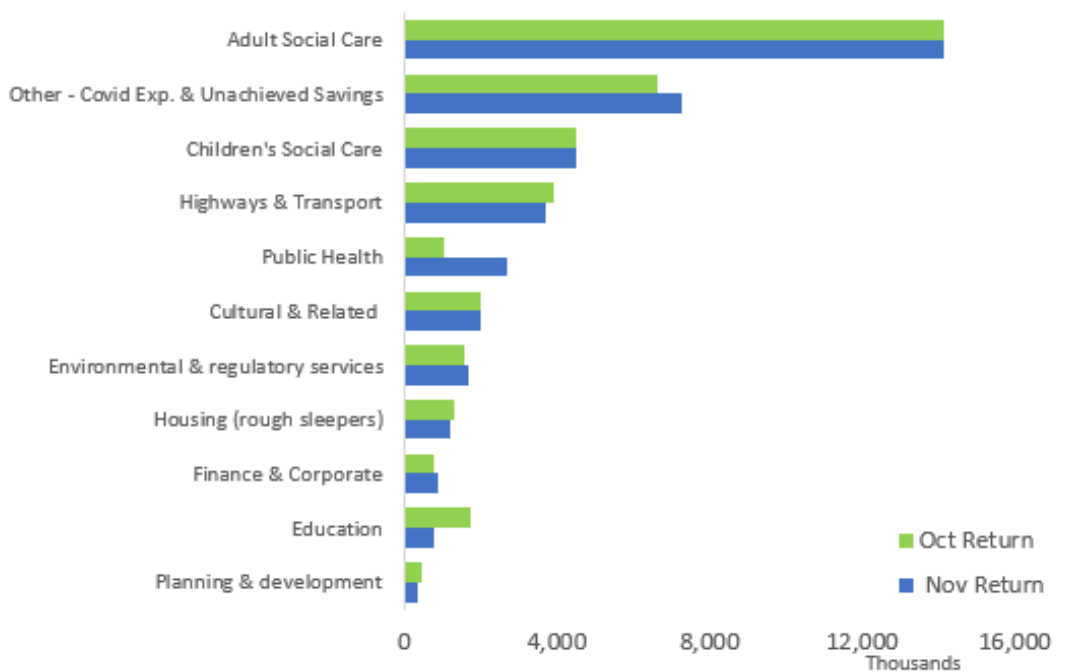
- **Domestic Abuse**- £0.050m- to help Local Authorities plan and prepare for a new duty to provide domestic abuse support in safe accommodation.
- **Clinically Extremely Vulnerable (CEV)**- £0.090m- to support people within this category to isolate throughout the November lockdown period.
- **Winter Grant Scheme** £0.743m- to provide support to families and the most vulnerable over the winter period, including the provision of free school meals.

Reduction in Pressure

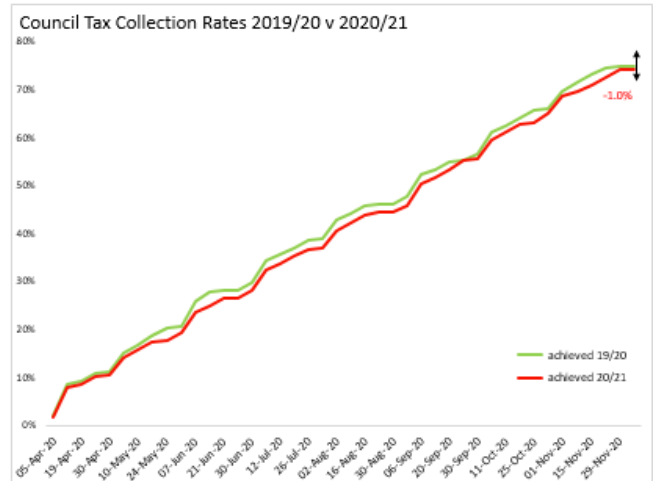
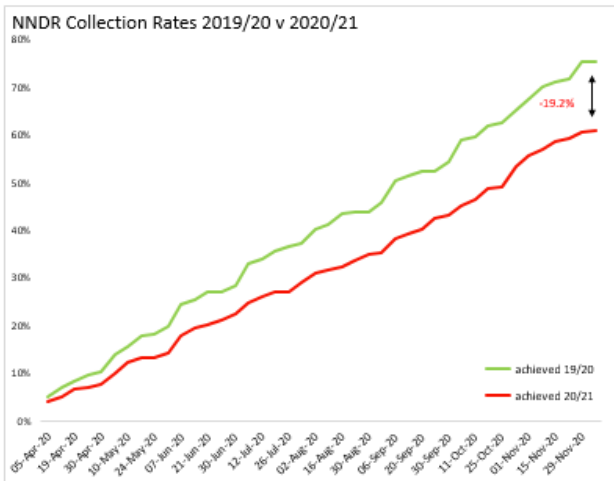
Home to School transport: Anticipated costs of home to school transport were expected to be much higher due to the additional PPE, screens and more routes to ensure children in different school 'bubbles' were not mixed. The position has been fully reviewed with the cost being £1.1m less than expected due to active planning of the revised service.

The following chart summarises the movement between months of the additional C-19 pressures:

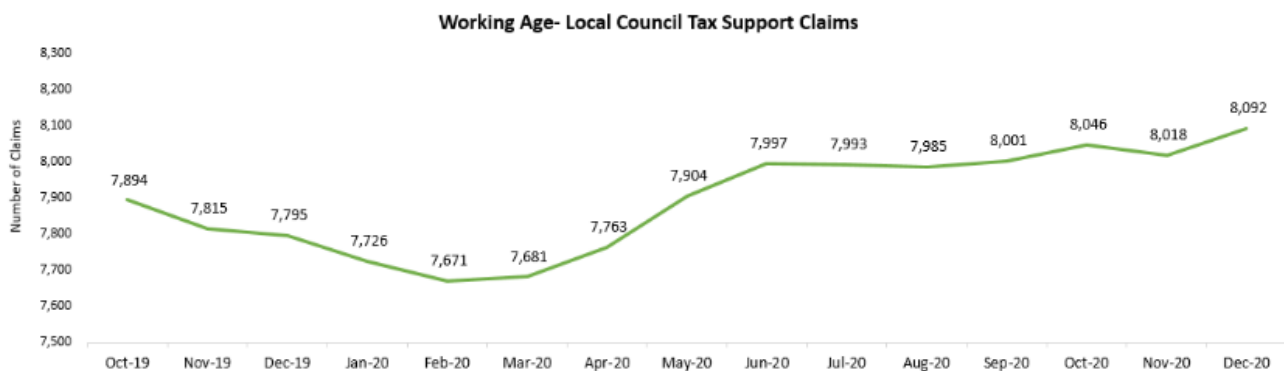
Estimated Covid-19 full impact by Expenditure Type for 2020/21



4.11. Concern remains regarding tax collection across the Country as a result of C-19. The Council has been monitoring this and comparing collection levels against previous collection performance. This work shows Council Tax collection rates are 1% lower and Business Rates collection rates 19.2% lower than last year. Since the beginning of the pandemic these rates have continued to improve month on month.



4.12. The levels of Local Council Tax Support recipients have increased, with a marked increase experienced in November. This increase is the result of unemployment rates rising and it is anticipated that this could increase further as a result of the tier 4 and Lockdown 3.0 restrictions. The following chart shows the trend in claims since the start of the pandemic, following on from the declining numbers prior to the pandemic:



4.13. The Council has received funding directly from the Government which is being applied specifically to certain sectors of the economy, this includes:

- Business rates relief of £40.8m to 1,290 Retail, Hospitality and Leisure providers;
- Business rates relief of £0.35m to 33 Nurseries;
- £32.2m of Small Business Grant Funding (SBGF) for Small, Rural, Retail, Leisure and Hospitality businesses. This has supported 2,654 businesses and the scheme is now complete;
- Hardship funding of £1.7m to allocate £150 to those on Local Council Tax Support (LCTS) - £1.4 has been processed with 9,447 working age LCTS recipients benefiting from this funding to date;
- Discretionary grant scheme for businesses of which £1.6m of grants have been made to 110 local businesses.
- 135 main scheme and 132 discretionary scheme Test and Trace payments have been made, each award is for £500.
- Local Restrictions Grant Fund (Closed) of £0.810m to 495 businesses.

4.14. The Council’s finances continue to be in a difficult position in the current and future years. In order to close the forecast budget gap, additional funding will be required and the Council continues to meet with the

Ministry of Housing Communities and Local Government (MHCLG) to discuss support available. Further details of the Council's financial position and strategic approach are outlined within the [Medium-Term Financial Strategy 2021/22-2023/24](#), reported to Cabinet on 26 October 2020.

5. APPENDICES

5.1. Further information is provided in the following appendices:

- Appendix A – Budgetary Control Report Dashboard- November 2020.

