

Report To:	CABINET
Date:	7TH DECEMBER 2021
Heading:	2021/22 FORECAST OUTTURN FOR GENERAL FUND, HOUSING REVENUE ACCOUNT (HRA) AND CAPITAL PROGRAMME AS AT SEPTEMBER 2021
Portfolio Holder:	PORTFOLIO HOLDER FOR FINANCE, REVENUES AND BENEFITS – CLLR DAVID MARTIN
Ward/s:	ALL
Key Decision:	YES
Subject to Call-In:	YES

Purpose of Report

To summarise the Council's forecast financial outturn position to 31 March 2022 compared to the latest approved budgets for the General Fund, Housing Revenue Account (HRA) and the Capital Programme. The forecast financial outturn is based on the actual financial activity to the 30 September 2021 and forecast costs and income from 1 October 2021 to 31 March 2022

Recommendation(s)

Cabinet is requested:

- (1) To note the current forecast outturn for the General Fund, Housing Revenue Account (HRA) and Capital Programme for 2021/22.
- (2) To approve the budget adjustments outlined in section 3.1, Table 3.
- (3) To note the write-off of the outstanding invoices for the Hotel Investment Property in relation the Shearings, the previous tenant who went into administration.

Reasons for Recommendation(s)

In accordance with the Council's Financial Regulations to report to those charged with Governance the financial position.

Alternative Options Considered

None.

Detailed Information

- 1.1 Table 1 below shows the current revised budget based on original budget approved by Council on the 4th March 2021 and Council approved budget adjustments to 30th September 2021. It sets out the 2021/22 net revenue forecast outturn position based on actual income and expenditure to 30th September 2021 and forecast income and expenditure for the remainder of the year to 31 March 2022.
- 1.2 The current General Fund forecast is a £659k underspend compared to revised budget, including the in-year Covid-19 grant received to date. A reduction of £1k underspend since the previous budget monitoring reported to Cabinet as at 31 July 2021.

Table 1 - Net Revenue Forecast to 31 March 2022 by Directorate

General Fund	Revised Budget	Forecast	Current Forecast Variance	Previous Forecast Variance	Change
	£'000	£'000	£'000	£'000	£'000
Directorate					
Chief Executive Officer	547	561	14	12	2
Legal and Governance	1,787	1,760	(27)	(19)	(8)
Resources and Business Transformation	319	(122)	(441)	489	(930)
Place and Communities	9,924	9,741	(183)	(118)	(65)
Housing and Assets	2,140	2,159	19	(13)	32
Total Net Directorate Expenditure	14,717	14,099	(618)	351	(969)
Net Recharges	(2,744)	(2,705)	39	0	39
Capital Financing	2,549	2,368	(181)	(181)	0
Net Interest Payable /(Receivable)	8	3	(5)	(5)	0
Net Revenue Expenditure	14,530	13,765	(765)	165	(930)
Funding	(13,369)	(13,369)	0	(817)	817
Net Revenue Expenditure before transfer to(from) earmarked reserve	1,161	396	(766)	(652)	(114)
Transfer to(from) earmarked reserve	(1,277)	(1,170)	107	(8)	115
Net Revenue Expenditure after transfer to(from) earmarked reserve	(116)	(774)	(659)	(660)	1

- 1.3 Appendix 1 provides details of the variances for each Directorate, Corporate Costs and Funding.

1.4 The main changes since the previously reported position are:

- Resources and Business Transformation - Budget adjustment (approved by Cabinet, in previous monitoring report) to recognise the non-specific Covid funding with corresponding expenditure budget in Resources and Business Transformation. Unbudgeted investment property income.
- Place and Communities - Increase in the forecast savings due to vacant post in Community Safety and Environmental Maintenance. Additional short-term costs for the Whitespace system to secure discount.
- Housing and Assets – Budget adjustment to recognise the transfer of a post to another directorate following a service review (approved by an ODR). Reduction in income from call monitoring due to reduced customer numbers.

1.5 Appendix 2 provides details of the approved and forecast earmarked reserves movements as at 30th September 2021.

1.6 The current forecast does not include any costs for the 2021/22 pay award. The current pay award offer of 1.75% is estimated to cost £266k, which would reduce the forecast underspend to £393k. The impact of the pay award will be fully reflected in the forecast once it has been agreed and accepted.

1.7 Gas and electricity prices are expected to increase from October with early indications that the General Fund will be £44k overspent against the budget. Once confirmed prices are available, they will be incorporated into further forecasts.

2. Covid-19 Grant

2.1 The Council has received Covid funding of £817k in 2021/22 to date. Table 2 below shows the utilisation of the funding to 30th September 2021 of £631k. This position is reflected in the forecast outturn position in Table 1, the overall forecast outturn of £774k includes £186k unutilised in year Covid funding.

Table 2 – Covid-19 costs and loss of income

Directorate	Description	Amount £'000
<u>Costs</u>		
Resources and Business Transformation	Publicity - vaccine hesitancy campaign	2
	Cost on re-assignment of Grangemouth investment property	76
Communities and Place	Environmental Maintenance - Additional Vehicles	4
	Waste Collection - Additional Vehicles	8
	Waste - Agency Costs	5
Total Additional Costs		95
<u>Income</u>		
Resources and Business Transformation	Loss on hotel investment income	208
	Loss of investment income on re-assignment of Grangemouth investment property	139
	Loss on Housing Benefit overpayments	150
Housing and Assets	Community Centre loss of income	9

	Car parking income losses	30
Total Income Losses		536
Total Costs and Losses		631

3. General Fund Budget Adjustments

- 3.1 Approval is requested for the following budget adjustments to recognise additional grant income received in year and to create the corresponding expenditure budgets.

Table 3 – Budget Adjustments 2021/22

Description	£'000
Homelessness Prevention Private Sector Funding	(56)
Homelessness Prevention Private Sector Expenditure	56
Rough Sleeper Initiative - Local Authority Contributions	(70)
Rough Sleeper Initiative - Intervention Expenditure	70
Track and Trace Support Funding	(288)
Track and Trace Support Payments	288
Rough Sleeper Initiative Grant Funding July 2021 - March 2022	(940)
Rough Sleeper Initiative Grant Expenditure July 2021 - March 2022	940
Developer contributions for works in Papplewick	(65)
Papplewick works	65

4. General Fund Savings/Efficiencies Monitoring 2021/22

- 4.1 The 2021/22 budget included the proposed savings and efficiencies as detailed in Table 4 below. The forecast achievement of these savings is identified, on the following basis:
- saving has been achieved (green),
 - saving forecast to be achieved but actions are still required to secure the saving (amber),
 - saving will not be achieved (red).

Table 4 - General Fund Savings/Efficiencies Monitoring 2021/22

Saving / Efficiency	Detail	£'000
Markets Review	Rationalisation of markets to reduce costs allow focus on successful higher take up trading days within each Town.	35
Depot Canteen	The canteen was trading at a loss and the proposed future trading model (post pandemic) is self-service. This makes this service cost neutral.	10
Courier Service	Cessation of Courier service between Ashfield and Mansfield largely due to more documents being transferred electronically.	5
Communications	Reduced cost of Ashfield Matters – graphics design work to be undertaken in-house.	8

DST	Movement to a hosted telephony solution (£37k), reduced paypoint costs as more customers transacting on-line (£5k) and mobile telephony contract savings (£5k)	47
Member Allowances	Reduced Member Allowances in line with Independent Remuneration Panel recommendations.	23
Place & Communities Management	Management Structure savings	13
Investment Property	Net annual income from Investment Property acquired in early April 2020.	117
Taxi Licensing	Apportionment of relevant share of taxi license income to support the MOT's of Taxis at the depot.	48
Office Accommodation	Additional income from the Police for their increasing share of the offices at Urban Road. (Annual rent income now £38k.)	3
TOTAL		309

4.2 The position outlined above shows £257k of the £309k savings have been achieved, and £52k are anticipated to be achieved but actions are currently being reviewed to ensure they are fully achieved.

5. General Fund write-off

The outstanding invoices raised for the hotel investment income with Shearings are to be written off. The write-off of £209k will be to the sundry debt bad provision as the provision was increased as part of the outturn position 20/21 to provide for the write-off of this income. There is no impact on the 2021/22 general fund position.

6. Summary for Housing Revenue Account (HRA)

6.1 Table 5 sets out the 2021/22 HRA forecast outturn position based on actual income and expenditure to 30 September 2021 and forecast income and expenditure from October 2021 to March 2022, compared to the original budget approved by Council on the 4th March 2021 and Council approved budget adjustments to 30th September 2021.

6.2 Details of any significant variances incorporated within the forecast outturn are detailed in the commentaries below the table.

Table 5 – Housing Revenue Account Forecast to 31 March 2022 by Directorate

Description	2021/22 Revised Budget £'000	2021/22 Forecast Outturn £'000	Variance £'000
Income			
Rents, Charges and Contributions	(24,772)	(24,751)	21
Interest and investment income	(16)	(6)	10
Total Income	(24,788)	(24,757)	31

Expenditure			
Repairs and Maintenance	7,873	7,873	0
Supervision and Management	4,446	4,285	(161)
Interest payable and similar charges	3,548	3,548	0
Rents, Rates, Taxes and other charges	196	151	(45)
Depreciation and impairments of fixed assets	3,884	3,884	0
Debt Management Costs	44	44	0
Contribution to the Bad Debt Provision	200	200	0
Transfer to Major Repairs Reserve	1,339	1,339	0
Capital expenditure funded by the HRA	7,869	7,869	0
Total Expenditure	29,399	29,193	(206)
Net Cost of HRA Services	4,611	4,436	(175)

6.3 Rents, Charges and Contributions

Community Centres closed under the Covid 19 restrictions until August. Bookings are lower after reopening with loss of income currently forecast at £21k.

6.4 Interest and Investment Income

Reduced Interest rates in the banking sector will reduce the average annual interest rate on the HRA balances. Currently forecasting a reduction of £10k but this is open to fluctuation dependant on the economy.

6.5 Supervision and Management

Forecast savings are from Housing Services vacating the Brook Street Office.

6.6 Rents Rates Taxes and Other Charges

Forecast savings of £60k are from Housing Services vacating the Brook Street Office. There are £15k additional costs forecast due to the changes in Council Tax empty property charges.

6.7 The current forecast does not include any costs for any pay award agreed. The current pay offer of 1.75% is estimated to cost £93k, which would decrease the forecast underspend to £82k.

6.8 Gas and electricity prices are expected to increase from October with early indications that the HRA will be £18k overspent against the utilities budget. Confirmed prices are expected in October and will be incorporated into further forecasts.

7. **HRA Savings/Efficiencies Monitoring 2021/22**

7.1 The 2021/22 HRA budget included the proposed savings and efficiencies as detailed in Table 6 below. The forecast achievement of these savings is identified, on the following basis:

- saving has been achieved (green),

- saving forecast to be achieved but actions are still required to secure the saving (amber),
- saving will not be achieved (red).

Table 6 - HRA Savings/Efficiencies Monitoring 2021/22

Saving/Efficiency	£'000
Housing Repairs Review - staffing efficiency	46
Dynamic Resource Scheduler efficiency - less use of subcontractors	90
TOTAL	136

7.2 The forecast achievement of these savings is included within the forecast outturn reported in section 5 of the report.

8. Capital Programme 2021/22

8.1 Table 7 below details the current approved Capital Programme for 2021/22 as at 30th September 2021. This is based on the original budget approved by Full Council on the 4th March 2021 and Full Council approved budget adjustments to 30th September 2021.

Table 7 – Capital Programme 2021/22 as 30th September 2021

	Actual + Commitment s £000s	Capital Programme £000s	Variance £000s
Housing Revenue Account			
<i>Decent Homes Schemes</i>			
Management Fee	0	579	579
Catch Up and Future Major Works	110	4,265	4,155
Service Improvements	1	275	274
Contingent Major Repairs	0	85	85
Exceptional Extensive Works	71	1,450	1,379
Kirkby & Rural	-80	0	80
Disabled adaptations - Major adaptations	1	168	167
Disabled adaptations - Minor adaptations	120	471	351
Sub Total	223	7,293	7,070
<i>Other Housing Revenue Account Schemes</i>			
Affordable Housing Developments Sutton In Ashfield	664	1,321	657
Affordable Housing Development – Wesley Street	0	198	198
Davies Avenue Housing Project	1	2,288	2,287
Investment in New or Existing Dwellings	619	1,567	948
Green Homes Grant (HRA)	13	519	506
Green Homes Grant (HRA) (2)	0	325	325
Hucknall Infill Sites	519	2,188	1,669

Housing Vehicles	682	610	-72
Maun View Sutton-in-Ashfield	9	1,076	1,067
Officers` IT for Agile Working (HRA)	4	106	102
Other Housing Revenue Account Schemes (less than £100k)	51	100	49
Sub Total	2,562	10,298	7,736
Total	2,785	17,591	14,806
General Fund			
Depot Roof Repairs	0	950	950
Fox Street pop-up food court and car park	47	102	55
Green Homes Grant (GF)	17	700	683
Green Homes Grant (GF) (2)	0	482	482
Health and Safety works for Kirkby Offices	0	216	216
Hucknall Leisure Centre - Fixtures, Fittings and Equip	1,270	1,775	505
Hucknall Leisure Centre - New Pool	306	719	413
Improvement Grants 1996 Act Disabled Facility Grant	654	1,122	468
Kings Mill Reservoir (The King and Miller to Kingfisher)	286	435	149
Kings Mill Reservoir Car Park Expansion	0	192	192
Kirkby Leisure Centre	3,430	12,000	8,570
Lammas Leisure Centre - Fixtures, Fittings and Equip	986	2,971	1,985
Low Street vacant units	470	2,176	1,706
Play Areas	93	106	13
Purchase of Vehicles	324	1,271	947
Sutton Academy Community Theatre/Cinema	48	612	564
Sutton Maker Space and Business Hub	13	2,105	2,092
Titchfield Park Brook	178	231	53
Towns Fund Projects	581	4,396	3,815
Other General Fund Schemes (less than £100k)	358	973	615
Total	9,061	33,534	24,473
Grand Total	11,846	51,125	39,279

8.2 The current forecast for the year 2021/22 is the approved budget of £51.125m.

8.3 The explanations where spend is significantly less than the approved budgets are:

- Decent Homes Schemes -Issues with material supplies and Western Power Isolators
- Davies Avenue Housing Project - Contractor issues, material and labour shortages and infrastructure amendment for drainage
- Maun View Sutton-in-Ashfield - delayed start due to planning issues and labour and material shortages.

Implications

Corporate Plan:

The revenue and capital budgets included within this report support delivery of the priorities in the Corporate Plan.

Legal:

This report ensures compliance with the Council's approved Financial Regulations. [RLD 17/11/2021]

Finance: [BB 17/11/2021]

Budget Area	Implication
General Fund – Revenue Budget	As set out in the detailed information section of the report.
General Fund – Capital Programme	As set out in the detailed information section of the report.
Housing Revenue Account – Revenue Budget	As set out in the detailed information section of the report.
Housing Revenue Account – Capital Programme	As set out in the detailed information section of the report

Risk:

Risk	Mitigation
Failure to spend within approved budgets could impact on the financial sustainability of the Council.	Financial monitoring reports to CLT and Cabinet. Financial Regulations. Financial Management training of Budget Holders and Managers.

Human Resources:

No implications

Environmental/Sustainability

No implications

Equalities:

No implications

Background Papers

Annual Budget and Council Tax 2021/22 and Medium-Term Financial Strategy Update to Council
4th March 2021

Draft Outturn Report 2020/21 to Cabinet 19 July 2021

2021/22 Forecast Outturn for General Fund, Housing Revenue Account (HRA) and Capital Programme as at July 2021

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